U.S. Treasury Dept.

Press Releases

661484
Treasury

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661484

United States Savings Bonds Issued and Redeemed Through June 30, 1962

(Dollar amounts in millions - rounded and will not necessarily add to totals)

	Amount Issued 1/	Amount Redeemed 1/	Amount Outstanding 2/	% Outstanding of Amt. Issued
MATURED				
Series A-1935 - D-1941	$ 5,003	$ 4,988	$ 16	.32 %
Series F & G-1941 - 1949	26,082	25,886	196	.75
UNMATURED				
Series E: 3/				
1941	1,815	1,506	309	17.02
1942	8,012	6,643	1,369	17.09
1943	12,895	10,737	2,159	16,74
1944	15,015	12,401	2,614	17.41
1945	11,755	9,487	2,268	19.29
1946	5,271	4,022	1,249	23.70
1947	4,957	3,593	1,364	27.52
1948	5,105	3,582	1,523	29.83
1949	5,015	3,424	1,592	31.74
1950	4,366	2,882	1,484	33.99
1951	3,781	2,458	1,323	34.99
1952	3,951	2,432	1,519	38.45
1953	4,459	2,630	1,828	41.00
1954	4,511	2,596	1,915	42.45
1955	4,679	2,646	2,033	43.45
1956	4,497	2,541	1,956	43.50
1957	4,216	2,267	1,948	46.20
1958	4,065	2,022	2,043	50.26
1959	3,796	1,797	1,998	52.63
1960	3,767	1,579	2,187	58.06
1961	3,773	1,189	2,585	68.51
1962	1,221	139	1,081	88.53
Unclassified	324	411	-87	-
Total Series E	121,245	82,985	38,260	31.56
Series H-1952 - 1962 3/	8,353	1,658	6,695	80.15
Total Series E and H	129,598	84,643	44,955	34.69
Series F and G:				
1950	2,428	2,012	4/ 416	17.13
1951	792	418	374	47.22
1952	211	104	108	51.18
Unclassified	-	45	-45	
Total Series F and G	3,432	2,579	853	24.85
Series J and K-1952 - 1957	3,681	1,883	1,799	48.87
Total Series F, G, J and K	7,113	4,461	2,652	37.28
All Series — Total matured	31,085	30,874	211	.68
All Series — Total unmatured	136,711	89,104	47,607	34.82
All Series — Grand Total	167,796	119,978	47,818	28.50

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

OFFICE OF FISCAL ASSISTANT SECRETARY

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OFFICE OF FISCAL ASSISTANT SECRETARY

July 2, 1962

FOR RELEASE A. M. NEWSPAPERS, Tuesday, July 3, 1962.

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 April 5, 1962, and the other series to be dated July 5, 1962, which were offered on June 27, were opened at the Federal Reserve Banks on July 2. Tenders were invited for $1,300,000,000, or thereabouts, of 91-day bills and for $700,000,000, 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 October 4, 1962		182-day Treasury bills maturing January 3, 1963	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.269 a/	2.892%	98.494	2.979%
Low	99.257	2.939%	98.464	3.038%
Average	99.259	2.930% 1/	98.479	3.008% 1/

a/ Excepting one tender of $300,000
81 percent of the amount of 91-day bills bid for at the low price was accepted
4 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	$ 31,964,000	$ 22,764,000	$ 12,106,000	$ 12,106,000
New York	1,645,151,000	883,661,000	975,997,000	538,197,000
Philadelphia	28,560,000	8,548,000	14,213,000	9,213,000
Cleveland	38,389,000	32,439,000	27,567,000	27,567,000
Richmond	8,828,000	8,778,000	2,528,000	2,528,000
Atlanta	23,244,000	16,225,000	2,557,000	2,557,000
Chicago	232,386,000	190,866,000	88,167,000	32,287,000
St. Louis	28,664,000	23,664,000	5,412,000	4,412,000
Minneapolis	17,153,000	9,963,000	4,952,000	4,452,000
Kansas City	34,915,000	23,509,000	9,257,000	9,161,000
Dallas	21,012,000	11,722,000	7,501,000	6,541,000
San Francisco	101,142,000	67,976,000	52,310,000	51,310,000
TOTALS	$2,211,408,000	$1,300,115,000 b/	$1,202,567,000	$700,331,000 c/

b/ Includes $193,193,000 noncompetitive tenders accepted at the average price of 99.259
c/ Includes $40,750,000 noncompetitive tenders accepted at the average price of 98.479
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.99%, for the 91-day bills, and 3.10%, 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.

TREASURY DEPARTMENT

WASHINGTON, D.C.

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New York	1,645,151,000	883,661,000	975,997,000	538,197,000
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Atlanta	23,244,000	16,225,000	2,557,000	2,557,000
Chicago	232,386,000	190,866,000	88,167,000	32,287,000
St. Louis	28,664,000	23,664,000	5,412,000	4,412,000
Minneapolis	17,153,000	9,963,000	4,952,000	4,452,000
Kansas City	34,915,000	23,509,000	9,257,000	9,161,000
Dallas	21,012,000	11,722,000	7,501,000	6,541,000
San Francisco	101,142,000	67,976,000	52,310,000	51,310,000
TOTALS	$2,211,408,000	$1,300,115,000 b/	$1,202,567,000	$700,331,000 c/

b/ Includes $193,193,000 noncompetitive tenders accepted at the average price of 99.259
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1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.99%, for the 91-day bills, and 3.10%, 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.

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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 (current revision) 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.

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 $ 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. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on July 16, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 15, 1962. 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

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE July 2, 1962

TREASURY TO REFUND $2 BILLION OF ONE-YEAR BILLS

The Treasury Department, by this public notice, invites tenders for $2,000,000,000, or thereabouts, of 365-day Treasury bills, for cash and in exchange for Treasury bills maturing July 15, 1962, in the amount of $2,003,516,000, to be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided. The bills of this series will be dated July 15, 1962, and will mature July 15, 1963, when the 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, $50,000, $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 p.m., Eastern Daylight Saving ~~Standard~~ time, Tuesday, July 10, 1962. 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. (Notwithstanding the fact that these bills will run for 365 days, the discount rate will be computed on a bank discount basis of 360 days, as is currently the practice on all issues of Treasury bills.) 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.

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. Others than

TREASURY DEPARTMENT

WASHINGTON, D.C.

July 2, 1962

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Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. 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 $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. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on July 16, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 15, 1962. 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 (current revision) 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.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

July 2, 1962

FOR IMMEDIATE RELEASE

TREASURY DECISION ON ELECTROLYTIC MANGANESE
UNDER THE ANTIDUMPING ACT

The Treasury Department has determined that electrolytic manganese from Japan 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.

The dollar value of imports of the involved merchandise received during 1961 was approximately $241,000.

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TREASURY DEPARTMENT

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July 2, 1962

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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.

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Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. 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 ~~(16)~~ or less for the additional bills dated April 12, 1962 ~~(17)~~, (91 ~~(18)~~ days remaining until maturity date on October 11, 1962 ~~(19)~~) and noncompetitive tenders for $100,000 ~~(20)~~ or less for the 182 ~~(21)~~ -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 Banks on July 12, 1962 ~~(22)~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 12, 1962 ~~(23)~~. Cash

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE July 3, 1962

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 $ 2,000,000,000 , or thereabouts, for cash and in exchange for Treasury bills maturing July 12, 1962 , in the amount of $ 1,800,212,000 , as follows:

91 -day bills (to maturity date) to be issued July 12, 1962 , in the amount of $ 1,300,000,000 , or thereabouts, representing an additional amount of bills dated April 12, 1962 , and to mature October 11, 1962 , originally issued in the amount of $ 600,202,000 , the additional and original bills to be freely interchangeable.

182 -day bills, for $700,000,000 , or thereabouts, to be dated July 12, 1962 , and to mature January 10, 1963 .

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, $50,000, $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 p.m., Eastern Daylight Saving/~~Standard~~ time, Monday, July 9, 1962 . 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

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TREASURY DEPARTMENT

WASHINGTON, D.C.

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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, $50,000, $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 p.m., Eastern Daylight Saving time, Monday, July 9, 1962. 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.

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. 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 April 12, 1962, (91-days remaining until maturity date on October 11, 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 Banks on July 12, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 12, 1962. 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 (current revision) and this notice prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained fro any Federal Reserve Bank or Branch.

oOo

FOR IMMEDIATE RELEASE

TREASURY DECISION ON TETRACYCLINE TABLETS
AND CAPSULES UNDER THE ANTIDUMPING ACT

The Treasury Department has determined that tetracycline tablets and capsules from Italy 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 Italy without regard to any question of dumping.

The dollar value of imports of the involved merchandise received during 1961 was approximately $1,500,000.

2cc: Mr. Hendrick

TREASURY DEPARTMENT

WASHINGTON, D.C.

July 9, 1962

FOR IMMEDIATE RELEASE

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

The dollar value of imports of the involved merchandise received during 1961 was approximately $1,500,000.

July 9, 1962

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, July 10, 1962.

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 April 12, 1962, and the other series to be dated July 12, 1962, which were offered on July 3, were opened at the Federal Reserve Banks on July 9. Tenders were invited for $1,300,000,000, or thereabouts, of 91-day bills and for $700,000,000, 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 October 11, 1962		182-day Treasury bills maturing January 10, 1963	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.258	2.935%	98.454	3.058
Low	99.245	2.987%	98.425	3.115
Average	99.248	2.974% 1/	98.435	3.096 1/

27 percent of the amount of 91-day bills bid for at the low price was accepted
18 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	$ 41,792,000	$ 35,332,000	$ 8,204,000	$ 8,204,000
New York	1,637,165,000	752,565,000	890,116,000	540,816,000
Philadelphia	29,869,000	14,869,000	9,971,000	4,971,000
Cleveland	45,534,000	31,884,000	27,121,000	12,121,000
Richmond	19,107,000	19,107,000	4,209,000	4,209,000
Atlanta	37,462,000	31,832,000	5,740,000	5,740,000
Chicago	287,582,000	220,092,000	88,173,000	38,173,000
St. Louis	37,785,000	32,785,000	7,180,000	6,180,000
Minneapolis	19,112,000	12,517,000	5,065,000	5,065,000
Kansas City	48,160,000	43,160,000	8,328,000	8,328,000
Dallas	25,279,000	15,549,000	10,540,000	5,540,000
San Francisco	135,861,000	91,371,000	61,767,000	60,767,000
TOTALS	$2,364,708,000	$1,301,063,000 a/	$1,126,414,000	$700,114,000 b/

a/ Includes $263,543,000 noncompetitive tenders accepted at the average price of 99.248
b/ Includes $51,735,000 noncompetitive tenders accepted at the average price of 98.435
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 3.04%, for the 91-day bills, and 3.19%, 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-516

TREASURY DEPARTMENT

WASHINGTON, D.C.

July 9, 1962

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Tuesday, July 10, 1962.

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FOR RELEASE A. M. NEWSPAPERS,
Wednesday, July 11, 1962.

July 10, 1962

RESULTS OF REFUNDING OF $2 BILLION OF ONE-YEAR BILLS

The Treasury Department announced last evening that the tenders for $2,000,000,000, or thereabouts, of 365-day Treasury bills to be dated July 15, 1962, and to mature July 15, 1963, which were offered on July 2, were opened at the Federal Reserve Banks on July 10.

The details of this issue are as follows:

Total applied for - $3,719,072,000
Total accepted - 2,000,393,000 (includes $221,574,000 entered on a noncompetitive basis and accepted in full at the average price shown below)

Range of accepted competitive bids: (Excepting five tenders totaling $2,675,000)

High	- 96.730	Equivalent rate of discount approx. 3.225% per annum
Low	- 96.682	" " " " " 3.273% " "
Average	- 96.698	" " " " " 3.257% " " 1/

(85 percent of the amount bid for at the low price was accepted)

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 100,927,000	$ 65,427,000
New York	2,456,472,000	1,198,397,000
Philadelphia	43,605,000	14,305,000
Cleveland	221,738,000	163,238,000
Richmond	22,610,000	16,010,000
Atlanta	42,710,000	35,310,000
Chicago	524,386,000	355,636,000
St. Louis	22,838,000	16,834,000
Minneapolis	31,885,000	5,885,000
Kansas City	49,782,000	34,782,000
Dallas	38,668,000	26,518,000
San Francisco	163,451,000	68,051,000
TOTAL	$3,719,072,000	$2,000,393,000

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 3.39%. 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.

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D-537

SAMPLE

[illegible] realistic example of the means of ~~comparing~~ shifting present item depreciation accounts ~~with~~ to the new guideline ~~classes~~ lives follows. It includes consideration of salvage value and the use of the double declining balance method of depreciation.

	Cost (or basis)	Life Used	Method of Depreciation	Salvage	Depreciation Rate (% per year)	Straight line depreciation	Actual depreciation taken
Machine A	$10,000	10 years	Straight line	$1,000	10% times (basis less salvage)	$900	$900
Machine B	5,000	8 years	"	1,000	12 1/2% "	500	500
Machine C	6,000	20 years	Double declining balance	Reserve $[illegible],323	10% times (basis less reserve)	~~XXX~~ 300	437
Machine D	15,000	15 years	"	$2,000	13 1/3% "	1,000	1,733
Total	$36,000					2,700	$3,570

The depreciation this taxpayer is presently taking, item by item, equals a weighted average ~~depreciable~~ class life of 13 1/3 years ($36,000 divided by $2,700).

Suppose the guideline for the class which these four assets comprise has been set at 10 years. The total depreciation taken at the straight line rate, which is used for purposes of testing and comparison, cannot therefore exceed $3,600 (the 10% straight line depreciation rate times the total basis.)

(T)

This taxpayer has the following alternatives:

He may sub-group the items in the class according to the method of depreciation ~~xxedxxed~~ used and change the lives to achieve a 10-year weighted average life. One such ~~x~~ shift might be as follows:

	Basis less salvage	Life Used	Straight line depreciation rate	Straight line depreciation	Actual depreciation taken
Machines A & B	$13,000	7 ~~7/8~~ 1/7 years	~~12 1/2%~~ 14%	~~$1,625~~ $1,820	~~$1,625~~ $1,820
Machines ~~AX&XB~~ C & D	Basis $21,000	12 years	8 1/3%	$1,749 ~~$2,370~~ $3,569	2894 ~~$3,486~~ ~~$5,111~~ $4,714

Alternatively, this taxpayer may change his item lives to achieve a 10-year weighted average life. One such shift might be as follows:

	Basis less salvage	Life Used	Straight line depreciation rate	Straight line depreciation	Actual depreciation taken
Machine A	$9,000	10 years	10%	$900	$900
Machine B	4,000	5 years	20%	800	800
~~XXXXXXXX~~ Machine C	Basis 6,000	15 years	6 2/3 %	400	583
Machine D	15,000	10 years	10%	1,500	2,600
				$3,600	$4,883

Any put into effect

Necessary lengthening of depreciable lives will be [effective]

no earlier than first

[beginning only with] the year in which the reserve ratio test is not met and the life cannot be justified on the basis of the facts and circumstances. The lives will not be lengthened for any earlier taxable year.

<u>Guidelines Not Retroactive</u>

This Procedure will be effective immediately but will not apply to depreciation allowances for taxable years for which returns were due to be filed before the date of publication of Revenue Procedure 62-21.

Examination of the depreciation claimed for earlier taxable

established procedures.

years will be made under previously [estimated][practices] The new guideline lives set forth in the Procedure will not be considered as evidence that these lives were the appropriate ones in previous years for a taxpayer who did not follow replacement practices consistent with the guidelines.

A taxpayer may, however, in certain circumstances resort to the reserve ratio table in this Procedure to demonstrate that his

20

In most cases, the life for the guideline class will be lengthened in accordance with the Table for Adjustment of Depreciable Lives, which is part of Revenue Procedure 62-21.

EXAMPLE:

A taxpayer who has been using a 12 year class life and who is unable to demonstrate that the facts and circumstances of his case justify [the depreciable life he is using] use of that life would have the life lengthened in the following situation:

Method of depreciation	Double declining balance
Cost of Assets in guideline class	$10,000
Depreciation reserve for class	6,500
[Making his] reserve ratio therefore is	65%
Rate of growth	4%
Life being tested	12 years
Appropriate reserve ratio range (from Reserve Ratio table)	53-61%
Life to which he would be lengthened (from Adjustment table)	15 years

Following expiration of the transition rule, the reserve ratio test will provide to all taxpayers a continual means of demonstrating that the tax lives being used correspond with replacement practices.

Amount of Upward Adjustment Specified

Where the depreciation claimed by the taxpayer proves to be significantly out of line and cannot be justified by the reserve ratio test or by a showing of facts and circumstances, adjustments will be called for. Revenue Procedure 62-21 provides tables which will indicate how much adjustment is appropriate, but in no case will depreciable lives be lengthened beyond the shortest which can be justified by all the facts and circumstances. "Penalty rates", which have in the past been used in an attempt to correct past errors over a short period of time will no longer be imposed. Lives will be lengthened merely to correspond with actual replacement practice.

2. The taxpayer actually intends to follow a more rapid replacement practice.

3. The taxpayer has previously followed replacement practices consistent with the depreciation allowances previously claimed.

4. The taxpayer makes abnormally intensive use of his assets.

5. A number of the assets in a guideline class were not new when acquired by the taxpayer.

6. The guideline class contains, for the particular taxpayer, a disproportionate number of relatively short-lived assets.

7. Extraordinary obsolescence affects the particular taxpayer.

The three-year transition rule, which gives the taxpayer an interval of time following the effective date of Revenue Procedure 62-21 to bring his replacement practices into conformity with his tax depreciation claimed, will apply to those who move below the guidelines as well as those who shift to a class life at or above the guidelines.

23

which is provided as part of the new Procedure.

Insert H -

* * *

Taxpayers who do not meet the prescribed tests for automatic use of lives shorter than those prescribed in the guidelines, regardless of whether or not they have used them previously, may in all cases demonstrate their entitlement to such shorter lives on the basis of all the relevant facts and circumstances.

Relevant facts and circumstances include, but are not limited to, demonstration that:

1. The taxpayer (if other than a regulated public utility) is using the ~~same~~ depreciable life on his books as the one he is claiming for tax purposes.

-Insert A

EXAMPLE:

2a

A taxpayer has been using a 16 year class life, and has been using it for at least 8 years. he can automatically shift to a shorter life in the following situation:

Method of depreciation	Straight line
Cost of assets in the guideline class	$10,000
Depreciation reserve	4,200
Reserve ratio therefore is	42%
Rate of growth	2%
Life being tested	16 years
Appropriate reserve ratio range (from Reserve Ratio Table)	43-55
Life to which he may drop (from Adjustment Table)	13.5 years

25

1. He has previously demonstrated his right to such shorter lives, or

2. He has used these lives for at least one-half of a replacement cycle and his reserve ratio falls within the appropriate range.

It is necessary that lives be in use for one-half a replacement cycle before the taxpayer's reserve ratio ~~test~~ may be used as automatic justification for below-guideline lives because ~~this test may~~ the reserve ratio will not reliably indicate whether shorter lives are justified when the life used has only recently been adopted.

* * *

A taxpayer who wishes to move for the first time to a below-guideline life or to reduce further an already below-guideline life will be allowed to do so automatically if:

1. His reserve ratio for the preceding taxable year is below the lower limit of the appropriate reserve ratio range, and

2. He has been using the life which he now wishes to reduce for at least one-half a full replacement cycle, and

3. The new life to which he wishes to move is no lower than the life which can be justified by the use of an adjustment table

Use of Lives Shorter Than Guidelines Permitted

The guideline lives will not be treated as minimums. Shorter lives which have already been established or which may in the future be justified as reflecting the taxpayer's existing or intended replacement practices will be permitted.

Revenue Procedure 62-21 will not disturb the continued use of below-guideline lives which a taxpayer has already demonstrated to be realistic.

In addition, the Procedure sets forth standards under which taxpayers, including those previously using lives below the guidelines, may establish still shorter tax lives concurrent with the adoption of more progressive replacement and modernization practices.

* * *

A taxpayer who has previously used lives shorter than the guidelines will be permitted automatically to continue to use these shorter lives if:

years, he will nevertheless be allowed to continue to use a life at least as short as the guideline for a three-year transition period.

The new lives may be questioned beginning in the fourth year only if the use of the reserve ratio test shows that the taxpayer is not, in fact, moving toward a replacement practice consistent with the [tax] class life used for tax purposes. Movement toward a consistent retirement and replacement pattern will be considered to be demonstrated if the amount by which the taxpayer's reserve ratio exceeds the appropriate range is lower than in any one of the three preceding years. If a taxpayer with an initially excessive reserve meets this test in the fourth year and does so continuously each year thereafter, he will be permitted a period of years equal to the guideline life to reach the upper limit of the appropriate reserve ratio range. For example, if a taxpayer is using a 12-year guideline life, he would be allowed a period of 12 years, beginning with the first year under Revenue Procedure 62-21, to reduce his reserve ratio to within the range.

Machine C	$20,000	14 years	7 1/10 %	$1,428
Total	$42,000			$4,178

Movement to Guideline Unquestioned for Three Years

Use of the guidelines, automatically allowed to all taxpayers at the outset, will continue to be accepted after the end of the three-year transitional period unless there are clear indications that the taxpayer's replacement practices do not conform with the depreciation claimed and are not even showing a trend in that direction.

Taxpayers who have, in the past, been following replacement practices consistent with the tax lives previously used and who; continue to follow practices consistent with the NEW lives claimed will automatically meet the reserve ratio test. They will, therefore, be allowed to continue indefinitely to use the tax lives at least as short as the guidelines.

In those exceptional situations where the taxpayer's depreciation reserve is initially above the appropriate reserve ratio range for the guideline life or rises above that range during the first three

28

EXAMPLE:

comprising a guideline class 29

A taxpayer with three assets ^ is presently depreciating ^ them at

straight line

^ as follows:

Straight line

Cost (or basis)		Life used	Depreciation rate (% per year)	Depreciation taken
Machine A	$12,000	12 years	8 1/3 %	$1,000
Machine B	$10,000	8 years	12 1/2 %	$1,250
Machine C	$20,000	20 years	5 %	$1,000
Total	$42,000			$3,250

The depreciation the taxpayer is presently taking, item by item, equals

~~This taxpayer's presently used depreciable life for the class~~

a weighted average depreciable life for the three assets

^ ($42,000 divided by $3,250) ~~is~~ of 12.8 years.

Suppose the guideline has been set at 10 years.

15

the class approach and life

He may shift to the guideline immediately and without challenge,

an deduction

thus taking ^ annual depreciation ^ of $4,200.

change lives

Or he may ~~rearrange~~ his item ~~accounts~~ to achieve a 10-year

weighted average life. One such shift might be as follows:

reserve ratio

Machine A	$12,000	8 years	12 1/2 %	$1,500
Machine B	$10,000	8 years	12 1/2 %	$1,250

4

Cost of assets in guideline class	$10,000
Depreciation reserve	5,200
Reserve ratio therefore is	52%
Assets one replacement cycle earlier	8,200
Ratio of present assets to base year assets	1.129
Rate of growth (from Growth table)	2%
Test life used	10 years
Appropriate reserve ratio range (from Reserve Ratio table)	44-56%

New Guidelines Immediately Available to All Taxpayers

Any taxpayer who wishes to use the new guideline lives -- or a life longer than the guidelines -- may do so initially as a matter of right and without question by the Internal Revenue Service for a period of three years. He may, if he wishes, shift to the use of the guideline classes and lives and depreciate all the assets in each class at an identical rate, which in a majority of cases will be shorter than the rate he has been using. Or, he may rearrange the individual lives used in his item accounts or his multiple-asset accounts, to reach an average equal to the guideline.

2. The rate of growth of the guideline class is ascertained by first computing the ratio of assets in the class at the close of the current year to the assets in the class at the close of a ~~then~~ "base year", -- where possible, an entire replacement cycle earlier. The taxpayer can then read his rate of growth from the table provided in the Procedure.

3. The ~~depreciable~~ class life to be tested ~~being tested~~ is then found.

4. The taxpayer's reserve ratio is then compared with the reserve ratio range selected from the reserve ratio table which is appropriate to the method of depreciation being used for the assets in that class, the rate of growth in the class and the test life for that class.

EXAMPLE:

Here is an example of how a taxpayer using straight line depreciation and a 15-year class life would compute -- and find that he met -- the reserve ratio test:

While the reserve ratio test is more carefully designed than former tests, based on the same general concept, it is, ~~however,~~ also more flexible. It takes into account the inevitable deviations from a theoretical norm by providing a range within which the reserve ratio may vary without signalling a possible need for adjustment of tax lives.

An important feature of the reserve ratio test is the latitude it allows taxpayers in the determination of their depreciable lives, provided they meet reasonable standards. The margin of tolerance contained in the reserve ratio table~~s~~ encompasses rates of replacement as much as 20 per cent slower than the tax life used but only 10 per cent faster. Thus the reserve ratio ~~test~~ will more quickly indicate ~~the~~ a taxpayer's right to faster depreciation writeoffs than the possibility that longer tax livds should be used.

The reserve ratio test is computed as follows:

1. The reserve ratio is determined by dividing the depreciation reserve for a particular class of assets by the original cost or other basis of these assets.

lives, which can burden both taxpayers and the Internal Revenue Service without necessarily achieving meaningful improvement in the fairness or realism of depreciation allowances.

The reserve ratio test may be used by the taxpayer as a means of automatically justifying his right to follow the depreciation practices he is using. It will, however, be used only in conjunction with established standards as a basis for imposing longer lives than those the taxpayer considers appropriate. Where the reserve ratio test is not met, the taxpayer will always be allowed, as at present, to demonstrate the reasonableness of the depreciation claimed on the basis of all the pertinent facts and circumstances.

3 The reserve ratio test embodied in Revenue Procedure 62-21 differs significantly from the rough rules of thumb which have in the past sometimes been used. The appropriate ratios set forth which vary according to the method of depreciation employed, the or depreciable lives used and the rate of growth of a taxpayer's assets.

For Soap producers -- 201 item lives, ranging from 4 years for fat acid pumps to 30 years for lathes used in making barrels. Soap manufacturers are now covered by the 11-year guideline for all machinery and equipment used in the Chemical and allied industries.

The Objective Reserve Ratio Test

In many situations under Revenue Procedure 62-21, the use of an objective standard for determining the appropriateness of the depreciation ~~claims~~ taken comes into play. This standard is the reserve ratio, which is computed by dividing the depreciation reserve for a particular class of assets by the original cost (or other basis) of those assets.

The reserve ratio test measures the relationship between tax lives and replacement practice on a comprehensive basis with the objective of achieving a reasonable overall result.

Its use and its application to broad classes of assets will therefore end preoccupation with determination of specific item industry lines. For most taxpayers, three or four guidelines will encompass all of their depreciable assets.

2 The emphasis in this broad class approach is on achieving a reasonable overall result in measuring depreciation rather than a needless and labored item-by-item accuracy.

EXAMPLES

IRS' Bulletin "F", which the new guidelines supersede as a benchmark for the determination of appropriate depreciable lives, sets forth:

For the <u>Hotel industry</u> -- 18 separate specified lives for equipment used in hotels, ranging from 6 years on blankets and spreads to 20 years for fire alarm and prevention equipment. Hotel equipment is now encompassed in the guideline class for Service Industries, set at 10 years.

For <u>Ice Cream</u> producers -- 111 item lives ranging from 4 years for ice cream cans to 25 years for cast iron flavoring kettles. Equipment used by ice cream manufacturers is now covered in the guideline class for Food Products, at 12 years.

The Procedure becomes effective immediately and may be used in the preparation of any tax return due after the date of publication. The new guideline lives and new administrative procedures are applicable to all depreciable property, including existing assets as well as new acquisitions.

The Procedure, while replacing [supplanting] the Bulletin "F" guidelines for depreciable lives, does not supersede existing rules, outstanding arrangements or established procedures for determining depreciation for any taxpayer who wishes to continue to use them.

Guideline Lives Based on Broad Asset Classes

The new, shorter guideline lives apply to about 75 broad classes of assets, rather than to explicitly detailed items of depreciable property. In most cases, a single industry guideline class will cover all the production machinery and equipment typically used in the industry. Certain assets in general use by all industries, such as automobiles and trucks and office machines and furniture, are covered by guideline classes which cut across

FOR RELEASE A.M. NEWSPAPERS

[redacted]

THURSDAY, JULY 12, 1962

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[redacted]

The Treasury today made public IRS Revenue Procedure 62-21, embodying a basic reform in the standards and procedures used for the determination of depreciation for tax purposes.

The fundamental concept underlying the new Procedure is that the depreciation claimed by a taxpayer will not be disturbed if there is an overall consistency between the depreciation schedule he uses and his actual practices in retiring and replacing his machinery and equipment. Demonstration of this overall consistency will be based upon [the use of] broad classes of assets, [for which] guidelines are established (for each of the classes -- in all cases shorter than those previously suggested for the guideline classes) to assist in the determination of appropriate depreciable lives.

A central objective of the new Procedure is to facilitate the adoption of depreciable lives even shorter than those set forth in the new guidelines -- and shorter than those currently in use, even where current usage is already below the guidelines -- provided only that certain standards are met and that subsequent replacement practices are reasonably consistent with the tax lives claimed.

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TREASURY DEPARTMENT 38

WASHINGTON, D.C.

CAUTION: FOR RELEASE AT 6:30 P.M. (E.D.T.) WEDNESDAY, JULY 11, 1962

The attached documents MUST BE HELD IN STRICT CONFIDENCE and are not to be circulated in any form, oral or written, until release time. No portion, synoposis, or intimation of its contents may be given out, broadcast, or published UNTIL RELEASE TIME. The same caution applies to all newspapers, magazines, newsletters, radio and television commentators and broadcasters, both in the United States and abroad.

DEPRECIATION GUIDELINES AND RULES

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The fundamental concept underlying the new Procedure is that the depreciation claimed by a taxpayer will not be disturbed if there is an overall consistency between the depreciation schedule he uses and his actual practice in retiring and replacing his machinery and equipment. Demonstration of this overall consistency will be based upon broad classes of assets. Guidelines are established for each of these classes -- in all cases shorter than those previously suggested for the guideline class as a whole -- to assist in the determination of appropriate depreciable lives.

A central objective of the new Procedure is to facilitate the adoption of depreciable lives even shorter than those set forth in the new guidelines -- and shorter than those currently in use, even where current usage is already below the guidelines -- provided only that certain standards are met and that subsequent replacement practices are reasonably consistent with the tax lives claimed.

The Procedure becomes effective immediately and may be used in the preparation of any tax return due after the date of publication. The new guideline lives and new administrative procedures are applicable to all depreciable property, including existing assets as well as new acquisitions.

The Procedure, while replacing the Bulletin "F" guidelines for depreciable lives, does not supersede existing rules, outstanding arrangements or established procedures for determining depreciation for any taxpayer who wishes to continue to use them.

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The emphasis in this broad class approach is on achieving a reasonable overall result in measuring depreciation rather than a needless and labored item-by-item accuracy.

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The Objective Reserve Ratio Test

In many situations under Revenue Procedure 62-21, the use of an objective standard for determining the appropriateness of the depreciation taken comes into play. This standard is the reserve ratio, which is computed by dividing the depreciation reserve for a particular class of assets by the original cost (or other basis) of these assets.

The reserve ratio test measures the relationship between tax lives and replacement practice on a comprehensive basis with the objective of achieving a reasonable overall result.

Its use and its application to broad classes of assets will therefore end preoccupation with determination of specific item lives, which can burden both taxpayers and the Internal Revenue Service without necessarily achieving meaningful improvement in the fairness or realism of depreciation allowances.

The reserve ratio test may be used by the taxpayer as a means of automatically justifying his right to follow the depreciation practices he is using. It will, however, be used only in conjunction with established standards as a basis for imposing longer lives than those the taxpayer considers appropriate. Where the reserve ratio test is not met, the taxpayer will always be allowed, as at present, to demonstrate the reasonableness of the depreciation claimed on the basis of all the pertinent facts and circumstances.

The reserve ratio test embodied in Revenue Procedure 62-21 differs significantly from the rough rules of thumb which have in the past sometimes been used. The appropriate ratios set forth vary according to the method of depreciation employed, the depreciable lives used and the rate of growth of a taxpayer's assets.

While the reserve ratio test is more carefully designed than former tests based on the same general concept, it is, however, also more flexible. It takes into account the inevitable deviations from a theoretical norm by providing a range within which the reserve ratio may vary without signalling a possible need for adjustment of tax lives.

An important feature of the reserve ratio test is the latitude it allows taxpayers in the determination of their depreciable lives, provided they meet reasonable standards. The margin of tolerance contained in the Reserve Ratio Table encompasses rates of replacement as much as 20 per cent slower than the tax life used but only 10 per cent faster. Thus the reserve ratio will more quickly indicate a taxpayer's right to faster depreciation writeoffs than the possibility that longer tax lives should be used.

The reserve ratio test is computed as follows:

1. The reserve ratio is determined by dividing the depreciation reserve for a particular class of assets by the original cost or other basis of these assets.

2. The rate of growth of the guideline class is ascertained by first computing the ratio of assets in the class at the close of the current year to the assets in the class at the close of a "base year" -- where possible, an entire replacement cycle earlier. The taxpayer can then read his rate of growth from the table provided in the Procedure.

3. The class life to be tested is then found.

4. The taxpayer's reserve ratio is then compared with the reserve ratio range selected from the Reserve Ratio Table which is appropriate to the method of depreciation being used for the assets in that class, the rate of growth in the class and the test life for that class.

EXAMPLE:

Here is an example of how a taxpayer using straight line depreciation and a 10-year class life would compute -- and find that he met -- the reserve ratio test:

Cost of assets in guideline class	$10,000
Depreciation reserve	5,200
Reserve ratio therefore is	52%
Assets one replacement cycle earlier	8,200
Ratio of present assets to base year assets	1.129
Rate of growth (from Growth Table)	2%
Test life used	10 years
Appropriate reserve ratio range (from Reserve Ratio Table)	44-56%

<u>New Guidelines Immediately Available to All Taxpayers</u>

Any taxpayer who wishes to use the new guideline lives -- or a life longer than the guidelines -- may do so initially as a matter of right and without question by the Internal Revenue Service for a period of three years. He may if he wishes, shift to the use of the guideline classes and lives and depreciate all the assets in each class at a single rate, which in a majority of cases will be shorter than the rate he has been using. Or, he may rearrange the individual lives used in his item accounts or his multiple-asset accounts, to reach an average equal to the guideline.

EXAMPLE:

A taxpayer with three assets comprising a guideline class is presently depreciating them at straight line as follows:

	Cost (or basis)	Life Used	Depreciation Rate (% per year)	Straight Line Depreciation Taken
Machine A	$12,000	12 years	8-1/3%	$1,000
Machine B	$10,000	8 years	12-1/2%	$1,250
Machine C	$20,000	20 years	5%	$1,000
Total	$42,000			$3,250

The depreciation the taxpayer is presently taking, item by item, equals a weighted average depreciable life for the three assets ($42,000 divided by $3,250) of 12.8 years.

Suppose the guideline has been set at 10 years.

He may shift to the class approach and the guideline life immediately and without challenge, thus taking an annual depreciation deduction of $4,200.

Or he may change his item lives to achieve a 10-year weighted average life. One such shift might be as follows:

Machine A	$12,000	8 years	12-1/2 %	$1,500
Machine B	$10,000	8 years	12-1/2 %	$1,250
Machine C	$20,000	14 years	7-7/10 %	$1,428
Total	$42,000			$4,178

Movement to Guideline Unquestioned for Three Years

Use of the guidelines, automatically allowed to all taxpayers at the outset, will continue to be accepted after the end of the three-year transitional period unless there are clear indications that the taxpayer's replacement practices do not conform with the depreciation claimed and are not even showing a trend in that direction.

Taxpayers who have, in the past, been following replacement practices consistent with the tax lives previously used and who continue to follow practices consistent with the new lives claimed will automatically meet the reserve ratio test. They will, therefore, be allowed to continue indefinitely to use the tax lives at least as short as the guidelines.

In those exceptional situations where the taxpayer's depreciation reserve is initially above the appropriate reserve ratio range for the guideline life or rises above that range during the first three years, he will nevertheless be allowed to continue to use a life at least as short as the guideline for a three-year transition period.

The new lives may be questioned beginning in the fourth year only if the use of the reserve ratio test shows that the taxpayer is not, in fact, moving toward a replacement practice consistent with the class life used for tax purposes. Movement toward a consistent retirement and replacement pattern will be considered to be demonstrated if the amount by which the taxpayer's reserve ratio exceeds the appropriate range is lower than in any one of the three preceding years. If a taxpayer with an initially excessive reserve meets this test in the fourth year and does so continuously each year thereafter, he will be permitted a period of years equal to the guideline life to reach the upper limit of the appropriate reserve ratio range. For example, if a taxpayer is using a 12-year guideline life, he would be allowed a period of 12 years, beginning with the first year under Revenue Procedure 62-21, to reduce his reserve ratio to within the range.

Use of Lives Shorter Than Guidelines Permitted

The guideline lives will not be treated as minimums. Shorter lives which have already been established or which may in the future be justified as reflecting the taxpayer's existing or intended replacement practices will be permitted.

Revenue Procedure 62-21 will not disturb the continued use of below-guideline lives which a taxpayer has already demonstrated to be realistic.

In addition, the Procedure sets forth standards under which taxpayers, including those previously using lives below the guidelines, may establish still shorter tax lives concurrent with the adoption of more progressive replacement and modernization practices.

* * *

A taxpayer who has previously used lives shorter than the guidelines will be permitted automatically to continue to use these shorter lives if:

1. He has previously demonstrated his right to such shorter lives, or

2. He has used these lives for at least one-half of a replacement cycle and his reserve ratio falls within the appropriate range.

It is necessary that lives be in use for one-half a replacement cycle before the taxpayer's reserve ratio may be used as automatic justification for below-guideline lives because the reserve ratio will not reliably indicate whether shorter lives are justified when the life used has only recently been adopted.

* * *

A taxpayer who wishes to move for the first time to a below-guideline life or to reduce further an already below-guideline life will be allowed to do so automatically if:

1. His reserve ratio for the preceding taxable year is below the lower limit of the appropriate reserve ratio range, and

2. He has been using the life which he now wishes to reduce for at least one-half a full replacement cycle, and

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3. The new life to which he wishes to move is no lower than the life which can be justified by the use of an adjustment table which is provided as part of the new Procedure.

EXAMPLE:

A taxpayer has been using a 16-year class life, and has been using it for at least 8 years. He can automatically shift to a shorter life in the following situation:

Method of Depreciation	Straight Line
Cost of assets in the guideline class	$10,000
Depreciation reserve	4,200
Reserve ratio therefore is	42%
Rate of growth	2%
Life being tested	16 years
Appropriate reserve ratio range (from Reserve Ratio Table)	43-55%
Life to which he may drop (from Adjustment Table)	13.5 years

* * *

Taxpayers who do not meet the prescribed tests for automatic use of lives shorter than those prescribed in the guidelines, regardless of whether or not they have used them previously, may in all cases demonstrate their entitlement to such shorter lives on the basis of all the relevant facts and circumstances.

Relevant facts and circumstances include, but are not limited to, demonstration that:

1. The taxpayer (if other than a regulated public utility) is using the same depreciable life on his books as the one he is claiming for tax purposes.

2. The taxpayer actually intends to follow a more rapid replacement practice.

3. The taxpayer has previously followed replacement practices consistent with the depreciation allowances previously claimed.

4. The taxpayer makes abnormally intensive use of his assets.

5. A number of the assets in a guideline class were not new when acquired by the taxpayer.

6. The guideline class contains, for the particular taxpayer, a disproportionate number of relatively short-lived assets.

7. Extraordinary obsolescence affects the particular taxpayer.

The three-year transition rule, which gives the taxpayer an interval of time following the effective date of Revenue Procedure 62-21 to bring his replacement practices into conformity with his tax depreciation claimed, will apply to those who move below the guidelines as well as those who shift to a class life at or above the guidelines.

Following expiration of the transition rule, the reserve ratio test will provide to all taxpayers a continual means of demonstrating that the tax lives being used correspond with replacement practices.

Amount of Upward Adjustment Specified

Where the depreciation claimed by the taxpayer proves to be significantly out of line and cannot be justified by the reserve ratio test or by a showing of facts and circumstances, adjustments will be called for. Revenue Procedure 62-21 provides tables which will indicate how much adjustment is appropriate, but in no case will depreciable lives be lengthened beyond the shortest which can be justified by all the facts and circumstances. "Penalty rates", which have in the past been used in an attempt to correct past errors over a short period of time will no longer be imposed. Lives will be lengthened merely to correspond with actual replacement practice.

In most cases, the life for the guideline class will be lengthened in accordance with the Table for Adjustment of Depreciable Lives, which is part of Revenue Procedure 62-21.

EXAMPLE:

A taxpayer who has been using a 12-year class life and who is unable to demonstrate that the facts and circumstances of his case justify use of that life would have the life lengthened in the following situation:

Method of depreciation	Double declining balance
Cost of assets in guideline class	$10,000
Depreciation reserve for class	6,500
Reserve ratio therefore is	65%
Rate of growth	4%
Life being tested	12 years
Appropriate reserve ratio range (from Reserve Ratio Table)	53-61%
Life to which he would be lengthened (from Adjustment Table)	15 years

Any necessary lenthening of depreciable lives will be put into effect no earlier than the first year in which the reserve ratio test is not met and the life cannot be justified on the basis of the facts and circumstances. The lives will not be lengthened for any earlier taxable year.

Guidelines Not Retroactive

This Procedure will be effective immediately but will not apply to depreciation allowances for taxable years for which returns were due to be filed before the date of publication of Revenue Procedure 62-21.

Examination of the depreciation claimed for earlier taxable years will be made under previously established procedures. The new guideline lives set forth in the Procedure will not be considered as evidence that these lives were the appropriate ones in previous years for a taxpayer who did not follow replacement practices consistent with the guidelines.

A taxpayer may, however, in certain circumstances resort to the Reserve Ratio Table in this Procedure to demonstrate that his replacement practice in past years supports the life claimed.

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EXAMPLE

A more complete and realistic example of the means of shifting present item depreciation accounts to the new guideline lives follows: It includes consideration of salvage value and the use of the double declining balance method of depreciation.

	Cost (or basis)	Life Used	Method of Depreciation	Salvage	Depreciation Rate (% per year)	Straight line depreciation	Actual depreciation taken
Machine A	$10,000	10 years	Straight line	$1,000	10% (times basis less salvage)	$900	$900
Machine B	5,000	8 years	Straight line	1,000	12-1/2 % " "	500	500
Machine C	6,000	20 years	Double declining balance	Reserve 1,626	10 % (times basis less reserve)	300	437
Machine D	15,000	15 years	Double declining balance	2,000	13-1/3 %	1,000	1,733
Total	$36,000					$2,700	$3,570

The depreciation this taxpayer is presently taking, item by item, equals a weighted average class life of 13-1/3 years ($36,000 divided by $2,700).

Suppose the guideline for the class which these four assets comprise has been set at 10 years. The total depreciation taken at the straight line rate, which is used for purposes of testing and comparison, cannot therefore exceed $3,600 (the 10% straight line depreciation rate times the total basis.)

This taxpayer has the following alternatives:

He may sub-group the items in the class according to the method of depreciation used and change the lives to achieve a 10-year weighted average life. One such shift might be as follows:

	Basis less salvage	Life Used	Straight line depreciation rate	Straight line depreciation	Actual depreciation taken
Machines A & B	$13,000	7-1/7 years	14%	$1,820	$1,820
Machines C & D	Basis $21,000	12 years	8-1/3%	$1,749	$2,894
Total				$3,569	$4,714

Alternatively, this taxpayer may change his item lives to achieve a 10-year weighted average life. One shift might be as follows:

	Basis less salvage	Life Used	Straight line depreciation rate	Straight line depreciation	Actual depreciation taken
Machine A	$9,000	10 years	10%	$900	$900
Machine B	4,000	5 years	20%	800	800
Machine C	Basis 6,000	15 years	6 2/3%	400	583
Machine D	15,000	10 years	10%	1,500	2,600
Total				$3,600	$4,883

TREASURY DEPARTMENT

WASHINGTON, D.C.

CAUTION: FOR RELEASE AT 6:30 P.M. (E.D.T.)
WEDNESDAY, JULY 11, 1962

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July 10, 1962

Effect of new guideline lives set forth in Part I of Revenue Procedure 62-21 on cash flow and depreciation claimed in major industries

Revenue Procedure 62-21 will stimulate business activity and reduce the cost and complexity of tax depreciation accounting. Reduction in depreciable lives achieved by the guidelines in Part I will result in more realistic recognition of obsolescence and changing market conditions. The objective test in Part II under which taxpayers can use lives below the guidelines and the simplification of the administration of depreciation deductions achieved by Part II will reduce accounting costs and technical difficulties experienced by businesses in past years. Schedules of appropriate reserve ratios contained in Part III will provide an objective measure of the consistency of replacement practices and depreciable lives used for tax purposes.

The Tables attached illustrate the immediate benefits which the business community will obtain from greater recognition of obsolescence in the new guideline lives under Part I of the Revenue Procedure. No attempt is made to assess the benefits to the business community and the savings in tax administration which will arise from Parts II and III of the Procedure. The figures shown indicate a first full year effect which pertains to depreciation claimed on tax returns due to be filed in the twelve months after the publication of the Procedure.

TABLE I. Potential increases in depreciation under new guideline lives set forth in Part I of Revenue Procedure 62-21 (excluding buildings).

As shown in Table I, under established procedures for determining the depreciable lives of property it is estimated that $27.3 billion of depreciation would be claimed on 1962 tax returns filed by corporate and non-corporate businesses. Proper recognition of obsolescence caused by rapidly changing technology, product innovation, increasing foreign competition, and the increasing extent to which single pieces of equipment are functionally tied to systems of production, will increase the amount of depreciation claimed for tax purposes substantially above the $27.3 billion level. Using new guidelines specified by Part I of Revenue Procedure 62-21 that recognize such increases in obsolescence, it is estimated that the depreciation claimed on 1962 tax returns will potentially increase by about $4.7 billion or approximately 17 percent on depreciable equipment and structures (excluding buildings). The increase will be somewhat larger for corporate business than for non-corporate business where less stringent auditing control already has permitted taxpayers to make use of somewhat shorter depreciable lives on depreciable property than is typical of the corporate business sector.

It should be emphasized that the $4.7 billion represents only a potential and not the actual increase which may realistically be expected in tax deductions. Some businesses may feel that the lives which they use to depreciate property are already adequate. Some may feel that their earnings position will not absorb the additional depreciation charges associated with shorter depreciable lives. Therefore some businesses will not elect to make use of the shorter depreciable lives to the full extent permitted by the new guidelines. For this reason it is estimated that some 15 percent of the available potential increase in depreciation will not be elected by taxpayers. Moreover some businesses will not have sufficient taxable income to fully absorb the increases in depreciation that will be permitted under the new guidelines. As a consequence an additional 15 percent of the potential increase in depreciation will not affect tax liabilities during 1962, although carry-forward and carry-back provisions may affect tax liabilities in other years. Adjustment of the $4.7 billion potential increase in depreciation to take into account these situations will reduce the amount of additional depreciation claimed on taxable returns to about $3.4 billion. At effective marginal tax rates this produces a reduction in business tax liabilities (disregarding feedback effects) of about $1.5 billion from the levels that would apply using existing depreciable life formulae.

Feedback effects produced by the increase in tax depreciation claimed are the favorable effects on the level of gross national product, national income, and the revenue base that will be produced by the more favorable economic and psychological climate for investment. Feedback effects will result from the decrease in depreciable lives as increased cash flow, shortening of the pay-out period, and resulting reductions in investment risk stimulate new investment. Increased investment will raise the rate of growth, the level of profits, and the associated revenue yield at a given level of tax rates. Most observers therefore believe that any temporary tendency towards a revenue loss from realistic depreciation will be offset because of the stimulus to growth. Moreover, the favorable psychological impact resulting from the more realistic recognition of obsolescence will assure an especially prompt and positive effect on businessmen's decisions to invest resulting in substantial and immediate feedback effects.

It should be noted that the $1.5 billion reduction in current tax liabilities accorded businesses recognizes a legitimate expense of business. The Revenue Procedure requires each business to justify its depreciation claims by a consistent replacement of assets in conformity with the depreciable life by demonstrating through its maintenance of an appropriate depreciation reserve against its investment that its replacement of equipment corresponds to the depreciable life claimed.

TABLE II. Comparison of standards under Bulletin "F", the new guideline lives set forth in Part I of Revenue Procedure 62-21, and current practice.

Table II indicates how the new guideline standards compare with standards set forth in the 1942 Bulletin "F"; in addition, the table indicates the extent to which new guidelines will liberalize lives used to depreciate production machinery and equipment owned by manufacturing corporations surveyed in the Treasury Depreciation Survey.

The new guideline lives set forth in Part I of the Revenue Procedure 62-21 are generally about one-third shorter than the 19-year average in Bulletin "F". The new guidelines provide forty percent or more reduction of lives for Aerospace, Apparel, Chemicals, Fabricated metal products, Lumber and wood products, Nonferrous metals, Professional and scientific instruments, Railroad equipment, Stone and clay products, Ship and boat building, and Textile products industries.

The new guideline lives are about 15 percent shorter than the average lives now used by larger corporations. More than one-third of the manufacturing industries shown in Table II will receive new guideline lives more than 20 percent below the average life presently used for depreciation purposes.

It is important to note that the shorter guidelines provided by Part I do not fully reflect the increased flexibility of depreciation in response to faster modernization and replacement under Parts II and III of the Procedure. Many taxpayers who have demonstrated their need for shorter depreciable lives will continue to use lives shorter than specified by the new guidelines and taxpayers will be permitted to demonstrate their need for shorter lives in future years both on the facts and circumstances in each individual case and on the basis of their reserve ratios. This implies that the new average depreciable life under future practice will be somewhat below the guideline lives which are set forth in Part I of Revenue Procedure 62-21.

The average life of production machinery and equipment reported in the Treasury Depreciation Survey in 1959 was 15.2 years. The effect of the new guideline lives set forth in Part I of Revenue Procedure 62-21, will be to reduce the average life for those corporations to approximately 12 years. This average life is somewhat below the average of new guidelines as some taxpayers have already justified even shorter lives than the new guidelines and will continue to use those shorter lives. The effective percentage reduction in lives for Treasury Survey corporations is therefore 21 percent.

TABLE III. Estimated reduction in current tax liabilities (without feedback effects) under the new guideline lives set forth in Part I of Revenue Procedure 62-21.

Table III shows the estimated distribution of the total $1,250 million reduction in tax liabilities of corporate businesses (without feedback effects) among major users of depreciable property. Manufacturing industries will receive some $740 million in benefits, reflecting an increase of about 17 percent in the total depreciation claimed by those industries (including depreciation claimed on buildings).

TABLE IV. Estimated reduction in current tax liabilities (without feedback effects) under new guideline lives set forth in Part I of Revenue Procedure 62-21.

Table IV parallels Table III and presents a distribution of the estimated reduction in tax liabilities (without feedback effects) for all businesses, including both corporate and non-corporate, by major industry division.

A total reduction in tax liabilities of $750 million will apply to manufacturing businesses, with further amounts of $190 million applying to assets in the transportation industry, and $150 million applying to trade.

The percentage increase in total depreciation claimed (including depreciation claimed on buildings) is also shown and shows that in relation to all depreciation claimed by business on equipment and buildings the $4.7 billion increase will result in an over-all percentage increase of 13.

Office of the Secretary of the Treasury
Office of Tax Analysis

Table I

Potential increases in depreciation under new guideline lives set forth in Part I of Revenue Procedure 62-21 (excluding buildings) Full year effect at 1962 levels

(Money amounts in billions of dollars)

	Total	Corporate businesses	Non-corporate businesses
Depreciation deductions, present law	27.3	19.7	7.6
Percentage increase in depreciation	17%	18%	15% 1/
Potential increase in depreciation under new guidelines	4.7	3.6	1.1
Estimated reduction in current tax liabilities, which is not equivalent to reduction in revenues because of feed-back effects 2/	1.5	1.2	0.3

Office of the Secretary of the Treasury,
Office of Tax Analysis

July 10, 1962

1/ The new guidelines will result in less increase in depreciation for noncorporate as compared to corporate business because non-corporate depreciation practices have not been subject to the auditing control typical of corporate practice.

2/ The shorter depreciable lives will produce a favorable impact on the level of gross national product, national income, and the revenue base by creating a more favorable economic and psychological climate for investment. These feedback effects will result as increased cash flow, shortening of the payout period, and resulting reduction in investment risk stimulate new investment. Increased investment will raise the rate of growth, the level of profits, and therefore the revenue yield at a given level of tax rates. Increases in business taxes and increases in other taxes associated with higher levels of growth will thus offset the reduction in current tax liabilities shown in the table. Most observers therefore believe that any temporary tendency towards a revenue loss from realistic liberalization of depreciation will be offset because of the stimulus to growth. Moreover, the favorable psychological impact resulting from the more realistic recognition of obsolescence will assure an especially prompt and positive effect on businessmen's decisions to invest, resulting in substantial and immediate feedback effects.

The reduction in current tax liabilities is also smaller than might be expected on the basis of the potential increase in depreciation because some taxpayers will not elect to use guideline lives and some taxpayers using guideline lives will not have taxable income in 1962.

Table II

Comparison of standards under Bulletin "F", new guideline lives set forth in Part I of Revenue Procedure 62-21, and current practice
Production machinery and equipment

Treasury Survey Corporations

Manufacturing industry	Bulletin "F" composite (years)	New guidelines (years)	Decrease from mid-point of Bulletin "F" to the new guidelines (percent)	Actual present practice	Decrease from present practice to the new guidelines (percent)
Aerospace	15 1/	8	47	10	20
Apparel and fabricated textile products	15-30 *	9	60	15	40
Chemicals and allied products	15-22	11	40	13	15
Electrical equipment					
Electrical equipment	17-20	12	35)	15	33
Electronic equipment	≠	8	≠)		
Fabricated metal products	14-28	12	43	16	25
Food and kindred products					
Beverages	13-20 2/	12	25	13	8
Dairy products	14-20	12	29	13	8
Grain and mill products	18-25	17	21	19	11
Meat products	17-20	12	33	15	20
Sugar and sugar products	28-30	18	38)		
Vegetable oil products	25	18	28)	17	
Other food products	12½-40	12	26)		54
Lumber, wood products, and furniture	10-25	10	43	16	38
Machinery except electrical machinery, metal working machinery and transportation equipment	10-28	12	37	15	20
Metal working machinery	17-20	12	35	16	25
Motor vehicles and parts	15-20 3/	12	31	14	14
Paper and allied products					
Pulp and paper	17-28	16	29)	19	21
Paper finishing and converting	15-22	12	35)		
Petroleum and natural gas					
Drilling, geophysical and field services only	5-10 *	6	20)	16	13
Exploration, drilling and production	5-25 *	14	7)		
Petroleum refining	15-30 *	16	29	19	16
Marketing	10-33 *	16	26	18	11
Primary metals	25				
Ferrous metals	25	18	28)	23	22
Nonferrous metals	17-30 *	14	40)		
Printing and publishing	10-25	11	37	16	32
Professional, scientific and controlling instruments; photographic and optical equipment; watches and clocks	17-25	12	43	15	20
Railroad equipment	25-28	12	55	16	25
Rubber, leather and plastics products					
Leather and leather products	15	11	27)		
Plastics products	≠	11	≠)	15	13
Rubber products	17 4/	14	18)		
Ship and boat building	20-25	12	47	19	37
Stone, clay and glass products					
Cement	20-25	20	11)		
Glass products	15	14	7)	19	16
Stone and clay products except cement	15-40 *	15	46)		
Textile mill products					
Knitwear	15	9	40)		
Spun, woven or process yarns and fabrics			)	17	18
Spinning, weaving and processing	) 25 5/(	15)	44 6/)		
Finishing and dyeing	) (	12)	)		
Tobacco and tobacco products	15-20	15	14	17	12
Other manufacturing	≠	12	≠	14	14
ALL MANUFACTURING	19	13	32	15	15**

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** The average life of production machinery and equipment reported in the Treasury Depreciation Survey in 1959 was 15.2 years. The effect of the new guideline lives set forth in Part I of Revenue Procedure 62-21, will be to reduce the average life for those corporations to approximately 12 years. This average life is somewhat below the average of new guidelines as some taxpayers have already justified even shorter lives than the new guidelines and will continue to use those shorter lives. The effective percentage reduction in lives for Treasury Survey corporations is therefore 21 percent.

1/ Except small tools 4-5 years.
2/ Kegs, cases, bottles 4-10 years.
3/ Special jigs, dies, patterns 3-- years.
4/ Except the mold account 3 years.
5/ Except rayon with a composite life of 16 years.
6/ Bulletin "F" compared with an average guideline of 14 years.
* Items lives only.
≠ No Bulletin "F" life.

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Table III

Estimated reduction in current tax liabilities (without feedback effects) under new guideline lives set forth in Part I of Revenue Procedure 62-21 1/
Full year effect at 1962 levels

Corporations

Industry	Percentage increase in depreciation deductions 2/	Reduction in tax liability (millions)
Manufacturing: Total	17 3/	$740
Apparel	14	*
Beverages	7	10
Chemicals and allied products	20	110
Electrical machinery	16	30
Fabricated metals products	20	40
Food and kindred products	14	50
Lumber and wood products	14	20
Machinery, except electrical	9 4/	20
Metalworking machinery	14	10
Motor vehicles	12	40
Other manufacturing	17	10
Paper and allied products	27	60
Petroleum production and refining	16	120
Primary metals products	25	120
Printing	14	20
Professional and scientific equipment	7	*
Rubber, leather, and plastics	12	10
Stone, clay and glass	20	40
Textile mill products	14	20
Tobacco products	10	*
Transportation equipment except motor vehicles	14	10
Nonmanufacturing: Total	19	510
Air transportation	19	20
Electric and gas utilities	8	120
Railroad transportation	34	70
All other	20	300

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* Less than $5 million.

See footnotes next page.

Table III --- Footnotes

1/ The shorter depreciable lives will produce a favorable impact on the level of gross national product, national income, and the revenue base by creating a more favorable economic and psychological climate for investment. These feedback effects will result as increased cash flow, shortening of the payout period, and resulting reduction in investment risk stimulate new investment. Increased investment will raise the rate of growth, the level of profits, and therefore the revenue yield at a given level of tax rates. Increases in business taxes and increases in other taxes associated with higher levels of growth will thus offset the reduction in current tax liabilities shown in the table. Most observers therefore believe that any temporary tendency towards a revenue loss from realistic liberalization of depreciation will be offset because of the stimulus to growth. Moreover, the favorable psychological impact resulting from the more realistic recognition of obsolescence will assure an especially prompt and positive effect on businessmen's decisions to invest, resulting in substantial and immediate feedback effects.

2/ Percentage increase in total depreciation claimed by the industry including depreciation on buildings.

3/ The corresponding percentage increase in depreciation for property other than buildings is 22 percent. The 22 percent figure is comparable with the 18 percent figure for corporate business in Table I; the 17 percent figure shown in this Table is not comparable.

4/ This percentage increase excludes leased equipment owned by machinery manufacturers for use by other businesses. The percentage increase in depreciation for this industry is somewhat smaller than in other industries primarily involved in metalworking and assembly because the industry has had an extremely liberal depreciation policy on small tools, dies, and fixtures which do not receive any additional recognition of obsolescence under the proposed guideline.

Table IV

Estimated reduction in current tax liabilities (without feedback effects) under new guideline lives set forth in Part I of Revenue Procedure 62-21 1/ Full year effect

Industry 2/	Total: Percentage increase in depreciation deductions 3/	Total: Reduction in tax liability (millions)	Corporate: Percentage increase in depreciation deductions 3/	Corporate: Reduction in tax liability (millions)
Agriculture	13	$ 90	12	$ 10
Construction	11	40	10	20
Electric, gas, and sanitary services	8	120	8	120
Finance, insurance, and real estate	5	40	5	30
Manufacturing (including crude petroleum production)	16	750	17	740
Mining (except extraction of crude petroleum) 4/	29	40	30	40
Services	10	80	9	40
Transportation	24	190	25	160
Wholesale and retail trade	12	150	11	90
Total	13 5/	$1,500	14 5/	$1,250

Office of the Secretary of the Treasury, Office of Tax Analysis July 10, 1962

1/ The shorter depreciable lives will produce a favorable impact on the level of gross national product, national income, and the revenue base by creating a more favorable economic and psychological climate for investment. These feedback effects will result as increased cash flow, shortening of the payout period, and resulting reduction in investment risk stimulate new investment. Increased investment will raise the rate of growth, the level of profits, and therefore the revenue yield at a given level of tax rates. Increases in business taxes and increases in other taxes associated with higher levels of growth will thus offset the reduction in current tax liabilities shown in the table. Most observers therefore believe that any temporary tendency towards a revenue loss from realistic liberalization of depreciation will be offset because of the stimulus to growth. Moreover, the favorable psychological impact resulting from the more realistic recognition of obsolescence will assure an especially prompt and positive effect on businessmen's decisions to invest, resulting in substantial and immediate feedback effects.

2/No estimates are shown for the communications industry. The depreciation guidelines for telephone and telegraph companies will remain at present levels. Depreciation guideline lives for the radio and television broadcasting industry are shorter than present practice, but the estimated revenue cost is less than $5 million.

3/Percentage increase in total depreciation claimed by the industry, including depreciation claimed on buildings.

4/Non-corporate mining establishments will obtain some reduction in tax liabilities, but the estimated revenue cost is less than $5 million.

5/The percentage increase in depreciation for property other than buildings that corresponds to this 13 percent figure is the 17 percent figure for all businesses shown in Table I. Similarly the 18 percent increase in depreciation on property other than buildings shown in Table I for corporate business corresponds to the 14 percent shown in this Table.

Comparison of depreciation deductions, initial and investment allowances for industrial equipment in leading industrial countries with similar deductions and allowances in the United States

This table compares depreciation practice in the United States with practice in several leading industrial countries. The table indicates the proportion of the cost of an asset that may be charged against income in the first, the first two, and the first five years, considering depreciation deductions under allowable methods and lives, initial allowances, and investment allowances or credits. The table indicates that new depreciation guidelines will provide a sufficient increase in depreciation charges to reduce the difference between United States and foreign practice by about a third. With the passage of the pending investment credit of 7 percent the deductions permitted under United States practice will be close to the levels permitted in other countries.

Comparison of depreciation deductions, initial and investment allowances[1] for industrial equipment in leading industrial countries with similar deductions and allowances in the United States

	Depreciation deductions, initial and investment allowances (percentage of cost of asset)		
	First year	First 2 years	First 5 years
Belgium	22.5	45.0	92.5
Canada	30.0	44.0	71.4
France	25.0	43.8	76.3
West Germany	20.0	36.0	67.2
Italy	25.0	50.0	100.0
Japan	43.4	51.0	68.2
Netherlands	26.2	49.6	85.6
Sweden	30.0	51.0	100.0
United Kingdom	39.0	46.3	64.0
United States:			
Without investment credit and lives of:			
19 years[2] (Bulletin F weighted average)	10.5	19.9	42.7
15 years (present practice under Bulletin F)	13.3	24.9	51.1
13 years (new guideline average)	15.4	28.4	56.6
12 years (anticipated practice under new guidelines)	16.7	30.6	59.8
With 7% investment credit and lives of:			
19 years (Bulletin F weighted average)	24.5	33.9	56.7
15 years	27.3	38.9	65.1
13 years	29.4	42.4	70.6
12 years	30.7	44.6	73.8

[1] The deductions and allowances for each of the foreign countries have been computed on the assumption that the investment qualifies fully for any special allowances or deductions permitted. The deductions in the United States have been determined under the double-declining balance depreciation method, without regard to the limited first-year allowances for small business.

[2] For purposes of this table, the 7 percent investment credit has been considered as equivalent to a 14 percent investment allowance. For corporations subject only to the 30 percent normal tax it is equivalent to an investment allowance of 23 percent.

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The percentage of first-year cost recovery on investment in the United States is now only a little more than thirteen percent. Because of special tax incentives for new investment granted by our nine friendly major industrial competitor nations, the average first-year recovery in those countries is twenty-nine percent -- more than twice our current figure. With this new revision, our percentage will rise to 16.7 percent -- but still far short of equality. If, however, we couple the proposed seven percent investment credit with the depreciation revision, this picture will change sharply. Our average percentage first-year cost recovery would then climb to 30.7 percent -- higher than the average of the nine other nations and above the actual cost recovery allowed in all but two, Japan and the United Kingdom.

That is why we recommended the credit -- because we believe it imperative to give American producers every legitimate assistance

in meeting

ever-rising cost, while the cash it retained through depreciation was based on the cost of its outworn assets. The "gap" is obviously hard to measure, but such important business organizations as the Machinery and Allied Products Institute have placed it at $5 to $8 billion a year.

Our new depreciation guidelines are not based on any estimate of the effects of inflation on replacement costs -- nor could they be under existing law, even if we thought such a policy desirable. But the fact is that our depreciation reform standing alone, goes much of the way toward closing the so-called "depreciation gap". Coupled with the investment credit, now pending before the Senate Finance Committee, the reform will close the gap entirely, because the depreciation equivalent of the credit is $2.9 billion.

This is not, however, the only reason why enactment of the credit is essential. Depreciation reform, important as it is, will not put American business on a comparable footing with its foreign competitors

In contrast, the increased annual depreciation charges resulting from enactment of accelerated depreciation in 1954 had -- after seven years -- reached only $2.5 billion by last year.

The $3.4 billion potential increase in depreciation charges will mean a reduction in business tax liabilities, in the first year, of $1.5 billion. But this is a gross figure. A very substantial part, if not all, of this sum will be recouped promptly by the government as higher depreciation charges increase the flow of cash to corporation and this money finds its way directly into new investment, thus creating jobs and taxable income for business and individuals.

The potential $4.7 billion in increased depreciation charges for business is also interesting when viewed in another light -- namely, the extent to which it closes the so-called "depreciation gap". This "gap" was caused by the inflation of years past which meant that business had to replace its machinery and equipment at

ever-rising cost,

two-thirds of all the depreciable assets in manufacturing.

In actual practice, we anticipate that these same companies will be able to take faster depreciation than that provided in the new guidelines. As a result, the depreciable lives they will actually use are expected to be twenty-one percent shorter than those in use now.

More rapid depreciation than presently taken will be immediately allowed under the new guidelines on seventy to eighty percent of the assets in use by American business today.

For all of our 12,000,000 corporate and non-corporate businesses, we estimate that the potential increase in annual depreciation charges under the new guidelines will amount to seventeen percent, or a total of $4.7 billion, in the first year. Because some businesses operate at a loss, and others may not choose to make immediate full use of the new guidelines, we estimate that the additional depreciation claimed on taxable returns in the first year will be $3.4 billion.

that depreciation reform is not something that, once accomplished, is valid for all time. It reflects an administrative policy dedicated to a continuing review and up-dating of depreciation standards and procedures to keep abreast of changing conditions and circumstances. The experience under the new guideline lives, industry and asset classifications, and administrative procedures, will be watched carefully with a view to possible corrections and improvements. Periodic reexamination and revision will be essential to maintain tax depreciation treatment which is in keeping with modern industrial practices.

This depreciation revision will bring meaningful and lasting benefits to all of American business, agriculture, and mining.

The new guideline lives average thirty-two percent shorter than those established in Bulletin "F". More significantly, they are -- as our Treasury depreciation survey showed -- fifteen percent shorter than the lives in actual use by 1,100 large corporations which hold to the welfare of business, but to the welfare of every American citizen.

Our depreciation practices have not been realistic for a great many years. Based essentially on taxpayers' past replacement practices, they have inadequately reflected the fast-moving pace of economic and technological change.

The new depreciation guidelines correct this fundamental flaw and the new rules for application of the guidelines recognize that economic obsolescence is a continuing factor in business life which our tax administration must take fully into account. The rate of depreciation permitted under the rules will not be tied to past history -- it is tied to concurrent adoption of replacement practices consistent with the lives which are claimed for tax purposes.

The guidelines will not be allowed to become outdated -- as was the case for so long with Bulletin "F", which the new guidelines replace. Our revision of depreciation guidelines and rules recognizes

that depreciation

The reform we have achieved fully meets -- while in no way exceeding -- the requirement of existing law that reasonable allowances be given for depreciation.

Depreciation has been a major problem of United States tax policy for decades. As a deduction used in determining the taxable income of a business, it directly affects the rate of recovery of invested capital. For that reason, it plays a vital role in business investment decisions -- a major factor in determining a nation's rate of economic growth. Faster economic growth is essential if we are to reduce unemployment and provide jobs for the millions of workers coming into the labor force. Equally important, the investment level is closely related to productivity, hence plays an important part in determining the competitive position of United States producers in world markets. We must be competitive if we are to reduce our balance of payments deficit and stem the drain on our gold stocks. Depreciation rates are, therefore, important not only

STATEMENT BY THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
ON THE ISSUANCE OF THE NEW
DEPRECIATION GUIDELINES AND RULES,
WEDNESDAY, JULY 11, 1962, 11:00 A.M.

The new guidelines and procedures for determining depreciation on machinery and equipment used by all American business constitute a fundamental reform in the tax treatment of depreciation that will provide a major stimulus to our continued economic growth.

This reform culminates a year of intensive study and work on the part of the Treasury with cooperation and assistance every step of the way by the Internal Revenue Service, substantial help from other government agencies, and advice from countless businessmen, their lawyers, engineers and accountants.

Successful completion of the job required us to examine the depreciation practices, present and prospective rates of economic obsolescence and the pace of technological change in American industry and in industry abroad. This enormous task has been completed with the greatest possible speed.

TREASURY DEPARTMENT
Washington

CAUTION: FOR RELEASE AT 6:30 P.M. (E.D.T.) WEDNESDAY, JULY 11, 1962

This statement MUST BE HELD IN STRICT CONFIDENCE and is not to be circulated in any form, oral or written, until release time. No portion, synoposis, or intimation of its contents may be given out, broadcast, or published UNTIL RELEASE TIME. The same caution applies to all newspapers, magazines, newsletters, radio and television commentators and broadcasters, both in the United States and abroad.

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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 (current revision) 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.

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. 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 April 19, 1962, (91 days remaining until maturity date on October 18, 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 Banks on July 19, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 19, 1962. Cash

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, July 11, 1962

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 $ 2,000,000,000 , or thereabouts, for cash and in exchange for Treasury bills maturing July 19, 1962 , in the amount of $1,801,436,000 , as follows:

91 -day bills (to maturity date) to be issued July 19, 1962 , in the amount of $ 1,300,000,000 , or thereabouts, representing an additional amount of bills dated April 19, 1962 , and to mature October 18, 1962 , originally issued in the amount of $ 600,309,000 , the additional and original bills to be freely interchangeable.

182 -day bills, for $ 700,000,000 , or thereabouts, to be dated July 19, 1962 , and to mature January 17, 1963 .

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, $50,000, $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 p.m., Eastern Daylight Saving ~~Standard~~ time, Monday, July 16, 1962 . 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.

July 11, 1962

FOR IMMEDIATE RELEASE

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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 $ 2,000,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing July 19, 1962, in the amount of $ 1,801,436,000, as follows:

91-day bills (to maturity date) to be issued July 19, 1962, in the amount of $ 1,300,000,000, or thereabouts, representing an additional amount of bills dated April 19, 1962, and to mature October 18, 1962, originally issued in the amount of $ 600,309,000, the additional and original bills to be freely interchangeable.

182-day bills, for $700,000,000, or thereabouts, to be dated July 19, 1962, and to mature January 17, 1963.

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, $50,000, $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 p.m., Eastern Daylight Saving time, Monday, July 16, 1962. 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.

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. 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-540

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 April 19, 1962, (91-days remaining until maturity date on October 18, 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 Banks on July 19, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 19, 1962. 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 (current revision) and this notice prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained fr any Federal Reserve Bank or Branch.

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TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE

FRIDAY, JULY 13, 1962

D-541

The Bureau of Customs announced today the following preliminary figures showing the imports for consumption from January 1, 1962, to June 30, 1962, 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 June 30, 1962
Buttons..........	680,000	Gross	115,735
Cigars...........	160,000,000	Number	5,477,698
Coconut oil.....	358,400,000	Pound	82,217,785
Cordage..........	6,000,000	Pound	2,231,360
Tobacco..........	5,200,000	Pound	4,276,544

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE

FRIDAY, JULY 13, 1962 D-541

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TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE

FRIDAY, JULY 13,1962

D-542

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 - April 1 - June 30, 1962

IMPORTS - April 1 - June 30, 1962

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	23,680,000	-	-	-	-
Belgian Congo	-	-	-	-	-	-	5,440,000	5,438,847
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	7,520,000
Bolivia	5,040,000	4,058,996	-	-	-	-	-	-
Canada	13,440,000	13,440,000	15,920,000	15,920,000	66,480,000	66,480,000	37,840,000	37,840,000
Italy	-	-	-	-	-	-	3,600,000	1,102,300
Mexico	-	-	36,880,000	36,880,000	70,480,000	70,480,000	6,320,000	6,316,420
Peru	16,160,000	16,160,000	12,880,000	12,879,052	35,120,000	35,120,000	3,760,000	3,759,515
Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	15,760,000	-	-	-	-
All other foreign countries (total)	6,560,000	6,560,000	6,080,000	283,608	17,840,000	17,840,000	6,080,000	6,080,000

The above country designations are those specified in Presidential Proclamation No. 3257 of September 22, 1958. Since that date the names of certain countries have been changed.

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
FRIDAY, JULY 13, 1962

D-542

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 - April 1 - June 30, 1962

IMPORTS - April 1 - June 30, 1962

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Belgian Congo	-	-	-	-	-	-	5,440,000	5,438,847
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	7,520,000
Bolivia	5,040,000	4,058,996	-	-	-	-	-	-
Canada	13,440,000	13,440,000	15,920,000	15,920,000	66,480,000	66,480,000	37,840,000	37,840,000
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Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	15,760,000	-	-	-	-
All other foreign countries (total)	6,560,000	6,560,000	6,080,000	283,608	17,840,000	17,840,000	6,080,000	6,080,000

The above country designations are those specified in Presidential Proclamation No. 3257 of September 22, 1958. Since that date the names of certain countries have been changed.

PREPARED IN THE BUREAU OF CUSTOMS

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
FRIDAY, JULY 13, 1962

D-543

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 - September 30, 1962

IMPORTS - July 1 - July 6, 1962 (or as noted)

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	5,901,165*	23,680,000	11,493	-	-	-	-
Belgian Congo	-	-	-	-	-	-	5,440,000	-
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	7,520,000
Bolivia	5,040,000	53,908*	-	-	-	-	-	-
Canada	13,440,000	11,280,282*	15,920,000	4,188,180*	66,480,000	66,480,000*	37,840,000	4,960,727
Italy	-	-	-	-	-		3,600,000	-
Mexico	-	-	36,880,000	1,318,750	70,480,000	2,000,459	6,320,000	-
Peru	16,160,000	-	12,880,000	314,326	35,120,000	1,933,605	3,760,000	-
Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	1,560,679*	-	-	-	-
All other foreign countries (total)	6,560,000	6,560,000	6,080,000	-	17,840,000	17,840,000	6,080,000	6,080,000

*Imports through July 10, 1962.

The above country designations are those specified in Presidential Proclamation No. 3257 of September 22, 1958. Since that date the names of certain countries have been changed.

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
FRIDAY, JULY 13, 1962

D-543

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 - September 30, 1962

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Australia	10,080,000	5,901,165*	23,680,000	11,493	-	-	-	-
Belgian Congo	-	-	-	-	-	-	5,440,000	-
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	7,520,000
Bolivia	5,040,000	53,908*	-	-	-	-	-	-
Canada	13,440,000	11,280,282*	15,920,000	4,188,180*	66,480,000	66,480,000*	37,840,000	4,960,727
Italy	-	-	-	-	-		3,600,000	-
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Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	1,560,679*	-	-	-	-
All other foreign countries (total)	6,560,000	6,560,000	6,080,000	-	17,840,000	17,840,000	6,080,000	6,080,000

*Imports through July 10, 1962.

The above country designations are those specified in Presidential Proclamation No. 3257 of September 22, 1958. Since that date the names of certain countries have been changed.

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, 1961, to July 9, 1962	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1961, to July 9, 1962
United Kingdom	4,323,457	1,790,282	1,441,152	1,441,152
Canada	239,690	239,690	-	-
France	227,420	146,069	75,807	75,807
British India	69,627	69,627	-	-
Netherlands	68,240	44,995	22,747	22,747
Switzerland	44,388	42,019	14,796	12,505
Belgium	38,559	22,062	12,853	-
Japan	341,535	341,500	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany	76,329	76,329	25,443	25,443
Italy	21,263	-	7,088	-
	5,482,509	2,772,573	1,599,886	1,577,654

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

The country designations listed in this press release are those specified in Presidential Proclamation No. 2351 of September 5, 1939. Since that date the names of certain countries have been changed.

TREASURY DEPARTMENT
Washington, D. C.

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IMMEDIATE RELEASE
FRIDAY, JULY 13, 1962.

D-544

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, 1961, to July 9, 1962

Country of Origin	Established Quota	Imports	Country of Origin	Established Quota	Imports
Egypt and the Anglo-Egyptian Sudan	783,816	779,456	Honduras	752	-
Peru	247,952	245,483	Paraguay	871	-
British India	2,003,483	2,003,483	Colombia	124	-
China	1,370,791	-	Iraq	195	-
Mexico	8,883,259	8,883,259	British East Africa ...	2,240	-
Brazil	618,723	618,723	Netherlands E. Indies .	71,388	-
Union of Soviet Socialist Republics ...	475,124	114,908	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, to July 9, 1962

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	548,588
1-1/8" or more and under 1-3/8"	4,565,642	4,565,642

TREASURY DEPARTMENT
Washington, D. C.

85

IMMEDIATE RELEASE
FRIDAY, JULY 13, 1962.

D-544

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China	1,370,791	-	Iraq	195	-
Mexico	8,883,259	8,883,259	British East Africa ...	2,240	-
Brazil	618,723	618,723	Netherlands E. Indies .	71,388	-
Union of Soviet Socialist Republics ...	475,124	114,908	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, to July 9, 1962

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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	548,588
1-1/8" or more and under 1-3/8"	4,565,642	4,565,642

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(In pounds)

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Country of Origin	Established TOTAL QUOTA	Total Imports Sept. 20, 1961, to July 9, 1962	Established 33-1/3% of Total Quota	Imports Sept. 20, 1961, to July 9, 1962 1/
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France	227,420	146,069	75,807	75,807
British India	69,627	69,627	-	-
Netherlands	68,240	44,995	22,747	22,747
Switzerland	44,388	42,019	14,796	12,505
Belgium	38,559	22,062	12,853	-
Japan	341,535	341,500	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany	76,329	76,329	25,443	25,443
Italy	21,263	-	7,088	-
	5,482,509	2,772,573	1,599,886	1,577,654

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

The country designations listed in this press release are those specified in Presidential Proclamation No. 2351 of September 5, 1939. Since that date the names of certain countries have been changed.

Commodity	Period and Quantity		Unit of Quantity	Imports as of June 30, 1962
Absolute Quotas:				
Butter substitutes, including butter oil, containing 45% or more butter fat................	Calendar Year 1962	1,200,000	Pound	Quota Filled
Cotton products, except cotton wastes, produced in any stage preceding the spinning into yarn............................	12 mos. from Sept. 11, 1961	1,000	Pound	Quota Filled
Peanuts, shelled, unshelled, blanched, salted, prepared or preserved (incl. roasted peanuts but not peanut butter).......	12 mos. from August 1, 1961	1,709,000	Pound	1,165,829 1/

1/ Imports through July 6, 1962.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE

FRIDAY, JULY 13, 1962 D-545

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 June 30, 1962, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of June 30, 1962
Tariff-Rate Quotas:				
Cream, fresh or sour............	Calendar Year	1,500,000	Gallon	-
Whole Milk, fresh or sour........	Calendar Year	3,000,000	Gallon	53
Cattle, 700 lbs. or more each (other than dairy cows).........	April 1, 1962-June 30, 1962	120,000	Head	25,941
Cattle less than 200 lbs. each...	12 mos. from April 1, 1962	200,000	Head	37,179
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish.........	Calendar Year	28,571,433	Pound	Quota Filled 1/
Tuna Fish.......................	Calendar Year	59,059,014	Pound	27,679,895
White or Irish potatoes:				
Certified seed.................	12 mos. from Sept. 15, 1961	114,000,000	Pound	52,160,435
Other..........................		36,000,000	Pound	35,565,749
Walnuts.........................	Calendar Year	5,000,000	Pound	2,052,948
Stainless steel table flatware (table knives, table forks, table spoons)................	Nov. 1, 1961-Oct. 31, 1962	69,000,000	Pieces	67,466,297

1/ Imports for consumption at the quota rate are limited to 14,285,716 pounds during the first six months of the calendar year.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE

FRIDAY, JULY 13, 1962

D-545

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Commodity	Period and Quantity		Unit of Quantity	Imports as of June 30, 1962
Tariff-Rate Quotas:				
Cream, fresh or sour.............	Calendar Year	1,500,000	Gallon	-
Whole Milk, fresh or sour........	Calendar Year	3,000,000	Gallon	53
Cattle, 700 lbs. or more each (other than dairy cows).........	April 1, 1962-June 30, 1962	120,000	Head	25,941
Cattle less than 200 lbs. each...	12 mos. from April 1, 1962	200,000	Head	37,179
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish.........	Calendar Year	28,571,433	Pound	Quota Filled 1/
Tuna Fish........................	Calendar Year	59,059,014	Pound	27,679,895
White or Irish potatoes:				
Certified seed..................	12 mos. from	114,000,000	Pound	52,160,435
Other...........................	Sept. 15, 1961	36,000,000	Pound	35,565,749
Walnuts..........................	Calendar Year	5,000,000	Pound	2,052,948
Stainless steel table flatware (table knives, table forks, table spoons)..................	Nov. 1, 1961-Oct. 31, 1962	69,000,000	Pieces	67,466,297

1/ Imports for consumption at the quota rate are limited to 14,285,716 pounds during the first six months of the calendar year.

Commodity	Period and Quantity		Unit of Quantity	Imports as of June 30, 196[illegible]
Absolute Quotas:				
Butter substitutes, including butter oil, containing 45% or more butter fat.................	Calendar Year 1962	1,200,000	Pound	Quota Filled
Cotton products, except cotton wastes, produced in any stage preceding the spinning into yarn............................	12 mos. from Sept. 11, 1961	1,000	Pound	Quota Filled
Peanuts, shelled, unshelled, blanched, salted, prepared or preserved (incl. roasted peanuts but not peanut butter).......	12 mos. from August 1, 1961	1,709,000	Pound	1,165,829 [1]

1/ Imports through July 6, 1962.

Letter from Secretary Dillon to
Minister Giscard d'Estaing

Dear Mr. Minister:

Thank you for your letter informing us of the intention of your Government to prepay certain of its debt obligations to the United States. The Government of the United States is most appreciative of this decision to prepay all of the Marshall Plan loans and a part of the War Reconstruction credit extended to France in the early postwar period. This prepayment is not only evidence of the continued vitality of the French economy, but it is also an example of the growing international financial cooperation which is so important to the economic strength of the entire free world.

With my very best wishes,

Sincerely,

Douglas Dillon

English translation of letter from
Minister Giscard d'Estaing to
Secretary Dillon

Dear Mr. Secretary and Dear Colleague:

I have the honor to inform you that the French Government, taking advantage of the increase in the foreign exchange reserves of the country, has decided to make an advance repayment of $293.4 million to the United States Government.

This repayment includes the total outstanding balance of the loans granted to France by the Export-Import Bank in 1948, 1950 and 1952 under the Marshall Plan, as well as the last four semi-annual installments of the loan which that same institution made to us in 1946.

This choice has been inspired by the desire to pay off on a priority basis the loans included in the generous assistance of the Marshall Plan, which contributed so effectively to the reconstruction and development of the French economy.

I am particularly happy to have been entrusted with the task of informing you of this decision, which appears to me in conformity with the policy followed by our two countries in the balance of payments field and which will contribute to the necessary maintenance of world monetary stability.

Please accept, Mr. Secretary and Dear Colleague, the assurances of my high consideration.

V. Giscard d'Estaing

TREASURY DEPARTMENT

WASHINGTON, D.C.
July 12, 1962

FOR IMMEDIATE RELEASE AT 7:30 A.M., EDT.
THURSDAY, JULY 12, 1962

FRANCE PREPAYS $293.4 MILLION OF ITS POSTWAR DEBT TO THE UNITED STATES

In view of the continuation of its exceptionally strong balance of payments position through the first half of 1962, the Government of France has now decided to regularize the disposition of its accruals of dollars over the period. As a demonstration of its responsibilities as a creditor country, France is prepaying a substantial portion of the long-term debt contracted during the years of postwar reconstruction when France's balance of payments was in a continuous deficit position. On July 12 more than $350 million of debt owed to the United States and Canada is being paid off in advance of maturity. In order to realize a more customary relationship between gold and dollars in French international reserves, the Bank of France is also purchasing $112.5 million of gold from the United States.

The Government of France prepaid all of the outstanding installments on loans -- originally totalling $225.6 million -- which were advanced under the Economic Cooperation Administration and the Mutual Security Administration of the United States. The total prepayment on these loans of $209.7 million completely discharges France's indebtedness under the Marshall Plan loans.

In addition to repaying the Marshall Plan loans, France also prepaid the installments due in 1970 and 1971 under the War Reconstruction credit extended by the Export-Import Bank of Washington under a loan agreement of July 13, 1946. This credit was for the purpose of assisting in the financing of the purchase of U.S. equipment, raw materials and services for France and its overseas territories. The installments paid today amounted to $83.7 million.

In reply to a letter from French Finance Minister Giscard d'Estaing informing him of the French intent to make the prepayment, Treasury Secretary Douglas Dillon wrote: "The Government of the United States is most appreciative of this decision to prepay all of the Marshall Plan loans and a part of the War Reconstruction credit extended to France in the early postwar period. This prepayment is not only evidence of the continued vitality of the French economy but it is also an example of the growing international financial cooperation which is so important to the economic strength of the entire free world."

The correspondence between Minister Giscard d'Estaing and Secretary Dillon is attached.

D-546

TREASURY DEPARTMENT

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WASHINGTON, D.C.
July 12, 1962

FOR IMMEDIATE RELEASE AT 7:30 A.M., EDT.
THURSDAY, JULY 12, 1962

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D-546

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With my very best wishes,

Sincerely,

Douglas Dillon

TREASURY DEPARTMENT
Washington

FOR RELEASE AT 6:30 P.M. EDT

STATEMENT BY THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
AT THE BRIEFING SESSION ON DEPRECIATION GUIDELINES
FOR INDUSTRY AND BUSINESS REPRESENTATIVES,
WEDNESDAY, JULY 11, 1962, 5:30 P.M.

The new guidelines and procedures for determining depreciation on machinery and equipment used by all American business constitute a fundamental reform in the tax treatment of depreciation that will provide a major stimulus to business investment and thus to the basic health and strength of our American economy.

This reform culminates a year of intensive study and work. Successful completion of the job required us to examine the depreciation practices, present and prospective rates of economic obsolescence and the pace of technological change in American industry and in industry abroad.

It is no exaggeration to state that the reform could not have been accomplished without the assistance and cooperation we got from businessmen, their lawyers, accountants, engineers and Washington representatives.

Our depreciation practices have not been realistic for a great many years. Based essentially on taxpayers' past replacement practices, they have inadequately reflected the fast-moving pace of economic and technological change.

The standards under which depreciation was examined had far too little flexibility. This rigidity of procedure was intensified by the overwhelming complexity of Bulletin F, which listed separate guideline lives for some 5,000 separate items of business equipment and machinery.

The result was ever-present uncertainty, debate, controversy and frustration over the timing of depreciation deductions -- deductions which play such an important role in business decisions concerning modernization and replacement of productive equipment.

Despite the many complaints from taxpayers, and despite the pressing urgency in the national interest for depreciation reform, little had been done before last year. To be sure, two basic studies were begun in the summer of 1960, but they were not even scheduled for completion until the middle of this year, and they bore only on the depreciable lives of business property.

On the equally important matter of procedure nothing at all had been done. This Administration decided more than a year ago to proceed with a sweeping reform as fast as possible, and the depreciation revision became a top-priority goal of our economic policy. The urgency involved, however, did not lead to hasty or ill-considered action. Every single assumption on which the tax law had been administered for the past 25 years was intensively reexamined with a view to eliminating needless cause for controversy between business and Government. As our studies progressed, it became increasingly evident that the basis for much of this controversy was to be found in the procedures for examining depreciation allowances. Much could be done, we discovered, within the framework of the existing statute. This is exactly what we have accomplished: depreciation reform which fully meets -- while in no way exceeding -- the requirement of existing law that reasonable allowances be given for depreciation.

The new depreciation guidelines are realistic and the new rules for application of the guidelines recognize that economic obsolescence is a continuing factor in business life which our tax administration must take fully into account. The rate of depreciation permitted under the rules will not be tied to past history -- it is tied to concurrent adoption of replacement practices consistent with the lives which are claimed for tax purposes.

The guidelines will not be allowed to become outdated -- as was the case for so long with Bulletin "F", which the new guidelines replace. Our revision of depreciation guidelines and rules recognizes that depreciation reform is not something that, once accomplished, is valid for all time. The experience under the new guideline lives, industry and asset classifications, and administrative procedures, will be watched carefully with a view to possible corrections and improvements. Periodic reexamination and revision will be essential to maintain tax depreciation treatment which is in keeping with modern industrial practices.

The new guideline lives average thirty-two per cent shorter than those established in Bulletin "F". More significantly, they are -- as our Treasury depreciation survey showed -- fifteen per cent shorter than the lives in actual use by 1,100 large corporations which hold two-thirds of all the depreciable assets in manufacturing.

In actual practice, we anticipate that a number of these same companies -- whose practices we have studied in detail -- will take faster depreciation than that provided in the new guidelines. As a result, the depreciable lives actually used are expected to average twenty-one per cent shorter than those in use now.

All of us at Treasury and Internal Revenue feel a great sense of accomplishment at having carried to fruition this fundamental reform in tax administration. We hope -- and believe -- that you will agree that our depreciation revision will bring meaningful and lasting benefits to all of American business, agriculture and mining and with it, lasting benefits to our nation as a whole.

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FOR RELEASE A. M. NEWSPAPERS
Tuesday, July 17, 1962.

July 16, 1962

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 April 19, 1962 and the other series to be dated July 19, 1962, which were offered on July 11, were open at the Federal Reserve Banks on July 16. Tenders were invited for $1,300,000,000, or thereabouts, of 91-day bills and for $700,000,000, 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 October 18, 1962		:	182-day Treasury bills maturing January 17, 1963	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.260	2.927%	:	98.431 a/	3.104%
Low	99.244	2.991%	:	98.407	3.151%
Average	99.246	2.983% 1/	:	98.416	3.134% 1/

a/ Excepting two tenders totaling $209,000
37 percent of the amount of 91-day bills bid for at the low price was accepted
27 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	$ 41,323,000	$ 29,937,000	:	$ 4,357,000	$ 4,357,000
New York	1,717,908,000	784,188,000	:	783,489,000	479,489,000
Philadelphia	41,938,000	19,938,000	:	8,185,000	3,185,000
Cleveland	41,570,000	34,280,000	:	21,480,000	21,480,000
Richmond	18,758,000	15,498,000	:	7,986,000	7,986,000
Atlanta	30,063,000	25,309,000	:	5,787,000	5,787,000
Chicago	287,810,000	176,850,000	:	114,777,000	58,127,000
St. Louis	43,078,000	37,889,000	:	8,324,000	6,824,000
Minneapolis	22,191,000	15,376,000	:	6,126,000	5,761,000
Kansas City	40,681,000	37,681,000	:	15,076,000	15,076,000
Dallas	31,295,000	19,405,000	:	9,895,000	9,895,000
San Francisco	137,169,000	105,814,000	:	82,056,000	82,056,000
TOTALS	$2,453,784,000	$1,302,165,000 b/		$1,067,538,000	$700,023,000 c/

b/ Includes $300,085,000 noncompetitive tenders accepted at the average price of 99.246
c/ Includes $66,083,000 noncompetitive tenders accepted at the average price of 98.416
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 3.05%, for the 91-day bills, and 3.23%, 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.

TREASURY DEPARTMENT

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WASHINGTON, D.C.

FOR RELEASE A. M. NEWSPAPERS
Tuesday, July 17, 1962.

July 16, 1962

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Philadelphia	41,938,000	19,938,000	8,185,000	3,185,000
Cleveland	41,570,000	34,280,000	21,480,000	21,480,000
Richmond	18,758,000	15,498,000	7,986,000	7,986,000
Atlanta	30,063,000	25,309,000	5,787,000	5,787,000
Chicago	287,810,000	176,850,000	114,777,000	58,127,000
St. Louis	43,078,000	37,889,000	8,324,000	6,824,000
Minneapolis	22,191,000	15,376,000	6,126,000	5,761,000
Kansas City	40,681,000	37,681,000	15,076,000	15,076,000
Dallas	31,295,000	19,405,000	9,895,000	9,895,000
San Francisco	137,169,000	105,814,000	82,056,000	82,056,000
TOTALS	$2,453,784,000	$1,302,165,000 b/	$1,067,538,000	$700,023,000 c/

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D-548

JUL 11 1962

MEMORANDUM TO OFFICE OF FISCAL ASSISTANT SECRETARY:

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

Purchases	$37,318,000.00
Sales	46,036,000.00
Net Sales	$ 8,718,000.00

TREASURY DEPARTMENT

WASHINGTON, D.C.

~~June~~ 18, 1962
July 16, 1962

FOR IMMEDIATE RELEASE

June
TREASURY MARKET TRANSACTIONS IN ~~MAY~~

June
During ~~May~~ 1962, market transactions in direct and guaranteed securities of the government for Treasury investment and other accounts resulted in net ~~purchases~~ sales by the Treasury Department of ~~$39,909,~~400. $8, [illegible]

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D-518 [illegible]

TREASURY DEPARTMENT

WASHINGTON, D.C.

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July 16, 1962

FOR IMMEDIATE RELEASE

TREASURY MARKET TRANSACTIONS IN JUNE

During June 1962, market transactions in direct and guaranteed securities of the government for Treasury investment and other accounts resulted in net sales by the Treasury Department of $8,718,000.

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D-549

MINT SETS COINAGE RECORD

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE
~~Tuesday,~~ July 17, 1962

The United States Mint ~~continued to~~ established a new record for coinage during the 1962 ~~past~~ fiscal year. ~~the Treasury announced today~~.

Eva Adams, Director of the Mint, reported that for the twelve months, ending June 30, 1962, the coinage Mints at Philadelphia and Denver turned out a total of 3,674,724,142 coins of which ~~a total of~~ 3,460,524,142 pieces were ~~of~~ domestic coins ~~issues~~ and 214,200,000 coins ~~pieces~~ were for ~~friendly~~ foreign governments. ~~The total number of pieces struck, domestic and foreign, was 3,674,724,142.~~

The value of the domestic coinage was $143,311,430.00, the highest on record.

For the fiscal year ending June 30, 1961, the total of domestic coinage was 3,058,791,188 pieces, with a face value of $91,361,800.00. Coinage, domestic and foreign, totaled 3,169,191,188 pieces that year.

Over 2,544 million pieces of the 1962 production were in the ever-busy one cent denomination. Approximately 43 million half dollars, 171 million quarter dollars, 369 million ten cent pieces and 333 million five cent coins were minted ~~turned out~~.

The demand for five cent coins from the Philadelphia Mint has been so extensive that production has been stepped up to mint over 74 million coins of this denomination in the next few months, Miss Adams said.

Coinage orders were executed for Costa Rica, Korea, Liberia, and the Philippines.

TREASURY DEPARTMENT

WASHINGTON, D.C.

July 17, 1962

FOR IMMEDIATE RELEASE

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D-550

XXXXxxxXXXXXXXX

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 (current revision) 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.

BETAXXXMODIFIED

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.

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. 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 (16) or less for the additional bills dated April 26, 1962 (17), (91 (18) days remaining until maturity date on October 25, 1962 (19)) and noncompetitive tenders for $100,000 (20) or less for the 182 (21) -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 Banks on July 26, 1962 (22), in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 26, 1962 (23). Cash

~~Exhibit 2-A~~

~~BETA -- MODIFIED~~

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE July 18, 1962

~~(1)~~

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 $ 2,000,000,000 ~~(2)~~, or thereabouts, for cash and in exchange for Treasury bills maturing July 26, 1962 ~~(3)~~, in the amount of $ 1,800,773,000 ~~(4)~~, as follows:

91 ~~(5)~~ -day bills (to maturity date) to be issued July 26, 1962 ~~(6)~~, in the amount of $ 1,300,000,000 ~~(7)~~, or thereabouts, representing an additional amount of bills dated April 26, 1962 ~~(8)~~, and to mature October 25, 1962 ~~(9)~~, originally issued in the amount of $ 600,408,000 ~~(10)~~, the additional and original bills to be freely interchangeable.

182 ~~(11)~~ -day bills, for $ 700,000,000 ~~(12)~~, or thereabouts, to be dated July 26, 1962 ~~(13)~~, and to mature January 24, 1963 ~~(14)~~.

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, $50,000, $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 p.m., Eastern Daylight Saving ~~Standard~~ time, Monday, July 23, 1962 ~~(15)~~. 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

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TREASURY DEPARTMENT

WASHINGTON, D.C.

July 18, 1962

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 $ 2,000,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing July 26, 1962, in the amount of $ 1,800,773,000, as follows:

91-day bills (to maturity date) to be issued July 26, 1962, in the amount of $ 1,300,000,000, or thereabouts, representing an additional amount of bills dated April 26, 1962, and to mature October 25, 1962, originally issued in the amount of $ 600,408,000, the additional and original bills to be freely interchangeable.

182-day bills, for $700,000,000, or thereabouts, to be dated July 26, 1962, and to mature January 24, 1963.

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, $50,000, $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 p.m., Eastern Daylight Saving time, Monday, July 23, 1962. 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.

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. 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 April 26, 1962, (91-days remaining until maturity date on October 25, 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 Banks on July 26, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 26, 1962. 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 (current revision) 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.

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Addition of the credit to depreciation reform is literally essential to the achievement of our major national economic goals.

As President Kennedy noted last week, the Administration has completed its part of the job. The rest is up to Congress. With the help and support of organizations such as MAPI and of individuals such as yourselves, the credit can now promptly be enacted into law, with lasting benefits for every American business and every American citizen.

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It will ensure our ability to keep American wages the highest in the world by assuring that our workers maintain their productivity margin over workers elsewhere — the margin which justifies our wage standards.

Possibly most important of all, however, increased productive efficiency will enable us to sell American goods at competitive prices everywhere in the world. This will mean expanded export markets and a domestic market resistant to undue increases in imports. This, in turn, will mean more jobs for American workers and a more vigorous, more rapidly growing American economy.

Increased export sales also offer the only complete solution to our balance of payments problem — short of the unthinkable alternative of withdrawal from our world commitments.

will also greatly increase the profitability of new investment -- increase that profitability by some 35 to 40 per cent, a rise which would be the equivalent of a reduction in the corporate tax rate of more than 10 percentage points. It is this improvement in the profitability of investment -- which the Machinery and Allied Products Institute was one of the first to note -- that will provide business with an incentive to venture into the creation of new methods of production and wholly new products -- a key to growth and full employment.

The credit coupled with depreciation reform will encourage the modernization of our factories and farms, the development of new technology and its rapid incorporation in the production process. The resulting gain in productive efficiency will bring important direct benefits.

If, however, we couple the proposed seven per cent investment credit with the depreciation revision, this picture will change sharply. Our average percentage first-year cost recovery would then climb to 30.7 per cent -- ~~higher than the average of the nine other nations and above the actual cost recovery allowed in all but two, Japan and the United Kingdom.~~ a parity position to that of our industrialized competit nations.

Depreciation reform is, in a sense, permissive. It will give business additional cash in pocket to make additional investments in new plant and equipment, if it choses. The investment credit, on the other hand, will have a more positive, stimulative effect. It will not merely increase the flow of funds available for investment and shorten the period of time over which capital is risked, thereby encouraging business to modernize to take advantage of technological change. It not enough. The investment credit is needed, in addition, if our businesses are to be able to recover the cost of investment -- thereby commensurately shortening the period of time over which that investment is risked -- as rapidly as their foreign competitors do. of our industrialized nations It is this cost recovery factor which is crucial in investment decisions.

The percentage of first-year cost recovery on investment in the United States is now only a little more than thirteen per cent. Because of the special tax incentives for new investment granted by our nine friendly major industrial competitor nations, the average first-year recovery in those countries is twenty-nine per cent -- more than twice our current figure. With depreciation revision, our percentage will rise to 16.7 per cent -- but still far short of equality.

But as President Kennedy noted only last week, "In addition to modern and realistic depreciable lives, most major industrialized nations provide a special tax incentive for investment. The investment credit contained in the pending tax bill is needed to put American producers on a comparable tax footing with their foreign competitors, to increase our share of both foreign and domestic markets, and thus protect our balance of international payments and gold reserves."

The special investment allowances granted by other countries place American business at a significant competitive disadvantage. It was to erase this disadvantage that the credit was conceived.

Examination of a few basic statistics will demonstrate why depreciation reform — important though it is — is profits reported by business is not, however, the only — nor, in fact, even the major — reason why the Kennedy Administration has advocated the credit. The objective is more fundamental. It is to induce American business to modernize faster to sustain the health and growth of the American economy and America's competitive position in the world.

Depreciation reform, which has already intensively under way at the time the investment credit was first put forth more than a year ago, is not enough to assure maintenance of our industrial leadership. Our revised depreciation guidelines, under which our businesses will now be depreciating their equipment in an average of 12 years, do bring our depreciation practices into general conformity with those followed elsewhere in the industrial world.

The credit, which is not a deduction against income but a deduction against taxes, works in the opposite direction from depreciation in its effect on reported after-tax profits. The credit would result in increasing after-tax profits of business by nearly the same amount as more rapid depreciation would reduce them -- $1.5 billion for depreciation, somewhere between $1.1 and $1.3 billion for the credit. Enactment of the credit, therefore, would mean that business could take full advantage of our depreciation reform without showing any significant reduction in reported profits. Thus the two programs will work together and with the investment credit, companies will be much more likely to take full advantage of our depreciation reform.

The effect of the investment credit on the after-tax

We have been aware throughout our long and intensive labors on depreciation reform that this factor might bar some companies from depreciating their equipment as rapidly as they might like and as rapidly as they are now, automatically, permitted to do. That is a major reason why we estimated that the increased depreciation charges during the first year under our new guidelines would total only $3.4 billion, instead of the theoretically possible $4.7 billion.

This very factor of the effect of increased depreciation on reported profits, however, provides a further reason for adoption of the second facet of our tax program to spur business capital spending — the investment credit.

Judging by the reactions we have seen quoted in the press in the few days since announcement of our depreciation reform, and by the comments which have come, on a personal basis, to many of us at the Treasury, much of the business community and the accounting and legal professions agree that we have achieved a truly fundamental and meaningful reform -- one that has been overdue for at least a decade.

Only one critical note has been voiced at all widely. This is the fear, expressed in several quarters, that many businesses will not feel themselves in a position to take advantage of the more rapid depreciation now to be permitted, because increasing depreciation deductions has the paradoxical effect of reducing the total profits -- both before and after taxes -- reported by a company.

only that a business is able to demonstrate that it is continuously moving toward a replacement pattern consistent with the depreciable lives claimed for tax purposes.

Similarly, those businesses in a position to adopt a replacement practice even more rapid than that envisioned in the guidelines will need time to put new replacement practices into effect. A three-year period of grace will be allowed without challenge and, thereafter, an entire replacement cycle to bring replacement practice into precise conformity with tax depreciation claims.

We anticipate a genuine breakthrough as a result of these new depreciation rules -- a breakthrough into the second half of the 20th Century in the pace of modernization of American business equipment.

more rapid replacement of its equipment because the internal funds it has been able to generate through depreciation have in so many cases been rigidly locked to past — rather than concurrent and prospective — replacement practice.

The new rules have been designed specifically to enable American business to break free of old, laggard replacement patterns.

They include provision of a three-year transitional period during which any business may automatically begin depreciating its equipment in accordance with the new, shorter guidelines for depreciable lives. Use of the new guidelines will be unchallengeable on any ground throughout that three year period and thereafter for the balance of the entire, new replacement cycle providing economic obsolescence is a continuing factor in business life which our tax administration must take fully into account. The rate of depreciation permitted under the rules will not be tied to past history -- it is tied to concurrent adoption of replacement practices consistent with the lives which are claimed for tax purposes.

This is the fundamental concept underlying our depreciation revision: that the depreciation claimed will not be disturbed so long as it is consistent with the replacement practices concurrently used.

It is hard to overestimate the importance of this concept. Its adoption will bring effectively to an end the problem faced by American business for so many years; namely, that it has been unable to shift to a pattern of the statutory requirement that reasonable allowances be given for depreciation.

Depreciation has been a major problem of United States tax policy for decades. As a deduction used in determining the taxable income of a business, it directly affects the rate of recovery of invested capital. For that reason, it plays a vital role in business investment decisions.

But our depreciation practices have not been realistic for a great many years. Based essentially on taxpayers' past replacement practices, they have inadequately reflected the fast-moving pace of economic and technological change. The new depreciation guidelines correct this fundamental flaw and the new rules for application of the guidelines recognize that at having carried to fruition our depreciation revision -- a fundamental reform in tax administration. We hope, and believe, that you will agree that our depreciation revision will bring meaningful and lasting benefits to all of American business, agriculture and mining and with it, lasting benefits to our nation as a whole.

Our sweeping reform of the standards and procedures for tax treatment of depreciation was undertaken and brought to completion by administrative action under long-existing law which requires that the government permit "reasonable" allowances for depreciation which take into account wear and tear and the effects of obsolescence. This is the standard which our new depreciation rules in no way exceed but fully meet:

FOR RELEASE ON DELIVERY

REMARKS OF THE HONORABLE HENRY H. FOWLER, UNDER SECRETARY OF THE TREASURY, BEFORE THE TAX SEMINAR, MACHINERY AND ALLIED PRODUCTS INSTITUTE, SHOREHAM HOTEL, WEDNESDAY, JULY 18, 1962, 10:00 A.M., EDT

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It is ~~indeed~~ a pleasure and ~~privilege~~ for me to appear here today before this tax seminar sponsored by the Machinery and Allied Products Institute. All of us in the Treasury have become very familiar with MAPI, its work and its staff, in the past year or so. While we do not always agree, we have received helpful and constructive advice from ~~We have repeatedly sought the advice and assistance of~~ MAPI as we have moved forward in our work on various aspects of our tax program as it relates to investment. ~~That advice and help has always been generously forthcoming.~~

The first phase of the Administration's two-pronged program to spur investment has now been completed. We at the Treasury do feel a ~~great~~ sense of accomplishment

TREASURY DEPARTMENT
Washington

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FOR RELEASE UPON DELIVERY

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BEFORE THE TAX SEMINAR, MACHINERY AND ALLIED PRODUCTS
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Only one critical note has been voiced at all widely. This is the fear, expressed in several quarters, that many businesses will not feel themselves in a position to take advantage of the more rapid depreciation now to be permitted, because increasing deprecia-tion deductions has the paradoxical effect of reducing the total profits -- both before and after taxes -- reported by a company.

We have been aware throughout our long and intensive labors on depreciation reform that this factor might bar some companies from depreciating their equipment as rapidly as they might like and as rapidly as they are now, automatically, permitted to do. That is a major reason why we estimated that the increased depreciation charges during the first year under our new guidelines would total only $3.4 billion, instead of the theoretically possible $4.7 billion.

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The credit, which is not a deduction against income but a deduction against taxes, works in the opposite direction from depreciation in its effect on reported after-tax profits. The credit would result in increasing after-tax profits of business by nearly the same amount as more rapid depreciation would reduce them -- $1.5 billion for depreciation, somewhere between $1.1 and $1.3 billion for the credit. Enactment of the credit, therefore, would mean that business could take full advantage of our depreciation reform without showing any significant reduction in reported profits. Thus the two programs will work together and with the investment credit, companies will be much more likely to take full advantage of our depreciation reform.

The effect of the investment credit on the after-tax profits reported by business is not, however, the only -- nor, in fact, even the major -- reason why the Kennedy Administration has advocated the credit.

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Examination of a few basic statistics will demonstrate why depreciation reform -- important though it is -- is not enough. The investment credit is needed, in addition, if our businesses are to be able to recover the cost of investment -- thereby commensurately shortening the period of time over which that investment is risked -- as rapidly as their foreign competitors do. It is this cost recovery factor which is crucial in investment decisions.

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Depreciation reform is, in a sense, permissive. It will give business additional cash in pocket to make additional investments in new plant and equipment, if it chooses. The investment credit, on the other hand, will have a more positive, stimulative effect. It will not merely increase the flow of funds available for investment and shorten the period of time over which capital is risked, thereby encouraging business to modernize to take advantage of technological change. It will also greatly increase the profitability of new investment -- increase that profitability by some 35 to 40 percent, a rise which would be the equivalent of a reduction in the corporate tax rate of more than 10 percentage points. It is this improvement in the profitability of investment -- which the Machinery and Allied Products Institute was one of the first to note -- that will provide business with an incentive to venture into the creation of new methods of production and wholly new products -- a key to growth and full employment.

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Increased export sales also offer the only complete solution to our balance of payments problem -- short of the unthinkable alternative of withdrawal from our world commitments.

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As President Kennedy noted last week, the Administration has completed its part of the job. The rest is up to Congress. With the help and support of organizations such as MAPI and of individuals such as yourselves, the credit can now promptly be enacted into law, with lasting benefits for every American business and every American citizen.

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TREASURY DEPARTMENT
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The Treasury today announced awards to the following employees in the Office of the Secretary:

Paul McDonald received a Special Service award of $300.00 in recognition of his outstanding contributions to the Department in the field of safety. Through his efforts the Treasury Department received the President's Safety Award for 1961, after having been nominated six out of the seven years the Award has been given.

Arthur V. Sullivan received a Sustained Superior Work Performance award of $300.

Neva P. Stedman received an Outstanding Performance rating with a cash award of $300.

The following employees received Special Act or Service Awards:

REPRODUCTION BRANCH

Patrick F. Gorman, III	Earl A. Turner
Raymond Lundgren	Anna M. Williams
Edna M. Acton	Anthony Perry
Oscar Avelin Jackson	Bradley A. Clarke
Lee D. Norman	Elbert Mullen
Evelyn M. Deavers	Steward Henderson
John E. Carver	Harold O. Johnson

GRAPHICS BRANCH

H. Walton Blume	Doris P. Hilton
Temple C. Beall	Beatrice W. Tate

A suggestion submitted by John E. Bailey was adopted without payment of an award.

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and repayments of certain loans, proceeds of the sale of property and products, and various fees, were $334 million less than expected. Insert

Comparison of budget results for 1962 with 1961.

Budget expenditures in fiscal year 1962 were $6.2 billion higher than in 1961. Of this amount, $4.3 billion or 70 percent was for defense, international, and space programs, primarily reflecting efforts to strengthen our military forces and to expand manned space flight and other space exploration activities. In total, programs designed to achieve our defense, international, and space objectives accounted for over three-fifths of budget expenditures in 1962.

Other substantial increases over 1961 were for agricultural programs; health, education, and welfare activities; housing; interest payments; and resource development programs of the Department of the Interior. Sizable decreases occurred in the Department of Labor, reflecting mainly lower expenditures than in 1961 for temporary extended unemployment compensation, and in the Post Office Department.

Budget receipts rose by $3.7 billion between 1961 and 1962. Increases of $4.5 billion in individual income tax receipts and $659 million in excise tax collections were partially offset by declines of $469 million in corporation income taxes and $890 million in miscellaneous receipts. The~~se receipts~~ latter were unusually large in fiscal 1961 because of an advance loan repayment by the Federal Republic of Germany, amounting to over $500 million.

July 18, 1962

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The reduction from the January estimate of budget receipts accounts for almost all of the change in receipts as shown in the consolidated cash statement. The change in Federal payments to the public, in addition to the lower level of budget expenditures, is accounted for chiefly by (1) a reduction of $1.5 billion in expenditures of trust funds, mainly the Federal National Mortgage Association secondary market trust fund and the highway trust fund, and (2) an increase of $1.4 billion over the estimate for the non-cash adjustment items (interest accruals, transactions in non-interest bearing notes with international financial organizations, and the clearing accounts) which are deducted to arrive at total payments to the public. Partially offsetting these reductions was an increase of $0.6 billion in net expenditures of government sponsored enterprises, almost entirely the result of the operations of the Federal Home Loan Banks.

programs and for the wheat and ~~corn~~ feed grain

~~and farm price support~~ programs; ~~these outlays were $506 million less than had been estimated in January. Other sizable reductions from the January estimate were:~~ $254 million for the Department of Health, Education, and Welfare, mainly in public assistance grants and health programs; $205 million for the Housing and Home Finance Agency, mainly in activities of the Federal National Mortgage Association; $205 million in foreign economic and military assistance expenditures; and $168 million for the Veterans Administration, primarily in housing benefit programs and pensions. In addition, legislation to permit the purchase of $100 million of U.N. bonds, assumed in the budget to occur in fiscal year 1962, has not yet been enacted, thereby reducing anticipated State Department expenditures. These reductions are partly offset by higher expenditures for interest on the public debt (up $240 million from January estimates) and for Export-Import Bank loan operations (up $202 million).

Although receipts from the individual income tax were $650 million larger than anticipated in January, this increase was more than offset by lower corporation income taxes and miscellaneous receipts than had been expected. Excises, estate and gift taxes, and customs duties were moderately below estimates. With respect to corporation income taxes, receipts were $904 million less than estimated, reflecting somewhat lower profits for the calendar year 1961 than had been estimated in January. Miscellaneous receipts, including such items as interest

with the estimate of $0.5 billion made last January. This change is

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reflects a number of factors, among them unanticipated changes in the rate of activity in certain programs, and postponement by Congress of the enactment of certain appropriations from fiscal 1962 to fiscal 1963. In addition, the reduction in expenditures also reflects the continuing effort of the heads of the various Government agencies to carry out the President's instructions of last October "to follow a most careful and frugal policy with respect to commitments and expenditures under the 1962 budget as enacted by the Congress."

Among the more sizeable reductions in budget expenditures below the January estimate were: $506 million

Excess of payments (-).	**-2.3**	**-8.5**	**-5.7**	**+2.8**

Comparison of budget results with January estimates.

The reduction of $1.4 billion in budget expenditures below the January estimate ~~is accounted for to a considerable extent by~~ lower outlays than had been anticipated by the Commodity Credit Corporation for special export

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with the estimate of $0.5 billion made last January. This change is almost entirely accounted for by a ~~shortfall~~ reduction in receipts compared with the January estimate. (These are preliminary estimates and are subject to change when the official Department of Commerce figures are released.)

The following table shows the results for fiscal year 1962 as compared with the estimates made last January in the budget document, the results for 1961, and the changes from the January estimates.

FEDERAL FINANCES

(Fiscal years. In billions)

Description	1961 actual	1962 January estimate	1962 Actual	Change from January estimate
Administrative budget:				
Budget receipts...........	$77.7	$82.1	$81.4	-$0.7
Budget expenditures.......	81.5	89.1	87.7	-1.4
Budget deficit (-)	-3.9	-7.0	-6.3	+0.7
Consolidated cash statement:				
Receipts from the public..	97.2	102.6	101.9	-0.8
Payments to the public....	99.5	111.1	107.6	-3.6
Excess of payments (-).	-2.3	-8.5	-5.7	+2.8

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ADMINISTRATIVELY CONFIDENTIAL

JOINT STATEMENT OF DOUGLAS DILLON,
SECRETARY OF THE TREASURY, AND DAVID E. BELL,
DIRECTOR OF THE BUREAU OF THE BUDGET
ON BUDGET RESULTS FOR FISCAL YEAR 1962

The monthly statement of receipts and expenditures for June, released today, shows that Federal budget expenditures for the fiscal year ending June 30, 1962, were $87.7 billion. Budget receipts were $81.4 billion, leaving a budget deficit of $6.3 billion. Both budget receipts and expenditures were less than estimated in January of this year -- receipts by $0.7 billion, and expenditures by $1.4 billion. ~~As a result,~~ the budget deficit ~~is~~ was $0.7 billion less than the January estimate of $7 billion. Insert

On a consolidated cash basis -- including the transactions of Federal trust funds and Government-sponsored enterprises -- ~~in addition to the administrative budget,~~ the excess of payments to the public over receipts from the public in fiscal year 1962 was $5.7 billion. Federal payments to the public in fiscal year 1962 totaled $107.6 billion, or $3.6 billion less than the January estimate. Receipts from the public were $101.9 billion, $0.8 billion lower than the January estimates.

In terms of the national income accounts--including only transactions directly affecting current production and incomes, and measuring receipts and expenditures on an accrual, rather than a cash basis--preliminary estimates indicate expenditures of $106 billion and receipts of $104 billion, for a deficit in fiscal year 1962 of $2 billion, compared

D-553

RELEASE A.M. NEWSPAPERS
FRIDAY, JULY 20, 1962

JOINT STATEMENT OF DOUGLAS DILLON, SECRETARY OF THE TREASURY, AND DAVID E. BELL, DIRECTOR OF THE BUREAU OF THE BUDGET, ON BUDGET RESULTS FOR FISCAL YEAR 1962

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Budget receipts were significantly affected by the recession of 1960-1961. If the economy had operated at its full potential, the Federal Government would have realized a substantial surplus in the fiscal year 1962.

On a consolidated cash basis -- including the transactions of Federal trust funds and Government-sponsored enterprises -- the

ADMINISTRATIVELY CONFIDENTIAL

JOINT STATEMENT OF DOUGLAS DILLON,
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DIRECTOR OF THE BUREAU OF THE BUDGET
ON BUDGET RESULTS FOR FISCAL YEAR 1962

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INSERT --

Budget receipts were significantly affected by the recession of 1960-1961. If the economy had operated at its full potential, ~~If unemployment had been only 4 percent of the labor force, budget receipts would have amounted to about $91 billion, and~~ the Federal Government would have realized a substantial ~~operated at a~~ surplus ~~of over $3 billion~~ in the fiscal year 1962.

D-553

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On a consolidated cash basis -- including the transactions of Federal trust funds and Government-sponsored enterprises -- the excess of payments to the public over receipts from the public in fiscal year 1962 was $5.7 billion. Federal payments to the public in fiscal year 1962 totaled $107.6 billion, or $3.6 billion less than the January estimate. Receipts from the public were $101.9 billion, $0.8 billion lower than the January estimates.

In terms of the national income accounts -- including only transactions directly affecting current production and incomes, and measuring receipts and expenditures on an accrual, rather than a cash basis -- preliminary estimates indicate expenditures of $106 billion and receipts of $104 billion, for a deficit in fiscal year 1962 of $2 billion, compared with the estimate of $0.5 billion made last January. This change is almost entirely accounted for by a reduction in receipts compared with the January estimate. (These are preliminary estimates and are subject to change when the official Department of Commerce figures are released.)

The following table shows the results for fiscal year 1962 as compared with the estimates made last January in the budget document, the results for 1961, and the changes from the January estimates.

FEDERAL FINANCES
(Fiscal years. In billions)

Description	1961 Actual	1962 January Estimate	1962 Actual	Change from January Estimates
Administrative budget:				
Budget receipts...........	$77.7	$82.1	$81.4	-$0.7
Budget expenditures.......	81.5	89.1	87.7	- 1.4
Budget deficit (-)	-3.9	-7.0	-6.3	+0.7
Consolidated cash statement:				
Receipts from the public..	97.2	102.6	101.9	-0.8
Payments to the public....	99.5	111.1	107.6	-3.6
Excess of payments (-).	-2.3	-8.5	-5.7	+2.8

Comparison of budget results with January estimates.

The reduction of $1.4 billion in budget expenditures below the January estimate reflects a number of factors, among them unanticipated changes in the rate of activity in certain programs, and postponement by Congress of the enactment of certain appropriations from fiscal 1962 to fiscal 1963. In addition, the reduction in expenditures also reflects the continuing effort of the heads of the various Government agencies to carry out the President's instructions of last October "to follow a most careful and frugal policy with respect to commitments and expenditures under the 1962 budget as enacted by the Congress."

Among the more sizeable reductions in budget expenditures below the January estimate were: $506 million lower outlays than had been anticipated by the Commodity Credit Corporation for special export programs and for the wheat and feed grain programs; $254 million for the Department of Health, Education, and Welfare, mainly in public assistance grants and health programs; $205 million for the Housing and Home Finance Agency, mainly in activities of the Federal National Mortgage Association; $205 million in foreign economic and military assistance expenditures; and $168 million for the Veterans Administration, primarily in housing benefit programs and pensions. In addition, legislation to permit the purchase of $100 million of U.N. bonds, assumed in the budget to occur in fiscal year 1962, has not yet been enacted, thereby reducing anticipated State Department expenditures. These reductions are partly offset by higher expenditures for interest on the public debt (up $240 million from January estimates) and for Export-Import Bank loan operations (up $202 million).

Although receipts from the individual income tax were $650 million larger than anticipated in January, this increase was more than offset by lower corporation income taxes and miscellaneous receipts than had been expected. Excises, estate and gift taxes, and customs duties were moderately below estimates. With respect to corporation income taxes, receipts were $904 million less than estimated, reflecting somewhat lower profits for the calendar year 1961 than had been estimated in January. Miscellaneous receipts, including such items as interest and repayments of certain loans, proceeds of the sale of property and products, and various fees, were $334 million less than expected.

The reduction from the January estimate of budget receipts accounts for almost all of the change in receipts as shown in the consolidated cash statement. The change in Federal payments to the public, in addition to the lower level of budget expenditures, is accounted for chiefly by (1) a reduction of $1.5 billion in expenditures of trust funds, mainly the Federal National Mortgage Association secondary market trust fund and the highway trust fund, and (2) an increase of $1.4 billion over the estimate for the non-cash adjustment items (interest accruals, transactions in non-interest bearing notes with international financial organizations, and the clearing accounts) which are deducted to arrive at total payments to the public. Partially offsetting these reductions was an increase of $0.6 billion in net expenditures of government sponsored enterprises, almost entirely the result of the operations of the Federal Home Loan Banks.

Comparison of budget results for 1962 with 1961

Budget expenditures in fiscal year 1962 were $6.2 billion higher than in 1961. Of this amount, $4.3 billion or 70 percent was for defense, international, and space programs, primarily reflecting efforts to strengthen our military forces and to expand manned space flight and other space exploration activities. In total, programs designed to achieve our defense, international, and space objectives accounted for over three-fifths of budget expenditures in 1962.

Other substantial increases over 1961 were for agricultural programs; health, education, and welfare activities; housing; interest payments; and resource development programs of the Department of the Interior. Sizeable decreases occurred in the Department of Labor, reflecting mainly lower expenditures than in 1961 for temporary extended unemployment compensation, and in the Post Office Department.

Budget receipts rose by $3.7 billion between 1961 and 1962. Increases of $4.5 billion in individual income tax receipts and $659 million in excise tax collections were partially offset by declines of $469 million in corporation income taxes and $890 million in miscellaneous receipts. The latter were unusually large in fiscal 1961 because of an advance loan repayment by the Federal Republic of Germany, amounting to over $500 million.

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Attachment

BUDGET RECEIPTS AND EXPENDITURES

(Fiscal years. In millions)

Description	1961 actual	1962 January budget	1962 Actual	1962 Change from January budget
Receipts by source				
Individual income taxes	$46,153	$49,970	$50,620	+$650
Corporation income taxes	21,765	22,200	21,296	-904
Excise taxes	9,141	9,710	9,669	-41
Miscellaneous receipts	4,082	3,526	3,192	-334
All other receipts	2,924	3,351	3,205	-146
Less: Refunds	5,752	6,001	5,987	-14
Subtotal	78,313	82,756	81,993	-763
Deduct interfund transactions	654	656	633	-23
Net budget receipts	77,659	82,100	81,360	-740
Expenditures by major agency				
Military, International, and Space Agencies:				
Department of Defense:				
Military functions	43,227	46,850	46,826	-24
Military assistance	1,449	1,400	1,357	-43
Foreign assistance - economic	1,805	1,935	1,773	-162
Export-Import Bank of Washington	37	-101	101	+202
International financial institutions and Peace Corps	74	182	183	+1
State	258	453	299	-154
U.S. Information Agency	121	147	146	-1
Atomic Energy Commission	2,713	2,830	2,806	-24
National Aeronautics and Space Admin.	744	1,300	1,257	-43
Subtotal	50,428	54,996	54,748	-248
Civilian agencies:				
Legislative Branch and The Judiciary	185	220	210	-10
Executive Office of the President	69	32	28	-4
Funds Appropriated to the President - Other	3	54	33	-21
Agriculture:				
CCC, and Special Export Program	3,407	4,753	4,247	-506
Other	2,523	2,424	2,420	-4

Description	1961 actual	1962 January budget	1962 Actual	1962 Change from January budget
Expenditures by major agency - Cont.				
Civilian agencies - Continued:				
Commerce	$498	$650	$594	-$56
Defense - Civil	972	1,015	999	-16
Health, Education, and Welfare	3,685	4,469	4,215	-254
Interior	801	873	908	+35
Justice	284	298	294	-4
Labor	831	563	613	+50
Post Office	914	853	787	-66
Treasury:				
Interest on the public debt	8,957	8,900	9,140	+240
Other	996	1,073	1,054	-19
General Services Administration	387	501	444	-57
Housing and Home Finance Agency	502	940	735	-205
Federal Aviation Agency	638	708	699	-9
Veterans Administration	5,401	5,560	5,392	-168
Other independent agencies	638	685	669	-16
District of Columbia	50	90	72	-18
Subtotal	31,741	34,661	33,553	-1,108
Allowance for contingencies	-	75	-	-75
Total	82,169	89,732	88,301	-1,431
Deduct interfund transactions	654	656	633	-23
Total budget expenditures	81,515	89,075	87,668	-1,407
Budget surplus (+) or deficit (-)	-3,856	-6,975	-6,308	+667

NOTE:--Figures are rounded to nearest million and will not necessarily add to totals.

July 19, 1962

Attachment

EXPLANATION OF MAJOR DIFFERENCES
BETWEEN ACTUAL 1962 EXPENDITURES
AND JANUARY ESTIMATES

Funds appropriated to the President--Foreign assistance--economic--$162 million less than the January estimate, primarily as a result of a re-examination of projects in an effort to insure maximum effectiveness of aid efforts in line with new program concepts introduced last year.

Export-Import Bank--$202 million more than the January estimate, primarily because portfolio sales and private participation were less than anticipated.

Department of State--$154 million less than the January estimate, mainly because legislation authorizing the purchase of United Nations bonds and a supplemental request covering the U.S. assessment for the UN operations in the Congo were not enacted for fiscal 1962 as anticipated. In addition, reimbursements from other agencies for overseas support provided by the Department were received earlier than expected.

Department of Agriculture--Commodity Credit Corporation--$506 million less than the January estimate, due to lower exports under Public Law 480 and lower net expenditures for wheat and feed grain programs than anticipated.

Department of Commerce--$56 million less than the January estimate, reflecting primarily somewhat lower expenditures than anticipated under the area redevelopment program.

Department of Health, Education, and Welfare--$254 million less than the January estimate, of which $137 million is in public assistance grants (reflecting primarily less than anticipated participation in the program for aid to dependent children and smaller growth than anticipated in medical assistance for the aged) and $94 million is in National Institutes of Health and other Public Health Service programs.

Department of Labor--$50 million more than the January estimate, primarily because the delay in enacting the 1963 appropriation made necessary an early advance to the unemployment trust fund to maintain the current level of State employment security services.

<u>Post Office Department</u>--$66 million less than the January estimate, due to higher revenues than anticipated and increased efficiency in the operation of local post offices.

<u>Department of the Treasury</u>--Interest on the public debt--$240 million increase over the January estimate as a result of higher interest rates than had been assumed.

<u>General Services Administration</u>--$57 million less than the January estimate, due mainly to difficulties in obtaining favorable bids, and delays in site selection, for certain construction projects.

<u>Housing and Home Finance Agency</u>--$205 million below the January estimate, mainly because the Federal National Mortgage Association made lower urban renewal commitments and greater portfolio sales than had been estimated.

<u>Veterans Administration</u>--$168 million less than the January estimate, primarily as a result of a decrease in direct housing and loan disbursements; non-enactment of a supplemental request for veterans pensions, in effect deferring payments until fiscal 1963; and unanticipated sales of previously defaulted mortgages under the housing loan guarantee program.

United States Treasury Department
Fiscal Service
Bureau of Accounts

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This statement is preliminary and is based on reports from disbursing, collecting, and administrative agencies of the Government received through July 13, 1962. Final reports of Government disbursing, collecting, and administrative agencies including certain overseas transactions for the year ended June 30, 1962, which it has not been possible to include in this statement will be incorporated in the final statement to be published at a later date.

Monthly Statement of Receipts and Expenditures of the United States Government

for the period from July 1, 1961 through June 30, 1962

(Cents omitted, therefore details will not add to totals)

TABLE I--SUMMARY

Year	Budget receipts and expenditures				Public debt (end of period)[a]	Balance in account of Treasurer, U.S. (end of period)
	Gross receipts	Net receipts	Net expenditures	Budget surplus(+) or deficit (-)		
Estimated 1963*	$118,581,000,000	[1] $92,999,879,000	[1] $92,536,633,000	+$463,246,000	$294,920,000,000	$6,000,000,000
Estimated 1962*	104,910,000,000	[1] 82,099,716,000	[1] 89,075,469,000	-6,975,753,000	295,370,000,000	6,000,000,000
Actual fiscal year 1962 (twelve months)	103,786,301,777	[1] 81,360,367,259	[1] 87,667,980,122	-6,307,612,863	298,200,822,720	10,430,393,548
Actual fiscal year 1961	99,491,341,346	[1] 77,659,424,905	[1] 81,515,167,453	-3,855,742,548	288,970,938,610	6,694,119,953
Actual fiscal year 1960	96,962,198,070	[1] 77,763,460,220	[1] 76,539,412,798	+1,224,047,421	286,330,760,848	8,004,740,998
Actual fiscal year 1959	83,904,266,060	[2] 67,915,348,624	[2] 80,342,335,375	-12,426,986,751	284,705,907,078	5,350,391,763

TABLE II--BUDGET SUMMARY--FISCAL YEAR 1962

Classification	Fiscal year 1962 to date			Net budget estimates fiscal year 1962*
	Gross receipts	Applicable deductions[3]	Net receipts[4]	
BUDGET RECEIPTS				
Internal Revenue	$99,423,453,317	$21,762,460,767	$77,660,992,550	$78,017,000,000
Customs	1,171,205,973	29,293,174	1,141,912,799	1,215,000,000
Miscellaneous receipts	3,191,642,486	1,225,760	3,190,416,725	3,524,000,000
Total	103,786,301,777	21,792,979,702	81,993,322,075	82,756,000,000
Deduct: Certain interfund transactions[1]	....	....	632,954,816	656,284,000
Grand total	....	....	81,360,367,259	82,099,716,000
BUDGET EXPENDITURES	Gross expenditures	Applicable receipts (deduct)[3]	Net expenditures[4]	
Legislative Branch	$153,317,938	....	$153,317,938	$160,718,000
The Judiciary	56,746,726	....	56,746,726	59,008,000
Executive Office of the President	28,386,016	....	28,386,016	32,162,000
Funds appropriated to the President:				
Foreign assistance - economic	1,785,588,025	$12,276,228	1,773,311,797	1,935,000,000
Other	278,069,573	62,116,363	215,953,210	236,035,000
Agriculture Department	9,899,817,745	3,232,589,518	6,667,228,226	7,176,582,000
Commerce Department	603,132,189	9,229,586	593,902,603	649,508,000
Defense Department:				
Military functions	46,907,607,903	81,251,946	46,826,355,956	46,850,000,000
Military assistance	1,357,189,675	....	1,357,189,675	1,400,000,000
Civil functions	1,113,170,362	113,839,075	999,331,286	1,014,606,000
Health, Education, and Welfare Department	4,219,352,319	4,217,981	4,215,134,338	4,468,710,000
Interior Department	956,782,383	48,320,175	908,462,208	872,712,000
Justice Department	293,986,326	....	293,986,326	297,843,000
Labor Department	615,961,550	3,075,275	612,886,274	562,899,000
Post Office Department[5]	4,394,185,559	3,606,726,668	787,458,890	852,600,000
State Department	298,815,442	....	298,815,442	452,629,000
Treasury Department:				
Interest on the public debt	9,140,153,832	....	9,140,153,832	8,900,000,000
Other	1,055,502,755	1,876,659	1,053,626,095	1,073,139,000
Atomic Energy Commission	2,806,373,537	....	2,806,373,537	2,830,000,000
Federal Aviation Agency	699,223,331	....	699,223,331	708,000,000
General Services Administration	444,545,537	340,854	444,204,682	500,698,000
Housing and Home Finance Agency	2,795,962,888	2,060,834,572	735,128,316	940,277,000
National Aeronautics and Space Adm.	1,256,931,427	....	1,256,931,427	1,300,000,000
Veterans Administration	5,756,599,790	364,609,456	5,391,990,334	5,559,904,000
Other Independent Agencies	2,547,546,242	1,635,128,581	912,417,661	733,720,000
District of Columbia	72,418,800	....	72,418,800	90,003,000
Allowance for contingencies	....	....	....	75,000,000
Total	99,537,367,882	11,236,432,943	88,300,934,938	89,731,753,000
Deduct: Certain interfund transactions[1]	....	....	632,954,816	656,284,000
Grand total	....	....	87,667,980,122	89,075,469,000
Budget surplus (+) or deficit (-)			-6,307,612,863	-6,975,753,000

Classification RECEIPTS	This month	Corresponding month last year	Fiscal Year 1962 to date	Corresponding period fiscal year 1961
Internal Revenue:				
Individual income taxes:				
Withheld [6]	[7] $2,994,266,861	$2,459,082,725	[7] $36,216,232,096	$32,977,654,306
Other [6]	[7] 1,985,480,716	1,937,566,642	[7] 14,403,537,478	13,175,346,485
Total individual income taxes	4,979,747,578	4,396,649,367	50,619,769,574	46,153,000,791
Corporation income taxes	5,377,044,053	5,245,769,302	21,295,692,054	21,764,940,001
Excise taxes	1,122,839,622	1,062,321,062	12,748,591,032	12,064,302,041
Employment taxes:				
Federal Insurance Contributions Act and Self-Employment Contributions Act [6]	[7] 1,012,979,915	1,126,989,732	[7] 11,697,919,611	11,586,283,169
Railroad Retirement Tax Act	56,550,569	44,526,983	569,991,599	570,812,008
Federal Unemployment Tax Act	1,474,155	1,098,807	457,630,273	345,356,082
Total employment taxes	1,071,004,641	1,172,615,523	12,725,541,485	12,502,451,261
Estate and gift taxes	164,378,751	145,459,908	2,033,859,170	1,916,392,301
Total internal revenue	12,715,014,646	12,022,815,164	99,423,453,317	94,401,086,397
Customs	99,725,832	83,668,525	1,171,205,973	1,007,755,214
Miscellaneous receipts:				
Interest	267,436,728	317,358,312	867,142,351	942,308,256
Dividends and other earnings	70,359,367	60,909,398	743,312,210	804,788,935
Realization upon loans and investments	12,086,551	-4,360,896	375,983,771	1,012,277,260
Recoveries and refunds	18,871,252	48,599,227	154,251,343	181,631,675
Royalties	9,790,041	55,443,002	72,808,343	114,176,273
Sales of Government property and products	92,969,478	107,255,286	651,456,327	673,066,072
Seigniorage	3,542,794	4,233,401	57,543,755	55,378,802
Other	24,980,899	32,222,741	269,144,382	298,872,456
Total miscellaneous receipts	500,037,113	621,660,473	3,191,642,486	4,082,499,734
Gross budget receipts	13,314,777,592	12,728,144,164	103,786,301,777	99,491,341,346
Deduct:				
Refunds of receipts: [8]				
Applicable to budget accounts:				
Internal revenue	229,891,111	238,906,318	5,956,926,251	5,724,571,444
Customs	2,508,346	2,415,557	29,293,174	25,439,531
Other	75,703	171,963	1,225,760	2,260,572
Applicable to trust accounts:				
Federal old-age and survivors insurance trust fund	....	....	129,760,000	86,240,000
Federal disability insurance trust fund	....	....	11,907,500	9,500,000
Highway trust fund	....	....	131,302,902	125,703,141
Railroad retirement account	33,574	268	55,959	99,015
Unemployment trust fund	550,812	323,810	4,991,080	2,195,526
Total refunds of receipts	233,059,547	241,817,919	6,265,462,628	5,976,009,230
Transfers to trust accounts:				
Federal old-age and survivors insurance trust fund [6]	[7] 927,534,923	1,025,183,984	[7] 10,611,713,508	10,537,230,761
Federal disability insurance trust fund [6]	[7] 85,444,992	101,805,747	[7] 944,538,603	953,312,407
Highway trust fund	233,200,000	238,400,000	2,948,690,128	2,797,537,780
Railroad retirement account	56,516,995	44,526,714	569,935,640	570,712,993
Unemployment trust fund [9]	923,342	774,996	452,639,192	343,160,556
Total transfers to trust accounts	1,303,620,253	1,410,691,443	15,527,517,073	15,201,954,500
Total deductions	1,536,679,801	1,652,509,362	21,792,979,702	21,177,963,731
Subtotal receipts	11,778,097,791	11,075,634,801	81,993,322,075	78,313,377,614
Deduct: Certain interfund transactions [1]	212,215,825	244,911,338	632,954,816	653,952,708
Net budget receipts	11,565,881,965	10,830,723,463	81,360,367,259	77,659,424,905
EXPENDITURES [10]				
Legislative Branch:				
Senate	2,297,154	2,348,861	26,899,259	26,876,543
House of Representatives	3,874,184	4,498,739	50,322,180	47,323,805
Architect of the Capitol	5,226,762	4,811,425	42,265,202	31,434,476
Botanic Garden	38,166	77,336	449,931	833,958
Library of Congress	2,061,642	1,780,487	16,580,877	15,360,184
Government Printing Office:				
General fund appropriations	1,289,918	1,951,129	19,401,027	15,850,464
Revolving fund (net)	-202,421	-1,091,662	-2,600,541	-4,205,220
Total--Legislative Branch	14,585,407	14,376,316	153,317,938	133,474,212
The Judiciary:				
Supreme Court of the United States	201,415	201,004	1,961,569	1,975,021
Court of Customs and Patent Appeals	29,994	-122,767	323,833	330,093
Customs Court	109,915	94,151	887,875	851,106
Court of Claims	101,322	83,426	932,896	896,592
Courts of appeals, district courts, and other judicial services	5,485,108	4,503,701	52,640,552	47,949,910
Total--The Judiciary	5,927,756	4,759,516	56,746,726	52,002,724

See footnotes on pages 9 and 13

Classification EXPENDITURES--Continued	This month	Corresponding month last year	Fiscal Year 1962 to date	Corresponding period fiscal year 1961
Executive Office of the President:				
Compensation of the President	$12,500	$12,500	$150,000	$150,000
The White House Office	171,221	163,092	2,453,815	2,331,628
Special projects	150,442	127,652	1,403,420	1,382,484
Bureau of the Budget	473,502	437,149	5,303,520	5,260,490
Council of Economic Advisers	65,622	38,181	506,450	420,520
National Aeronautics and Space Council	22,757	....	202,901	....
National Security Council	23,833	57,996	502,737	793,665
Office of Emergency Planning	946,790	4,628,360	17,772,381	58,694,281
President's Advisory Com. on Govt. Organization	....	....	....	31,235
President's Adv. Com. on Labor-Mgmt. Policy	21,332	6,352	108,051	6,490
Miscellaneous	10,506	6,413	-17,263	-28,595
Total--Executive Office of the President	1,898,509	5,477,699	28,386,016	69,042,200
Funds appropriated to the President:				
Disaster relief	2,766,845	274,719	14,592,345	7,455,766
Emergency fund for the President	5,493	108,780	723,334	489,654
Expansion of defense production (net)	-829,249	-30,313,609	11,225,567	-12,395,899
Expenses of management improvement	30,049	2,609	153,918	232,207
Peace Corps	2,217,150	....	11,106,420	....
International Financial Institutions:				
Subscription to the International Development Assn	....	....	61,655,825	73,666,700
Investment in Inter-American Development Bank	....	....	110,000,000	....
Transitional grants to Alaska	33,175	123,080	5,944,016	6,033,269
Other	57,141	145,763	551,781	1,123,833
Foreign assistance - economic:				
Defense Department	136,032	1,650,764	7,390,787	33,512,312
Agency for International Development	71,357,487	122,054,921	1,083,641,938	1,320,187,808
Inter-American Cooperation	7,115,554	....	62,295,560	....
Public enterprise funds (net):				
Development loan funds	54,392,885	41,464,980	419,778,774	258,413,699
Foreign investment guarantee fund	-324,100	-184,790	-1,649,612	-1,672,830
All other agencies	16,605,215	7,754,340	201,854,349	194,943,148
Total--Foreign assistance - economic	149,283,074	172,740,216	1,773,311,797	1,805,384,138
Total--Funds appropriated to the President	153,563,680	143,081,559	1,989,265,007	1,881,989,670
Agriculture Department:				
Agricultural Research Service:				
Intragovernmental funds (net)	-83,983	-5,449	-116,876	81,111
Other	13,465,758	13,065,082	195,303,722	185,435,437
Extension Service	777,270	767,706	70,254,376	67,340,666
Farmer Cooperative Service	83,179	76,292	642,146	636,823
Soil Conservation Service:				
Conservation operations	7,259,058	6,241,532	89,014,929	86,887,443
Flood prevention, watershed protection and other	5,865,565	4,192,016	58,988,547	50,156,544
Great Plains conservation program	830,349	946,206	9,041,592	8,635,425
Economic Research Service	810,619	....	8,179,958	....
Statistical Reporting Service	707,490	48,758	7,690,562	-6,607
Agricultural Marketing Service:				
Marketing research and service	1,677,744	2,003,269	37,882,730	45,819,676
Payments to States and possessions	16,648	12,798	1,325,000	1,195,000
School lunch program	407,339	646,772	169,112,351	154,358,512
Removal of surplus agricultural commodities	15,237,632	32,847,376	[11] 214,867,645	203,286,837
Intragovernmental funds (net)	16,696	11,744	23,057	55,699
Other	59,237	57,429	736,235	794,602
Total--Agricultural Marketing Service	17,415,299	35,579,392	423,947,019	405,510,327
Foreign Agricultural Service	1,517,141	2,061,805	14,595,932	13,530,380
Commodity Exchange Authority	79,195	77,321	1,006,436	964,436
Agricultural Stabilization and Conservation Service:				
Acreage allotments and marketing quotas	9,862	216	44,084,315	43,532,446
Agricultural conservation program	11,149,548	7,988,687	264,500,924	249,743,910
Soil bank program	-1,993	190,004	343,983,198	363,211,940
Emergency conservation measures	128,880	40,417	8,796,551	549,200
Sugar act program	2,619,496	747,356	80,187,839	72,220,207
Intragovernmental funds (net)	7,263,241	14,346,665	-9,791,044	-3,237,951
Special export programs	220,804,779	....	1,636,655,784	....
Commodity Credit Corporation:				
Public enterprise funds (net):				
Price support, supply, and related programs and special milk[12]	259,193,481	216,303,949	2,536,769,541	1,417,528,868
Special activities financed by Com. Credit Corp.[13]	3,889,555	400,184,883	73,956,066	1,989,080,738
Total--Commodity Credit Corporation	263,083,036	616,488,832	2,610,725,607	3,406,609,607
Federal Crop Insurance Corporation:				
Administrative expenses	658,995	-123,165	7,897,131	6,636,044
Federal Crop Insurance Corporation fund (net)	-1,129,553	-1,221,817	-664,988	-6,800,513
Rural Electrification Administration:				
Loans	22,128,441	22,076,143	293,044,363	291,477,644
Salaries and expenses	778,337	788,675	9,920,202	9,901,243

See footnotes on page 13

Classification EXPENDITURES--Continued	This month	Corresponding month last year	Fiscal Year 1962 to date	Corresponding period fiscal year 1961
Agriculture Department--Continued				
Farmers Home Administration:				
Regular loans	...	$1,716,806	$78,066,350	$267,198,988
Rural housing grants and loans	$3,604,005	9,991,055	106,214,115	57,651,287
Public enterprise funds (net):				
Direct loan account	5,405,386	...	-6,444,911	...
Emergency credit revolving fund	1,820,032	38,719	35,440,582	1,475,377
Agricultural credit insurance fund	-3,754,756	2,857,706	-7,216,385	-6,143,952
Salaries and expenses	2,650,694	1,722,971	34,138,938	32,641,786
Total--Farmers Home Administration	9,725,361	16,327,258	240,198,690	352,823,487
Office of General Counsel	298,205	281,558	3,610,838	3,409,299
Office of Information	123,388	91,545	1,595,131	1,574,353
Centennial observance of Agriculture	3,628	...	40,680	...
National Agricultural Library	83,027	85,848	1,009,593	946,120
General administration:				
Intragovernmental funds (net)	-7,116	-62,875	-472,548	76,503
Other	227,381	241,570	3,002,887	3,028,821
Forest Service:				
Acquisition of lands, Klamath Indians	...	...	...	68,716,691
Intragovernmental funds (net)	-309,906	-922,593	601,637	-560,295
Other	14,689,319	15,365,628	249,753,081	246,385,436
Total--Agriculture Department	601,053,306	755,780,623	6,667,228,226	5,929,416,188
Commerce Department:				
General administration:				
Public enterprise funds (net)	640	-700	-6,982	-7,447
Other	797,300	287,041	9,942,159	3,738,240
Area Redevelopment Administration:				
Public enterprise funds (net)	...	...	-1,041	...
Other	1,830,017	...	7,312,501	...
Business activities:				
Salaries and expenses:				
Office of Field Services	247,850	276,726	3,098,805	2,604,575
Business and Defense Services Administration	-72,985	208,716	4,128,676	4,601,503
Bureau of Foreign Commerce	295,496	279,615	4,429,304	2,995,537
Promotion of international travel	343,843	...	1,464,500	...
Export control	113,482	156,496	3,375,493	2,933,487
Intragovernmental funds (net)	...	4,392	440	-1,025
Office of Business Economics	98,316	118,638	1,549,468	1,482,671
Bureau of the Census	1,933,807	1,858,229	19,240,719	33,624,267
Coast and Geodetic Survey	2,339,436	1,346,960	21,649,723	18,059,345
Inland Waterways Corporation (net)	...	...	-853,877	-393
Maritime Administration:				
Public enterprise funds (net)	-163,878	-329,534	-2,502,731	-2,260,494
Other	16,657,622	12,818,867	360,866,394	284,076,858
Patent Office	1,964,021	1,622,480	24,860,648	23,136,821
Bureau of Public Roads:				
Advances to the highway trust fund	...	...	...	...
Other[14]	3,681,083	4,792,351	41,326,495	45,732,706
National Bureau of Standards:				
Intragovernmental funds (net)	900,015	662,832	-805,141	-119,151
Other	2,870,821	1,792,651	30,490,489	22,298,828
Weather Bureau	5,540,616	4,638,710	64,336,557	55,592,399
Total--Commerce Department	39,377,508	30,534,477	593,902,603	498,488,731
Defense Department:				
Military functions:				
Military personnel:				
Office of Secretary of Defense	73,775,848	69,246,115	890,845,403	786,066,838
Department of the Army	463,979,533	408,376,819	4,409,734,449	4,036,564,049
Department of the Navy	354,784,348	292,231,697	3,459,143,756	3,252,281,788
Department of the Air Force	373,231,063	352,759,610	4,304,914,633	4,009,915,015
Total--Military personnel	1,265,770,794	1,122,614,243	13,064,638,242	12,084,827,692
Operation and maintenance:				
Office of Secretary of Defense	13,567,823	5,208,716	58,265,206	45,517,604
Department of the Army	325,107,447	307,075,915	3,861,812,102	3,411,975,340
Department of the Navy	262,963,537	282,155,281	3,047,225,223	2,868,017,827
Department of the Air Force	460,015,831	410,552,890	4,654,140,857	4,440,473,140
Subtotal	1,061,654,640	1,004,992,803	11,621,443,390	10,765,983,912
Classification adjustment[15]	-4,096,000	-13,151,000	-44,914,000	-154,521,000
Total--Operation and maintenance	1,057,558,640	991,841,803	11,576,529,390	10,611,462,912
Procurement:				
Office of Secretary of Defense	...	...	...	...
Department of the Army	144,549,864	118,344,750	1,798,472,380	1,526,180,437
Department of the Navy	553,997,198	443,426,053	5,232,096,710	4,724,969,752
Department of the Air Force	913,708,924	845,690,109	8,877,135,616	8,691,242,645
Subtotal	1,612,255,987	1,407,460,913	15,907,704,707	14,942,392,835
Classification adjustment[15]	-1,235,027,000	-13,118,000	-1,284,311,000	-213,818,000
Total--Procurement	377,228,987	1,394,342,913	14,623,393,707	14,[illegible]574,835

Classification EXPENDITURES--Continued	This month	Corresponding month last year	Fiscal Year 1962 to date	Corresponding period fiscal year 1961
Defense Department--Continued				
Military functions--Continued				
Research, development, test and evaluation:				
Office of Secretary of Defense	$21,289,999	$22,874,065	$181,365,187	$195,575,595
Department of the Army	139,813,098	134,966,943	1,246,688,247	1,081,728,843
Department of the Navy	128,031,693	123,335,154	1,298,431,940	1,191,812,953
Department of the Air Force	224,866,574	156,467,565	2,174,506,370	1,659,463,993
Subtotal	514,001,365	437,643,729	4,900,991,746	4,128,581,386
Classification adjustment[15]	1,239,123,000	26,269,000	1,329,225,000	368,339,000
Total--Research, development, test and evaluation	1,753,124,365	463,912,729	6,230,216,746	4,496,920,386
Military construction:				
Office of Secretary of Defense	1,200,461	4,454,819	54,673,655	38,817,283
Department of the Army	12,364,377	30,958,079	205,793,729	275,523,506
Department of the Navy	17,018,404	28,824,830	189,820,643	276,227,428
Department of the Air Force	85,836,421	79,520,240	895,794,691	1,014,644,590
Total--Military construction	116,419,663	143,757,969	1,346,082,719	1,605,212,809
Civil Defense	13,751,001	....	90,435,886	....
Revolving and management funds (net):				
Public enterprise funds:				
Office of Secretary of Defense	1,508,152	4,774,606	28,390,674	38,737,505
Department of the Army:				
Defense housing	....	-9,854	-25,344	-24,586
Defense production guarantees	-9,759	-31,067	-130,759	-242,672
Department of the Navy:				
Defense production guarantees	439,997	-27,962	3,027,624	-479,785
Other	46,664	68,832	-90,269	-136,589
Department of the Air Force--Defense production guarantees	-10,086	-118,602	-3,754,241	-544,384
Civil defense procurement fund	-9,678	-13,351	24,710	-64,291
Intragovernmental funds:				
Office of Secretary of Defense	-13,811,716	....	-19,086,152	....
Department of the Army	-66,665,854	-45,995,818	-132,365,533	-201,412,876
Department of the Navy	4,300,607	-20,573,833	58,933,015	-98,396,300
Department of the Air Force	-32,304,937	9,845,552	-39,864,459	-37,502,028
Total--Revolving and management funds	-106,516,611	-52,081,498	-104,940,737	-300,066,008
Total--Military functions	4,477,336,841	4,064,388,162	46,826,355,956	43,226,932,626
Military assistance:				
Office of Secretary of Defense:				
Repayment of credit sales[16]	-149,824	-2,018,013	-14,571,552	-17,567,451
Other	2,532,145	14,471,543	39,165,626	141,946,409
Department of the Army	169,598,369	138,710,021	609,617,654	643,942,535
Department of the Navy	39,637,363	33,454,977	181,466,930	168,426,073
Department of the Air Force	67,143,333	117,695,379	531,562,668	501,343,740
Agency for International Development	190,140	803,178	2,774,087	4,019,310
All other agencies	329,519	363,976	7,174,259	6,519,715
Total--Military assistance	279,281,047	303,481,063	1,357,189,675	1,448,630,334
Total--Military	4,756,617,888	4,367,869,226	48,183,545,632	44,675,562,961
Civil functions:				
Army:				
Corps of Engineers:				
Rivers and harbors and flood control	102,996,045	111,430,875	946,157,625	931,638,631
Intragovernmental funds (net)	266,305	-815,463	889,662	-5,501,809
The Panama Canal:				
Canal Zone Government	2,112,893	1,938,511	23,523,889	22,627,462
Panama Canal Company:				
Public enterprise funds (net)	3,869,343	2,803,168	2,124,602	5,902,416
Thatcher Ferry Bridge	475,554	703,166	10,405,093	2,255,894
Total--The Panama Canal	6,457,791	5,444,846	36,053,585	30,785,773
Payment of Texas City claims	....	....	22,536	159,801
Other	1,982,257	1,341,403	16,178,355	15,246,265
Air Force--Wildlife conservation, etc	2,224	1,930	29,521	29,580
Total--Civil functions	111,704,623	117,403,592	999,331,286	972,358,244
Total--Defense Department	4,868,322,512	4,485,272,818	49,182,876,918	45,647,921,206
Health, Education, and Welfare Department:				
Food and Drug Administration	1,787,271	1,615,473	21,485,597	18,737,432
Office of Education:				
Assistance for school construction	5,122,889	7,463,319	56,490,195	71,041,730
Defense educational activities	12,046,871	11,009,248	181,358,520	143,138,836
Payments to school districts	26,103,309	31,623,199	226,418,756	207,748,648
Other	1,703,424	1,394,771	78,478,005	68,844,781
Office of Vocational Rehabilitation	2,004,047	2,343,321	84,712,787	70,488,776
Public Health Service:				
Hospital construction activities	15,220,133	12,592,467	166,034,355	158,184,891
Emergency health activities	214,859	....	3,311,405	....
National Institutes of Health	44,980,285	54,942,591	580,659,421	442,447,872
Operation of commissaries, narcotic hospitals (net)	-6,450	-9,276	1,867	-8,655
Other	25,211,521	22,504,186	277,797,735	255,662,076
Total--Public Health Service	85,620,350	90,029,969	1,027,804,784	856,286,184

Classification EXPENDITURES--Continued	This month	Corresponding month last year	Fiscal Year 1962 to date	Corresponding period fiscal year 1961
Health, Education and Welfare Dept--Continued				
Saint Elizabeths Hospital	$679,752	$812,947	$7,523,933	$5,216,047
Social Security Administration:				
Grants to States for public assistance	190,827,805	189,168,280	2,432,140,618	2,166,986,232
Grants for maternal and child welfare	1,511,889	317,018	68,250,586	51,521,846
Operating funds, Bureau of Federal Credit Unions (net)	22,381	28,787	-162,039	-139,072
Other	797,029	677,349	7,181,871	5,818,982
Special institutions:				
American Printing House for the Blind	....	....	670,000	400,000
Freedmen's Hospital	349,088	152,467	3,492,627	3,415,984
Gallaudet College	99,095	130,001	3,167,195	1,678,385
Howard University	680,870	573,754	7,788,839	6,294,253
Office of the Secretary:				
Intragovernmental funds (net)	156,598	-16,402	-344,525	33,666
Other	1,215,882	722,415	8,676,583	7,192,008
Total--Health, Education, and Welfare Dept	330,728,556	338,045,923	4,215,134,338	3,684,704,724
Interior Department:				
Public Land Management:				
Bureau of Land Management	3,714,515	3,748,652	97,653,603	91,741,102
Bureau of Indian Affairs:				
Public enterprise funds (net):				
Revolving fund for loans	387,946	152,446	1,786,564	266,261
Other	-560	-260	-2,856	689
Other	13,046,684	10,417,493	147,878,054	131,008,808
National Park Service	7,802,974	7,456,723	93,590,984	90,191,068
Bureau of Outdoor Recreation	16,867	....	18,814	....
Office of Territories:				
Public enterprise funds (net)	8,210	-10,784	6,234	-34,485
Other	105,431	155,610	22,959,568	17,404,235
The Alaska Railroad (net)	-79,216	18,293	-1,362,956	-109,316
Mineral Resources:				
Geological Survey	3,865,278	3,000,584	50,838,349	44,332,104
Bureau of Mines:				
Public enterprise funds (net)	1,067,972	419,862	955,117	941,397
Other	2,475,988	2,681,785	33,493,830	31,827,501
Office of Coal Research	40,997	15,584	372,685	46,677
Office of Minerals Exploration	46,406	24,894	380,362	392,298
Office of Oil and Gas	39,525	40,600	510,108	504,454
Office of Minerals Mobilization	....	87	....	125
Fish and Wildlife Service:				
Office of Commissioner of Fish and Wildlife	32,832	34,045	353,046	342,469
Bureau of Commercial Fisheries:				
Public enterprise funds (net)	47,810	290,784	952,689	1,171,912
Other	1,991,256	1,218,056	23,604,949	15,952,978
Bureau of Sport Fisheries and Wildlife	5,233,120	5,060,092	54,522,786	53,682,447
Water and Power Development:				
Bureau of Reclamation:				
Public enterprise funds (net):				
Continuing fund for emergency expenses, Fort Peck project, Montana	175,475	79,162	-2,486,145	-1,547,065
Upper Colorado River Basin fund	8,974,843	7,274,825	92,252,689	56,978,620
Other	18,357,319	19,949,546	242,194,344	210,638,868
Total--Bureau of Reclamation	27,507,638	27,303,534	331,960,888	266,070,423
Bonneville Power Administration	2,348,052	2,985,143	29,590,071	36,631,922
Southeastern Power Administration	25,544	22,167	361,593	423,263
Southwestern Power Administration	404,663	497,149	5,639,994	5,715,426
Office of Saline Water	398,673	302,194	4,113,561	3,346,044
Secretarial Offices:				
Office of the Solicitor	286,725	241,390	3,493,033	3,356,029
Office of the Secretary	393,732	312,640	3,174,235	2,758,561
Virgin Islands Corporation (net)	131,770	677,840	1,616,892	3,483,750
Total--Interior Department	71,340,845	67,066,613	908,462,208	801,448,153
Justice Department:				
Legal activities and general administration	4,576,564	4,592,714	51,791,233	48,144,223
Federal Bureau of Investigation	10,254,372	9,793,900	126,482,636	125,048,090
Immigration and Naturalization Service	5,113,347	4,972,200	63,213,360	61,984,575
Federal Prison System:				
Federal Prison Industries, Inc. (net)	-121,921	-600,085	-4,301,571	-2,871,150
Other	4,430,924	4,117,053	56,800,667	51,920,052
Total--Justice Department	24,253,286	22,875,784	293,986,326	284,225,790
Labor Department:				
Office of the Secretary	872,594	43,386	8,683,514	1,937,673
Bureau of Labor-Management Reports	452,501	351,487	5,144,470	5,656,110
Bureau of International Labor Affairs	-247,562	....	215,910	....
Office of the Solicitor	319,902	234,519	3,824,395	2,824,872
Bureau of Labor Standards	238,647	190,561	2,973,015	2,638,364
Bureau of Veterans' Reemployment Rights	48,456	43,275	606,077	638,710
Bureau of Apprenticeship and Training	406,800	329,818	4,687,329	4,309,574

Classification EXPENDITURES--Continued	This month	Corresponding month last year	Fiscal Year 1962 to date	Corresponding period fiscal year 1961
Labor Department--Continued				
Bureau of Employment Security:				
Grants to States for unemployment compensation and employment service administration	....	....	$43,289	$2,163,945
Advances to employment security administration account, unemployment trust fund (net)	$79,500,000	$40,589,611	24,528,517	48,589,611
Payment to the Federal extended compensation account	7,614,516	268,138,622	332,921,543	498,138,622
Unemployment compensation for Federal employees and ex-servicemen	11,209,773	15,519,114	129,359,488	171,042,688
Farm labor supply revolving fund (net)	187,945	65,291	-366,095	-788,218
Temporary unemployment compensation	....	-78,682	-177,618	-399,238
Other	202,832	200,017	2,613,004	3,123,964
Total--Bureau of Employment Security	98,715,067	324,433,975	488,922,130	721,871,375
Bureau of Employees' Compensation	5,347,042	5,691,485	67,699,432	65,585,374
Bureau of Labor Statistics	1,234,162	865,539	14,335,325	12,298,901
Women's Bureau	2,240	43,825	576,575	541,079
Wage and Hour Division	1,236,399	883,786	15,218,095	12,229,991
Total--Labor Department	108,626,255	333,111,660	612,886,274	830,532,028
Post Office Department:				
Payment for public services	6,200,000	4,698,000	62,700,000	49,000,000
Public enterprise fund (net)--Postal fund	109,317,209	114,573,735	724,758,890	864,984,797
Total--Post Office Department	115,517,209	119,271,735	[5] 787,458,890	913,984,797
State Department:				
Administration of foreign affairs:				
Salaries and expenses	-18,242,268	19,656,102	[17] 115,864,793	126,201,365
Acquisition, operation and maintenance of buildings abroad	857,841	1,796,446	16,797,079	15,441,922
Payment to Foreign Service retirement and disability fund	....	....	....	2,540,000
Intragovernmental funds (net)	155,568	263,638	204,837	101,183
Other	205,338	595,777	3,933,447	7,599,505
Total--Administration of foreign affairs	-17,023,518	22,311,965	136,800,157	151,883,976
International organizations and conferences:				
Contributions to international organizations	328,147	-1,061	93,820,110	48,270,956
Other	296,267	683,373	4,044,816	4,398,527
International commissions	999,942	598,942	12,501,580	6,939,787
Educational exchange	7,384,910	2,169,790	47,475,699	37,336,620
Other	146,390	202,198	4,173,078	9,086,323
Total--State Department	-7,867,861	25,965,208	298,815,442	257,916,190
Treasury Department:				
Office of the Secretary:				
Public enterprise funds (net):				
Reconstruction Finance Corp. liquidation fund	-434,981	-331,930	-1,380,181	-3,951,550
Federal Farm Mortgage Corp. liquidation fund	-274,566	....	-274,101	....
Civil defense program fund	-7,808	-11,087	-137,626	-137,474
Intragovernmental funds (net)	13,828	....	-77	1,273
Other	328,235	287,317	4,193,517	3,555,412
Bureau of Accounts:				
Interest on uninvested funds	98,849	118,802	10,356,843	10,068,147
Payment to Unemployment trust fund	....	....	....	1,216,262
Claims, judgments and relief acts	398,892	1,024,924	43,141,237	28,998,047
Government losses in shipment fund (net)	186	43,749	67,252	86,093
Salaries and expenses	1,266,140	1,358,536	28,146,771	24,115,069
Other	....	385	....	665
Bureau of the Public Debt	3,214,235	2,825,356	47,146,219	47,259,838
Office of the Treasurer:				
Check forgery insurance fund (net)	1,247	4,791	-80	10,849
Other	1,219,234	2,113,674	15,710,499	16,737,263
Bureau of Customs:				
Intragovernmental funds (net)	214,834	407,221	....	....
Other	4,867,365	4,377,216	62,695,815	58,895,596
Internal Revenue Service:				
Interest on refunds of taxes	5,083,361	6,712,917	67,804,128	82,748,629
Payments to Puerto Rico for taxes collected	1,748,845	2,891,152	29,776,857	24,998,475
Salaries and expenses	36,507,320	33,173,322	443,936,179	408,091,669
Bureau of Narcotics	348,418	324,527	4,355,934	4,276,084
United States Secret Service	529,707	488,642	6,709,258	6,262,501
Bureau of the Mint	429,253	482,417	7,312,066	5,798,537
Bureau of Engraving and Printing:				
Intragovernmental funds (net)	18,247	-473,246	-20,169	568,752
Other	20,853	72,300	644,393	123,731
Coast Guard:				
Intragovernmental funds (net)	628,717	2,631,786	302,288	51,125
Other	27,960,494	27,513,185	283,139,069	276,154,279
Interest on the public debt:				
Public issues[18]	713,989,490	637,904,527	7,878,027,356	7,707,133,618
Special issues[18]	127,839,774	120,460,877	1,262,126,476	1,250,107,996
Total--Interest on the public debt	841,829,264	758,365,405	9,140,153,832	8,957,241,615
Total--Treasury Department	926,010,179	844,401,367	10,193,779,928	9,953,170,896
Atomic Energy Commission	250,174,160	241,566,132	2,806,373,537	2,713,464,816
Federal Aviation Agency	65,294,490	55,183,043	699,223,331	638,464,545

Classification EXPENDITURES--Continued	This month	Corresponding month last year	Fiscal Year 1962 to date	Corresponding period fiscal year 1961
General Services Administration:				
Real property activities:				
Construction, public buildings projects	$8,046,769	$6,874,276	$71,336,419	$68,983,369
Repair and improvement of public buildings	4,061,371	3,823,562	59,012,376	49,422,017
Intragovernmental funds (net)	18,683,475	17,921,816	-15,210,581	3,031,387
Other	4,027,873	5,532,855	203,276,291	187,797,001
Personal property activities:				
Intragovernmental funds (net)	9,370,046	6,656,357	31,859,991	-4,521,223
Other	1,944,726	1,849,345	33,508,864	31,046,913
Utilization and disposal activities	746,092	158,276	8,521,341	1,473,895
Records activities	1,010,081	975,416	13,955,353	13,809,998
Transportation and communications activities	491,484	164,468	3,446,223	2,495,138
Defense materials activities:				
Public enterprise funds (net)	119	220	-85,955	-653,189
Intragovernmental funds (net)	....	-2,497	-903	75,026
Strategic and critical materials	3,134,623	2,571,930	33,629,600	35,243,715
General activities:				
Public enterprise funds (net)	-602	-502	-195,275	-1,864,417
Intragovernmental funds (net)	1,338,371	1,522,572	-353,829	-309,365
Other	126,860	91,603	1,504,767	893,352
Total--General Services Administration	52,981,293	48,139,700	444,204,682	386,923,619
Housing and Home Finance Agency:				
Office of the Administrator:				
Public enterprise funds (net):				
College housing loans	41,451,242	26,206,066	227,341,207	198,175,318
Liquidating programs	-191,669	-268,252	-5,650,957	-87,622,468
Urban renewal fund	33,356,596	14,035,323	226,948,690	144,537,576
Other	1,484,203	1,177,637	30,484,377	9,955,039
Other	2,178,829	1,207,510	19,485,432	13,849,656
Total--Office of the Administrator	78,279,202	42,358,284	498,608,750	278,895,123
Federal National Mortgage Association (net):				
Subscription to capital stock, secondary market operations	....	....	....	16,000,000
Loans for secondary market operations	-20,820,000	-9,610,000	....	....
Management and liquidating functions fund	-22,118,567	-9,485,467	-185,341,005	-74,447,575
Special assistance functions fund	-28,322,438	-3,137,769	55,923,793	133,686,908
Total--Federal National Mortgage Association	-71,261,006	-22,233,236	-129,417,212	75,239,332
Federal Housing Administration (net)	1,761,752	4,085,341	201,106,369	-7,230,205
Public Housing Administration (net)	9,159,523	10,422,777	164,830,408	154,985,748
Total--Housing and Home Finance Agency	17,939,472	34,633,167	735,128,316	501,889,899
National Aeronautics and Space Administration	141,951,495	87,863,166	1,256,931,427	744,308,502
Veterans Administration:				
Compensation, pensions, and benefit programs	327,996,011	353,913,738	3,897,724,580	4,074,401,692
Public enterprise funds (net):				
Direct loans to veterans and reserves	-5,951,677	4,780,229	92,786,740	152,372,590
Loan guaranty revolving fund	-22,911,398	....	143,534,361	....
Other	-3,047,884	-4,394,516	14,164,740	-21,262,283
Other	101,985,275	95,373,383	1,243,779,911	1,195,808,614
Total--Veterans Administration	398,070,327	449,672,834	5,391,990,334	5,401,320,614
Other independent agencies:				
Advisory Commission on Intergovernmental Relations	26,446	15,627	277,131	137,706
Alaska International Rail and Highway Commission	....	22,466	4,437	108,082
American Battle Monuments Commission	54,869	200,349	1,742,818	2,445,816
Central Intelligence Agency-construction	390,074	708,879	7,485,385	19,307,075
Civil Aeronautics Board	8,011,862	7,221,472	90,795,022	85,540,727
Civil Service Commission:				
Payment to Civil Service retirement and disability fund	....	....	44,637,000	46,329,000
Government payment for annuitants, employees health benefits fund	....	....	2,877,000	2,500,000
Government contribution, retired employees health benefits fund	....	....	13,800,000	1,625,000
Other	1,664,492	1,727,714	24,161,969	23,988,422
Total--Civil Service Commission	1,664,492	1,727,714	85,475,969	74,442,422
Commission of Fine Arts	6,138	5,514	67,937	60,687
Commission on Civil Rights	74,194	76,378	744,309	814,981
Delaware River Basin Commission	....	....	....	....
Export-Import Bank of Washington (net)	-6,778,575	1,423,727	101,086,544	37,390,336
Farm Credit Administration:				
Public enterprise funds (net):				
Federal Farm Mortgage Corporation fund	....	1,411	-692,966	-1,736,474
Short-term credit investment fund [19]	1,400,000	-50,000	3,535,000	3,910,000
Banks for cooperatives investment fund	....	....	-11,469,900	-8,052,400
Total--Public enterprise funds	1,400,000	-48,588	-8,627,866	-5,878,874
Administrative expenses	186,164	186,298	2,453,189	2,459,150
Total--Farm Credit Administration	1,586,164	137,710	-6,174,676	-3,419,723
Federal Coal Mine Safety Board of Review	4,409	4,704	58,107	54,644
Federal Communications Commission	1,143,672	924,188	13,370,389	11,948,183
Federal Home Loan Bank Board (net):				
Federal Savings and Loan Insurance Corp. fund	-90,258,371	-5,796,742	-246,282,970	-35,192,004
Other	207,300	238,412	-506,393	92,511

Classification EXPENDITURES--Continued	This month	Corresponding month last year	Fiscal Year 1962 to date	Corresponding period fiscal year 1961
Other independent agencies--Continued				
Federal Maritime Commission	$127,451	....	$1,167,973	....
Federal Mediation and Conciliation Service	366,257	$340,714	4,479,089	$4,146,975
Federal Power Commission	706,988	645,932	8,786,400	8,003,429
Federal Trade Commission	821,880	622,104	9,561,692	7,853,651
Foreign Claims Settlement Commission	66,372	51,278	611,556	487,641
General Accounting Office	3,224,733	3,156,109	41,028,469	40,861,159
Historical and memorial commissions	8,472	9,229	107,210	278,665
Indian Claims Commission	22,578	16,427	239,943	200,298
Interstate Commerce Commission	2,510,501	2,441,677	36,646,457	22,139,067
Interstate Commission on the Potomac River Basin	....	....	5,000	5,000
National Capital Housing Authority	2,951	2,996	38,549	39,678
National Capital Planning Commission	40,618	45,657	534,538	761,828
National Capital Transportation Agency	83,237	26,572	825,486	135,428
National Labor Relations Board	1,527,217	1,383,598	18,622,991	17,967,141
National Mediation Board	110,384	149,786	1,813,146	1,497,749
National Science Foundation	19,067,561	13,861,900	182,688,528	143,493,347
Outdoor Recreation Resources Review Commission	32,247	92,271	663,941	1,126,716
Railroad Retirement Board--payment to railroad unemployment insurance account	....	5,000,000	7,000,000	13,000,000
Renegotiation Board	175,317	221,657	2,591,432	2,894,756
Saint Lawrence Seaway Development Corporation (net)	206,185	470,832	535,658	2,477,496
Securities and Exchange Commission	918,172	777,031	10,987,642	9,331,158
Selective Service System	2,946,810	3,145,826	35,095,964	32,844,673
Small Business Administration:				
Public enterprise funds (net)	21,625,304	24,301,983	211,338,086	95,612,553
Salaries and expenses	1,574,568	1,886,910	6,825,028	6,038,629
Other	60,771	134,190	343,054	879,994
Total--Small Business Administration	23,260,643	26,323,084	218,506,169	102,531,177
Smithsonian Institution	2,226,414	2,493,977	25,501,517	21,240,197
Subversive Activities Control Board	28,182	25,703	331,220	299,411
Tariff Commission	201,734	221,325	2,641,310	2,541,255
Tax Court of the United States	146,496	133,486	1,682,809	1,627,115
Tennessee Valley Authority (net)	11,127,104	6,274,065	102,922,760	38,691,147
U.S. Arms Control and Disarmament Agency	264,582	....	1,033,290	....
United States Information Agency:				
Informational media guarantee fund (net)	55,584	334,914	1,382,711	4,487,231
Special international exhibitions	897,480	751,244	9,482,250	7,217,362
Other	19,577,739	11,332,545	135,002,020	109,450,567
United States Study Commissions	77,966	190,528	1,755,915	2,634,870
Total--Other independent agencies	6,962,551	87,452,884	912,417,661	793,997,649
District of Columbia:				
Federal payment to District of Columbia	....	....	32,753,000	30,233,000
Advances for general expenses (repayable)	3,000,000	8,000,000	-5,000,000	8,000,000
Loans to District of Columbia for capital outlay	5,150,000	2,450,000	44,250,000	12,200,000
Loans to District of Columbia (stadium fund)	415,800	....	415,800	....
Unclassified expenditure transfers	....	[20] 529,262	....	....
Subtotal expenditures	8,195,276,746	8,205,511,497	88,300,934,938	82,169,120,162
Deduct: Certain interfund transactions[1]	212,215,825	244,911,338	632,954,816	653,952,708
Budget expenditures	7,983,060,921	7,960,600,158	87,667,980,122	81,515,167,453
Budget surplus (+) or deficit (-)	+3,582,821,044	+2,870,123,304	-6,307,612,863	-3,855,742,548

FOOTNOTES

*From 1963 Budget Document released January 18, 1962.

[1] Beginning with the Monthly Statement for July 1960, and incorporated in the final statement for the fiscal year 1960 (released December 6, 1960), totals shown for net budget receipts and budget expenditures exclude certain interfund transactions which are included in the detail of both budget receipts and budget expenditures. The transactions deducted consist mainly of interest payments to the Treasury by Government corporations and agencies that borrow from the Treasury (see Table XIII, page 19 for details). This reporting change does not affect the budget surplus or deficit. The interfund transactions deducted under this procedure do not include payments to the Treasury by wholly-owned Government corporations for retirement of their capital stock and for disposition of earnings. These capital transfers have been excluded from budget receipts and expenditures since July 1, 1948.

[2] Figures have been revised to exclude certain interfund transactions. See footnote 1.

[3] For details of deductions from receipts see Table III, page 2 and for details of deductions from expenditures see Table X, page 16.

[4] For details see Table III.

[5] Transactions cover the period July 1, 1961 through June 30, 1962, and are partially estimated.

[a] Includes debt not subject to statutory limitation, which on June 30, 1962 amounted to $433,274,382. The statutory debt limitations in effect during the period covered by this table and the date when each became effective are as follows: $290 billion on June 30, 1959; $295 billion on July 1, 1959; $293 billion on July 1, 1960. From July 1, 1961 to March 13, 1962, $298 billion; for the remainder of the fiscal year 1962 the limit is $300 billion.

Footnotes continued on page 13

Classification RECEIPTS	This month	Corresponding month last year	Fiscal Year 1962 to date	Corresponding period fiscal year 1961
Legislative Branch:				
Payments from general fund	$89,264	$89,262	$179,326	$179,324
Other	146,231	143,397	1,262,696	1,452,277
The Judiciary:				
Judicial survivors annuity fund:				
Contributions	97,260	81,762	553,569	502,559
Interest on investments	2,209	4,652	59,870	48,604
Funds appropriated to the President	50,609,545	29,431,160	356,258,429	229,713,385
Agriculture Department:				
Food stamps issued:				
Payments from general fund	1,082,052	381,008	13,152,663	381,008
Receipts from sales	1,933,429	427,390	21,833,151	427,390
Other	3,869,428	4,526,143	45,577,669	41,382,933
Commerce Department:				
Highway trust fund:				
Transfers from general fund receipts	233,200,000	238,400,000	3,079,993,030	2,923,240,921
Less refunds of taxes	....	....	-131,302,902	-125,703,141
Advances from general fund	....	....	....	60,000,000
Less return of advances to the general fund	....	....	....	-60,000,000
Interest on investments	4,228,156	1,865,258	6,772,167	2,017,718
Total--Highway trust fund	237,428,156	240,265,258	2,955,462,295	2,799,555,499
Other	847,022	687,154	11,075,603	28,502,687
Defense Department:				
Military functions	1,346,125	1,026,047	5,051,539	3,845,360
Civil functions:				
Payments from general fund	....	....	2,848,975	2,740,336
Other	2,588,009	3,648,885	24,388,959	19,952,794
Health, Education, and Welfare Department	100,739	8,358	510,958	544,841
Interior Department:				
Indian tribal funds	4,329,739	3,170,522	40,198,924	114,130,249
Payments from general fund	4,193	19,199	40,430,445	22,636,661
Other	765,156	669,715	14,410,314	11,904,708
Labor Department:				
Transfer from unemployment trust fund	....	+506	....	+506
Other	1,471	496	71,634	85,085
State Department:				
Foreign Service retirement and disability fund:				
Deductions from salaries and other receipts	240,405	451,438	5,688,668	3,540,476
Employing agency contributions	214,014	....	2,747,514	2,540,000
Receipts from Civil Service retirement and disability fund	32,446	....	258,476	....
Interest on investments	1,267,306	1,158,394	1,368,766	1,247,307
Other	86,901	7,485	372,093	291,043
Treasury Department--Health, Education, and Welfare programs:				
Federal disability insurance trust fund:				
Transfers from general fund receipts:				
Appropriated	87,448,520	101,805,747	955,449,632	962,812,407
Unappropriated	-2,003,528	....	996,471	....
Less refunds of taxes	....	....	-11,907,500	-9,500,000
Deposits by States	3,974,993	4,556,672	77,281,658	68,689,641
Payments from railroad retirement account	....	....	....	....
Interest and profits on investments	30,995,062	29,341,066	69,956,452	61,486,814
Total--Federal disability insurance trust fund	120,415,048	135,703,487	1,091,776,715	1,083,488,862
Federal old-age and survivors insurance trust fund:				
Transfers from general fund receipts:				
Appropriated	933,842,964	1,025,183,984	10,714,781,548	10,623,470,761
Unappropriated	-6,308,040	....	26,691,959	....
Less refunds of taxes	....	....	-129,760,000	-86,240,000
Deposits by States	-3,161,080	42,552,322	869,137,855	755,444,850
Interest and profits on investments	195,623,715	205,713,881	539,048,987	530,226,255
Other	9,555	5,586	2,275,197	998,976
Total--Federal old-age and survivors insurance trust fund	1,120,007,114	1,273,455,775	12,022,175,548	11,823,900,844
Treasury Department--Labor programs:				
Unemployment trust fund:				
Employment security administration account:				
Transfers (Federal unemployment taxes):				
Appropriated	2,474,000	975,000	457,257,583	345,979,586
Unappropriated	-999,844	123,807	372,689	592,758
Less refunds of taxes	-550,812	-323,810	-4,991,080	-2,195,526
Advances from general (revolving) fund	79,500,000	43,500,000	313,400,000	301,500,000
Less return of advances to the general fund	....	....	-285,400,000	-250,000,000
State accounts--deposits by States	24,658,241	49,190,650	2,729,719,346	2,398,100,356
Federal unemployment account--less transfer of receipts to Labor	....	-506	....	-506
Railroad unemployment insurance account:				
Deposits by Railroad Retirement Board	31,685,606	30,610,100	147,111,229	152,708,817
Advances from railroad retirement account	....	....	101,470,000	132,345,000
Advances from general fund	....	5,000,000	7,000,000	13,000,000
Railroad unemployment insurance administration fund:				
Deposits by Railroad Retirement Board	1,667,556	1,723,519	8,148,065	8,599,227
Federal extended compensation account:				
Advances from general fund	7,614,516	268,138,622	332,921,543	498,138,622
Interest and profits on investments	58,803,993	73,033,944	172,554,614	204,487,839
Total--Unemployment trust fund	204,853,258	471,971,327	3,979,563,992	3,803,256,175
Treasury Department--other	1,439,879	1,697,535	15,785,556	15,748,410
Federal Aviation Agency	....	....	....	3,500
General Services Administration	575,000	157,500	1,986,514	833,065
National Aeronautics and Space Administration	....	....	....	....

Classification RECEIPTS--Continued	This month	Corresponding month last year	Fiscal Year 1962 to date	Corresponding period fiscal year 1961
Veterans Administration:				
Government life insurance fund:				
Premiums and other receipts	$1,763,129	$1,060,549	$18,757,207	$19,688,590
Payments from general fund	12,851	21,908	166,114	179,697
Interest on investments	35,204,716	36,764,688	36,044,092	37,829,919
National service life insurance fund:				
Premiums and other receipts	39,806,832	42,178,586	484,893,622	483,795,509
Payments from general fund	455,642	987,134	6,885,153	8,448,898
Interest on investments	172,942,233	172,058,061	174,202,471	175,394,965
Other	167,926	177,652	1,941,751	1,719,904
Total--Veterans Administration	250,353,332	253,248,581	722,890,412	727,057,484
Other independent agencies:				
Civil Service Commission:				
Civil Service retirement and disability fund:				
Deductions from employees' salaries, etc	73,659,905	86,340,784	851,145,250	843,763,699
Payments from other funds:				
Employing agency contributions	73,667,014	86,348,925	851,250,975	843,859,004
Federal contribution	....	....	44,637,000	46,329,000
Voluntary contributions, donations, etc	1,230,873	1,082,812	12,375,466	11,881,679
Interest and profits on investments	277,355,634	242,314,882	315,847,525	280,175,819
Total--Civil Service Commission	425,913,427	416,087,405	2,075,256,217	2,026,009,203
Railroad Retirement Board:				
Railroad retirement account:				
Transfers (Railroad Act taxes):				
Appropriated	51,771,119	53,597,771	559,703,967	570,165,005
Unappropriated	4,745,875	-9,071,057	10,231,672	547,987
Fines and penalties	....	....	....	250
Interest and profit on investments	78,264,053	85,346,597	107,412,925	110,920,670
Interest on advances to railroad unemployment insurance account	10,951,312	551,126	12,389,796	1,020,481
Repayment of advances to railroad unemployment insurance account	....	12,165,000	24,825,000	31,205,000
Payment from Federal old-age and survivors and Federal disability insurance trust funds	371,818,000	336,882,000	371,818,000	336,882,000
Total--Railroad Retirement Board	517,550,360	479,471,438	1,086,381,362	1,050,741,395
Other	-101,240	292,027	61,442	492,171
District of Columbia:				
Revenues from taxes, etc	12,305,033	12,336,331	220,125,877	206,667,000
Payments from general fund:				
Federal contribution	....	....	32,753,000	30,233,000
Advances for general expenses	3,000,000	8,000,000	3,000,000	8,000,000
Less return of advances to general fund	....	....	-8,000,000	....
Loans for capital outlay	5,150,000	2,450,000	44,250,000	12,200,000
Other loans and grants	1,645,072	757,123	29,753,110	23,981,429
Total trust fund receipts	2,970,187,396	3,341,826,776	24,861,522,297	24,098,217,585
Increment from reduction in weight of gold dollar	709	-15,993	17,253	-15,085
Subtotal receipts	2,970,188,106	3,341,810,782	24,861,539,551	24,098,202,500
Deduct: Certain interfund transactions [21]	383,837,544	351,859,743	525,188,981	514,738,367
Net receipts	2,586,350,561	2,989,951,038	24,336,350,569	23,583,464,132
EXPENDITURES				
Legislative Branch	115,591	126,317	1,348,271	1,332,834
The Judiciary--Judicial survivors annuity fund	82,006	30,834	392,107	347,110
Funds appropriated to the President	50,091,251	28,583,487	362,757,800	192,075,828
Agriculture Department:				
Food stamps redeemed	2,933,500	642,648	34,414,334	642,648
Trust enterprise funds (net)	36,585	1,052,499	1,146,051	27,443
Other	8,198,047	3,741,801	56,506,983	40,758,774
Commerce Department:				
Highway trust fund:				
Federal-Aid Highways	330,631,576	238,489,287	2,784,273,081	2,619,170,183
Interest payment on advances from general fund	....	....	....	543,457
Total--Highway trust fund	330,631,576	238,489,287	2,784,273,081	2,619,713,640
Other	2,294,440	5,286,033	38,275,918	40,098,215
Defense Department:				
Military functions	344,388	326,640	4,863,752	4,724,954
Civil functions:				
Trust enterprise funds (net)	-802	-504	-3,618	7,773
Other	3,180,960	2,360,286	24,230,268	17,856,036
Health, Education, and Welfare Department	19,021	28,187	259,355	309,185
Interior Department:				
Indian tribal funds	6,730,395	7,024,702	63,969,847	137,431,157
Other	785,121	1,290,301	13,223,313	12,132,395
Justice Department (net):				
Alien property activities	190,154	956,312	5,437,746	2,826,324
Federal Prison System commissary funds	-9,310	4,173	-27,716	8,004

Classification EXPENDITURES--Continued	This month	Corresponding month last year	Fiscal Year 1962 to date	Corresponding period fiscal year 1961
Labor Department:				
Bureau of Employment Security	....	....	....	$506
Other	$21,776	$29,042	$56,945	166,848
State Department:				
Foreign Service retirement and disability fund	685,886	412,860	5,524,901	4,253,250
Other	27,435	27,202	365,234	440,061
Treasury Department-Health, Education, and Welfare programs:				
Federal disability insurance trust fund:				
Administrative expenses--reimbursement to Federal old-age and survivors insurance trust fund	....	....	62,477,257	34,052,915
Payments to general fund--administrative expenses	299,124	270,684	3,654,157	3,122,289
Benefit payments	91,170,890	73,680,197	1,011,375,704	703,995,671
Payment to Railroad Retirement Board	11,030,000	5,148,000	11,030,000	5,148,000
Total--Federal disability insurance trust fund	102,500,014	79,098,882	1,088,537,118	746,318,876
Federal old-age and survivors insurance trust fund:				
Administrative expenses-Bureau of Old-Age and Survivors Insurance	24,859,097	22,170,122	263,505,759	223,647,587
Reimbursement of administrative expenses from Federal disability insurance trust fund	....	....	-60,272,599	-33,176,322
Payments to general fund--administrative expenses	3,388,501	3,449,327	45,251,593	43,760,039
Payment to Railroad Retirement Board	360,788,000	331,734,000	360,788,000	331,734,000
Benefit payments	1,113,641,855	985,828,723	12,657,836,079	11,184,531,124
Construction	275,033	316,064	3,077,661	1,779,643
Total--Federal old-age and survivors insurance trust fund	1,502,952,488	1,343,498,237	13,270,186,495	11,752,276,072
Treasury Department-Labor programs:				
Unemployment trust fund:				
Employment security administration account:				
Salaries and expenses, Bureau of Employment Security	764,732	739,075	10,029,114	7,738,718
Grants to States for unemployment compensation and employment service administration	121,507,310	38,544,427	467,585,610	374,975,294
Payments to general fund:				
Reimbursements for administrative expenses	54,201	129,867	5,067,327	5,100,863
Interest on refunds of taxes	9,972	5,947	57,482	49,563
Payment of interest on advances from general (revolving) fund	....	2,910,388	3,471,482	2,910,388
Railroad unemployment insurance account:				
Benefit payments	10,639,825	16,555,566	201,623,281	251,710,635
Temporary extended railroad unemployment benefits	369,506	4,571,254	9,287,538	10,017,469
Repayment of advances to railroad retirement account	....	12,165,000	24,825,000	31,205,000
Payment of interest on advances from railroad retirement account	10,951,312	551,126	12,389,796	1,020,481
Repayment of advances from general fund	2,084,446	....	2,454,882	....
Railroad unemployment insurance administration fund:				
Administrative expenses	561,074	690,503	9,261,865	9,738,720
State accounts:				
Withdrawals by States	188,456,965	242,446,524	2,856,583,023	3,558,073,949
Reimbursements from Federal extended compensation account	-1,514,516	-6,104,161	-37,786,101	-6,104,161
Federal extended compensation account:				
Temporary extended unemployment compensation payments	3,983,320	264,969,774	303,932,269	481,151,560
Reimbursement to State accounts	1,514,516	6,104,161	37,786,101	6,104,161
Repayment of advances from general fund	....	....	....	....
Total--Unemployment trust fund	339,382,667	584,279,454	3,906,568,676	4,733,692,644
Treasury Department--other	1,337,738	1,395,071	17,904,522	16,724,179
Federal Aviation Agency	86,513	3,718	135,250	107,918
General Services Administration:				
Trust enterprise funds (net)	-33,475	-9,394	-40,171	-48,769
Other	250,448	187,550	1,720,352	773,226
Housing and Home Finance Agency:				
Federal National Mortgage Association:				
Loans for secondary market operations (net)	20,820,000	9,610,000	....	-16,000,000
Other (net)	-46,273,203	-3,909,743	322,879,999	-72,897,544
National Aeronautics and Space Administration	-12	-450	-575	-453
Veterans Administration:				
Government life insurance fund-Benefits, refunds and dividends	6,990,023	13,760,837	96,120,629	93,757,337
National service life insurance fund-Benefits, refunds and dividends	50,553,751	69,961,927	629,237,921	707,467,380
Other	161,017	168,884	1,714,035	1,818,052
Other independent agencies:				
Civil Service Commission:				
Civil service retirement and disability fund	91,743,793	82,756,271	1,057,635,390	951,038,778
Employees health benefits fund (net)	-2,279,871	-7,957,022	-10,814,734	-23,263,233
Employees life insurance fund (net)	-23,479,118	-5,570,648	-70,282,684	-50,923,903
Retired employees health benefits fund (net)	1,146,953	2,089	-90,623	-1,622,910
Total--Civil Service Commission	67,131,756	69,230,689	976,447,347	875,228,730

Classification EXPENDITURES--Continued	This month	Corresponding month last year	Fiscal Year 1962 to date	Corresponding period fiscal year 1961
Other independent agencies--Continued				
National Capital Housing Authority (net)	-$413,921	-$263,906	$114,265	$321,968
Railroad Retirement Board:				
Railroad retirement account:				
Administrative expenses	870,057	1,296,382	9,038,531	9,948,076
Benefit payments, etc.	87,664,964	83,604,991	1,023,947,718	981,839,329
Payment to Federal old-age and survivors and disability insurance trust funds	....	....	....	....
Advances to railroad unemployment insurance account	....	....	101,470,000	132,345,000
Interest on refunds of taxes	4,464	....	4,706	66
Total--Railroad Retirement Board	88,539,487	84,901,374	1,134,460,956	1,124,132,471
Other:				
Trust enterprise funds (net)	-12,029	-12	-10,572	7,916
Other	-2,907	5,291	159,092	374,983
District of Columbia	33,469,048	25,301,335	333,375,891	302,517,657
Deposit fund accounts (net):				
District of Columbia	672,494	138,228	474,801	-576,851
Government sponsored enterprises:				
Investments in public debt securities, net investment (+) or sales (-)	-71,124,000	-99,500,000	+37,918,600	+434,189,800
Sales and redemptions of obligations in market, net sales (-) or redemptions (+)	-293,097,000	-218,313,200	-1,121,188,200	-195,417,200
Other	354,515,668	314,889,593	1,069,618,048	-223,572,370
Indian tribal funds	1,305,420	-2,839,472	3,404,996	1,274,930
Other	78,799,289	169,568,163	-523,752,152	175,476,974
Total trust and deposit fund expenditures	2,644,869,306	2,731,575,176	24,643,001,909	23,533,100,928
Payment of melting losses on gold	....	....	....	17
Subtotal expenditures	2,644,869,306	2,731,575,176	24,643,001,909	23,533,100,946
Deduct: Certain interfund transactions[21]	383,837,544	351,859,743	525,188,981	514,738,367
Net expenditures	2,261,031,762	2,379,715,432	24,117,812,927	23,018,362,579
Excess of trust and other receipts (+) or expenditures (-)	+325,318,799	+610,235,606	+218,537,641	+565,101,553

Continued from page 9.

FOOTNOTES

[6] Distribution between income taxes and employment taxes made in accordance with provisions of Sec. 201 of the Social Security Act as amended for transfer to the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund.

[7] "Individual income taxes withheld" have been decreased $89,396,946 to correct estimates for quarter ending September 1961 and prior and "Individual income taxes other" have been increased $11,688,431 to correct estimates for calendar year 1960 and prior. The total of the above adjustments ($-77,708,515) is shown as a decrease of employment taxes under "Federal Insurance Contributions Act and Self-Employment Contributions Act" representing decreases in appropriations of $70,157,036 for the Federal Old-Age and Survivors Insurance Trust Fund and $7,551,479 for the Federal Disability Insurance Trust Fund.

[8] Beginning with the statement for January 1962, amounts representing refunds of principal for overpayment of taxes formerly reported net of reimbursements from trust fund accounts are now shown on a gross basis. These reimbursements to Internal Revenue Service for refunds are now included and netted with amounts shown for transfers to the respective trust fund accounts.

[9] Represents appropriations of receipts under the Federal Unemployment Tax Act to the Unemployment Trust Fund as provided under Sec. 901(b) of the Social Security Act, as amended September 13, 1960.

[10] Classifications in this statement have been revised to agree with classifications in the 1963 Budget Document. Where no figures appear on certain lines there was either no activity reported or comparative figures are not available on account of changes in classification.

[11] Includes $13,152,663 transferred to Agriculture Department, Food Stamp Program (Sec. 32 of the Act of August 24, 1935, as amended, 7 USC 612). See page 10.

[12] Represents residual of gross receipts and expenditures after reduction for certain costs which are included in amounts shown for special activities.

[13] Includes certain costs transferred from price support operations for which expenditures may have been made in prior years, in addition to adjustments for prior months' transactions.

[14] The greater part of Bureau of Public Roads expenditures are made from Highway Trust Fund, page 11.

[15] Represents estimated adjustments to reclassify expenditures for comparability with the latest budget appropriation structure. These adjustments are made between the major categories of expenditures and, therefore, do not affect the total expenditures for military functions. Amounts shown for the respective Departments represent the expenditures as recorded in books of account of the Departments and do not include any adjustments for comparability.

[16] Represents net cash transactions under provisions of Sec. 2(a)(3) of Public Law 85-141, approved August 14, 1957.

[17] Gives effect to reimbursements collected for administrative support furnished to other agencies amounting to approximately $84,726,635.

[18] Expenditures are stated on an accrual basis.

Continued on page 19.

TABLE V--INVESTMENTS OF GOVERNMENT AGENCIES IN PUBLIC DEBT SECURITIES (NET)

(Including certain guaranteed securities)

Classification	This month	Corresponding month last year	Fiscal Year 1962 to date	Corresponding period fiscal year 1961
Public enterprise funds:				
Federal National Mortgage Association:				
Public debt securities (management and liquidating functions)	....	....	....	....
Guaranteed securities	$344,200	$1,239,700	[22] $45,145,700	$7,527,650
Federal Housing Administration:				
Public debt securities	5,375,000	7,560,000	-32,198,000	97,489,000
Guaranteed securities	....	....	....	....
Federal Savings and Loan Insurance Corporation	134,000,000	4,000,000	239,000,000	34,000,000
Tennessee Valley Authority	-34,000,000	-32,000,000	-29,200,000	-12,089,000
Other	3,141,000	4,367,000	-18,319,800	21,667,000
Total public enterprise funds	108,860,200	-14,833,300	204,427,900	148,594,650
Trust accounts, etc.:				
Judicial survivors annuity fund	15,000	44,000	215,500	210,000
Highway trust fund	18,719,000	79,139,000	201,901,000	232,699,000
Foreign service retirement and disability fund	1,248,000	1,140,000	4,530,000	3,002,000
Federal disability insurance trust fund	37,730,900	48,155,719	20,562,039	284,712,842
Federal old-age and survivors insurance trust fund	-341,430,844	-233,880,410	-1,088,851,504	-225,331,046
Unemployment trust fund	-117,954,051	-124,006,228	72,131,867	-951,991,111
Federal National Mortgage Association:				
Secondary market operations:				
Public debt securities	....	....	....	....
Guaranteed securities	6,247,600	-508,300	34,872,800	252,750
Veterans life insurance funds:				
Government life insurance fund	27,217,000	23,393,000	-43,624,000	-35,107,000
National service life insurance fund	163,831,000	137,782,000	44,158,000	-43,718,000
Civil Service Commission:				
Civil service retirement and disability fund	331,413,000	338,983,000	1,029,746,000	1,059,787,000
Employees health benefits fund	987,000	921,000	11,175,000	12,324,000
Employees life insurance fund	300,000	19,217	50,925,000	47,021,217
Retired employees health benefits fund	-1,129,000	....	1,631,000	....
Railroad retirement account	422,805,000	404,761,000	-62,549,000	-78,258,000
Other	-6,878,950	-7,478,070	-35,992,775	-19,275,170
Total trust accounts, etc.	543,120,655	668,464,927	240,830,927	286,328,482
Net investments, or sales (-)	651,980,855	653,631,627	445,258,827	434,923,132
MEMORANDUM[23] (Included in Table IV)				
Government sponsored enterprises:				
Banks for cooperatives	-9,000	-2,000,000	-2,990,000	3,027,500
Federal Deposit Insurance Corporation	4,000,000	5,000,000	154,300,000	147,521,000
Federal home loan banks	-75,130,000	-101,000,000	-113,995,000	286,990,000
Federal intermediate credit banks	15,000	....	2,803,600	1,486,300
Federal land banks	....	-1,500,000	-2,200,000	-4,835,000

TABLE VI--SALES AND REDEMPTIONS OF OBLIGATIONS OF GOVERNMENT AGENCIES IN MARKET (NET)

Classification	This month	Corresponding month last year	Fiscal Year 1962 to date	Corresponding period fiscal year 1961
Public enterprise funds:				
Guaranteed by the United States:				
Federal Farm Mortgage Corporation in liquidation	$200	$1,000	$3,800	$19,300
Federal Housing Administration	-14,151,600	-14,821,250	-204,026,950	-81,077,500
Home Owners' Loan Corporation	9,925	1,325	19,575	8,625
Not guaranteed by the United States:				
Federal National Mortgage Association (management and liquidating functions)	....	3,000	21,000	797,333,000
Home Owners' Loan Corporation	150	....	1,450	75
Tennessee Valley Authority	....	....	-95,000,000	-50,000,000
Trust enterprise funds:				
Guaranteed by the United States:				
District of Columbia stadium fund	....	....	....	-19,324,000
Not guaranteed by the United States:				
Federal National Mortgage Association (secondary market operations)	8,740,000	-14,207,000	-358,710,000	85,622,000
Net redemptions, or sales (-)	-5,401,325	-29,022,925	-657,691,125	732,581,500
MEMORANDUM[23] (Included in Table IV)				
Government sponsored enterprises:				
Not guaranteed by the United States:				
Banks for cooperatives	11,485,000	19,920,000	-46,510,000	-51,925,000
Federal home loan banks	-231,225,000	-99,520,000	-750,340,000	200,315,000
Federal intermediate credit banks	-74,420,000	-62,300,000	-131,995,000	-123,695,000
Federal land banks	1,063,000	-76,413,200	-192,343,200	-220,112,200

See footnotes on page 19

TABLE VII--CHANGES IN THE PUBLIC DEBT

(Includes exchanges)

Classification	This month	Corresponding month last year	Fiscal Year 1962 to date	Corresponding period fiscal year 1961
Increase (+) or decrease (-) in the gross public debt:				
Public issues:				
Marketable obligations	-$2,025,865,257	-$1,733,911,465	+$9,042,404,429	+$3,249,385,048
Non-marketable obligations	+406,092,968	+19,792,909	+204,737,108	-743,392,168
Total public issues	-1,619,772,288	-1,714,118,555	+9,247,141,537	+2,505,992,879
Special issues	+647,395,000	+539,783,000	-104,195,000	+143,641,000
Other obligations	-740,149	-366,676	+86,937,573	-9,456,118
Change in gross public debt	-973,117,437	-1,174,702,231	+9,229,884,110	+2,640,177,761

TABLE VIII--EFFECT OF OPERATIONS ON PUBLIC DEBT

Budget surplus (-) or deficit (+)	-$3,582,821,044	-$2,870,123,304	+$6,307,612,863	+$3,855,742,548
Excess of trust and other receipts (-) or expenditures (+)	-325,318,799	-610,235,606	-218,537,641	-565,101,553
Excess of investments (+) or sales (-) of Government agencies in public debt securities (net)	+651,980,855	+653,631,627	+445,258,827	+434,923,132
Excess of redemptions (+) or sales (-) of obligations of Government agencies in market (net)	-5,401,325	-29,022,925	-657,691,125	+732,581,500
Increase (-) or decrease (+) in checks outstanding and deposits in transit (net) and other accounts	-470,257,723	-235,745,831	[24] -533,351,464	-278,833,491
Increase (-) or decrease (+) in public debt interest accrued [25]	+512,205,598	+616,799,701	-35,444,036	-6,312,394
Increase (+) or decrease (-) in cash held outside Treasurer's account [26]	-43,355,594	-232,460,728	+185,763,092	-222,200,934
Increase (+) or decrease (-) in balance of Treasurer's account	+2,289,850,596	+1,532,454,833	+3,736,273,595	-1,310,621,044
Increase (+) or decrease (-) in public debt	-973,117,437	-1,174,702,231	+9,229,884,110	+2,640,177,761
Gross debt at beginning of period	299,173,940,158	290,145,640,841	288,970,938,610	286,330,760,848
Gross public debt at end of period	298,200,822,720	288,970,938,610	298,200,822,720	288,970,938,610
Guaranteed obligations of Government agencies, not owned by Treasury	444,218,925	240,215,450	444,218,925	240,215,450
Total public debt and guaranteed obligations	298,645,041,645	289,211,154,060	298,645,041,645	289,211,154,060
Deduct: Debt not subject to statutory limitation	433,274,382	349,291,529	433,274,382	349,291,529
Total debt subject to statutory limitation	298,211,767,263	288,861,862,530	298,211,767,263	288,861,862,530

TABLE IX--BUDGET EXPENDITURES BY MAJOR FUNCTIONS [27]

(Figures are rounded in millions of dollars and may not add to totals)

Function	Actual Fiscal Year 1962	Actual Fiscal Year 1961	Actual Fiscal Year 1960
National defense	$51,082	$47,494	$45,691
International affairs and finance	2,703	2,500	1,832
Space research and technology	1,257	744	401
Agriculture and agricultural resources	6,041	5,173	4,882
Natural resources	2,133	2,006	1,714
Commerce and transportation	2,754	2,573	1,963
Housing and community development	335	320	122
Health, labor, and welfare	4,425	4,244	3,690
Education	1,076	943	866
Veterans benefits and services	5,404	5,414	5,266
Interest	9,218	9,050	9,266
General government	1,874	1,709	1,542
Total	88,301	82,169	77,233
Less: Certain interfund transactions [1]	633	654	694
Budget expenditures	87,668	81,515	76,539

TABLE X--SUPPLEMENTARY TABLE OF RECEIPTS AND EXPENDITURES OF PUBLIC ENTERPRISE (REVOLVING) FUNDS-- JUNE 30, 1962

(Included in expenditures in Table III on a net basis)

Classification	Fiscal year 1962 to date			Corresponding fiscal year 1961
	Receipts	Expenditures	Net receipts (-) or expenditures	Net receipts (-) or expenditures
Funds appropriated to the President:				
Expansion of defense production	$62,116,363	$73,341,930	$11,225,567	-$12,395,899
Foreign assistance-economic:				
Development loan funds	9,963,562	429,742,336	419,778,774	258,413,699
Foreign investment guarantee fund	2,312,666	663,053	-1,649,612	-1,672,830
Total--Funds appropriated to the President	74,392,591	503,747,320	429,354,729	244,344,969
Agriculture Department:				
Commodity Credit Corporation:				
Price support, supply, and related programs, and special milk [12]	2,710,192,815	5,246,962,356	2,536,769,541	1,417,528,868
Special activities financed by Commodity Credit Corporation [13]	39,162,324	113,118,391	73,956,066	1,989,080,738
Federal Crop Insurance Corporation	14,916,202	14,251,214	-664,988	-6,800,513
Farmers Home Administration:				
Direct loan account, revolving fund	317,695,051	311,250,139	-6,444,911	....
Emergency credit revolving fund	30,505,929	65,946,512	35,440,582	1,475,377
Agricultural credit insurance fund	120,117,194	112,900,809	-7,216,385	-6,143,952
Total--Agriculture Department	3,232,589,518	5,864,429,423	2,631,839,905	3,395,140,519
Commerce Department:				
General administration	548	-6,434	-6,982	-7,447
Area redevelopment	1,059	18	-1,041	....
Inland Waterways Corporation	854,084	206	-853,877	-393
Maritime Administration	8,373,894	5,871,163	-2,502,731	-2,260,494
Total--Commerce Department	9,229,586	5,864,953	-3,364,633	-2,268,335
Defense Department:				
Military functions:				
Secretary of Defense	66,973,961	95,364,635	28,390,674	38,737,505
Army:				
Defense housing	229,337	203,993	-25,344	-24,586
Defense production guarantees	213,789	83,029	-130,759	-242,672
Navy:				
Defense production guarantees	2,767,308	5,794,932	3,027,624	-479,785
Other	1,227,176	1,136,906	-90,269	-136,589
Air Force--Defense production guarantees	9,722,580	5,968,338	-3,754,241	-544,384
Civil defense procurement fund	117,793	142,504	24,710	-64,291
Total--Military functions	81,251,946	108,694,340	27,442,393	37,245,195
Civil functions:				
Army:				
Panama Canal Company	113,839,075	115,963,677	2,124,602	5,902,416
Total--Defense Department	195,091,022	224,658,017	29,566,995	43,147,612
Health, Education, and Welfare Department:				
Public Health Service--Operation of commissaries, narcotic hospitals	231,364	233,231	1,867	-8,655
Social Security Administration--Operating funds, Bureau of Federal Credit Unions	3,986,617	3,824,577	-162,039	-139,072
Total--Health, Education, and Welfare Department	4,217,981	4,057,809	-160,172	-147,728
Interior Department:				
Bureau of Indian Affairs:				
Revolving fund for loans	2,602,674	4,389,239	1,786,564	266,261
Hoonah Housing project liquidation	5,490	2,633	-2,856	689
Office of Territories--Loans to private trading enterprises, Trust Territory of the Pacific Islands	43,748	49,983	6,234	-34,485
Alaska Railroad revolving fund	17,394,056	16,031,100	-1,362,956	-109,316
Bureau of Mines--Development and operation of helium properties	16,257,664	17,212,782	955,117	941,397
Fish and Wildlife Service--Bureau of Commercial Fisheries	2,046,472	2,999,161	952,689	1,171,912
Bureau of Reclamation:				
Ft. Peck project, Montana	3,428,132	941,986	-2,486,145	-1,547,065
Upper Colorado River Basin fund	2,018,365	94,271,054	92,252,689	56,978,620
Virgin Islands Corporation	4,523,571	6,140,464	1,616,892	3,483,750
Total--Interior Department	48,320,175	142,038,406	93,718,230	61,151,763
Labor Department:				
Advances to employment security administration account, unemployment trust fund	....	24,528,517	24,528,517	48,589,611
Farm labor supply revolving fund	3,075,275	2,709,180	-366,095	-788,218
Total--Labor Department	3,075,275	27,237,698	24,162,422	47,801,392
Post Office Department--Postal fund	3,606,726,668	4,331,485,559	[5] 724,758,890	864,984,797
Treasury Department:				
Office of the Secretary:				
Reconstruction Finance Corporation liquidation fund	1,456,785	76,603	-1,380,181	-3,951,550
Federal Farm Mortgage Corporation liquidation fund	....	-274,101	-274,101	....
Civil defense program fund	156,922	19,295	-137,626	-137,474

See footnotes on pages 9 and 13

TABLE X--SUPPLEMENTARY TABLE OF RECEIPTS AND EXPENDITURES OF PUBLIC ENTERPRISE (REVOLVING) FUNDS--JUNE 30, 1962--Continued

Classification	Fiscal year 1962 to date			Corresponding fiscal year 1961
	Receipts	Expenditures	Net receipts (-) or expenditures	Net receipts (-) or expenditures
Treasury Department--Continued				
Bureau of Accounts--Government losses in shipment fd.	....	$67,252	$67,252	$86,093
Office of the Treasurer--Check forgery insurance fund..	$262,952	262,871	-80	10,849
Total--Treasury Department	1,876,659	151,921	-1,724,737	-3,992,081
General Services Administration:				
Defense materials activities	91,282	5,326	-85,955	-653,189
General activities	249,572	54,296	-195,275	-1,864,417
Total--General Services Administration	340,854	59,623	-281,231	-2,517,607
Housing and Home Finance Agency:				
Office of the Administrator:				
College housing loans	53,884,880	281,226,088	227,341,207	198,175,318
Liquidating programs	5,940,618	289,661	-5,650,957	-87,622,468
Urban renewal fund	77,196,873	304,145,563	226,948,690	144,537,576
Other	10,470,732	40,955,109	30,484,377	9,955,039
Federal National Mortgage Association:				
Subscription to capital stock, secondary market oper.	....	....	....	16,000,000
Loans for secondary market operations	909,540,000	909,540,000	....	....
Management and liquidating functions fund	273,239,742	87,898,737	-185,341,005	-74,447,575
Special assistance functions fund	236,127,036	292,050,829	55,923,793	133,686,908
Federal Housing Administration	318,635,498	519,741,868	201,106,369	-7,230,305
Public Housing Administration	175,799,189	340,629,598	164,830,408	154,985,748
Total--Housing and Home Finance Agency	2,060,834,572	2,776,477,456	715,642,883	488,040,242
Veterans Administration:				
Direct loans to veterans and reserves	182,753,805	275,540,545	92,786,740	152,372,590
Loan guaranty revolving fund	104,062,109	247,596,470	143,534,361	....
Other	77,793,541	91,958,281	14,164,740	-21,262,283
Total--Veterans Administration	364,609,456	615,095,297	250,485,841	131,110,307
Other independent agencies:				
Export-Import Bank of Washington	898,726,210	999,812,755	101,086,544	37,390,336
Farm Credit Administration:				
Federal Farm Mortgage Corporation fund	693,564	598	-692,966	-1,736,474
Short-term credit investment fund[19]	365,000	3,900,000	3,535,000	3,910,000
Banks for cooperatives investment fund	11,469,900	....	-11,469,900	-8,052,400
Total--Farm Credit Administration	12,528,464	3,900,598	-8,627,866	-5,878,874
Federal Home Loan Bank Board:				
Federal Savings and Loan Insurance Corporation fund.	248,211,302	1,928,331	-246,282,970	-35,192,004
Other	12,376,175	11,869,782	-506,393	92,511
Saint Lawrence Seaway Development Corporation	3,959,952	4,495,611	535,658	2,477,496
Small Business Administration	178,448,660	389,786,747	211,338,086	95,612,553
Tennessee Valley Authority	276,311,749	379,234,510	102,922,760	38,691,147
United States Information Agency	4,566,065	5,948,776	1,382,711	4,487,231
Total--Other independent agencies	1,635,128,581	1,796,977,112	161,848,531	137,680,399
Total--Public enterprise funds	11,236,432,943	16,292,280,600	5,055,847,656	5,404,476,252

TABLE XI--SUPPLEMENTARY TABLE OF RECEIPTS AND EXPENDITURES OF TRUST ENTERPRISE (REVOLVING) FUNDS--JUNE 30, 1962

(Included in expenditures in Table IV on a net basis)

Classification	Fiscal year 1962 to date			Corresponding fiscal year 1961
	Receipts	Expenditures	Net receipts (-) or expenditures	Net receipts (-) or expenditures
Department of Agriculture:				
Farmers Home Administration	$9,216,456	$10,362,507	$1,146,051	$27,443
Department of Defense - Civil:				
United States Soldiers' Home	118,502	114,884	-3,618	7,773
Department of Justice:				
Alien property activities	1,646,620	7,084,366	5,437,746	2,826,324
Federal Prison System--commissary funds	2,351,656	2,323,939	-27,716	8,004
General Services Administration:				
Records activities: National Archives trust fund	421,777	381,605	-40,171	-48,769
Housing and Home Finance Agency:				
Federal National Mortgage Association:				
Loans for secondary market operations	909,540,000	909,540,000	....	-16,000,000
Other	629,728,652	952,608,651	322,879,999	-72,897,544
Other independent agencies:				
Civil Service Commission:				
Employees health benefits fund	342,564,913	331,750,178	-10,814,734	-23,263,233
Employees life insurance fund	190,973,506	120,690,822	-70,282,684	-50,923,903
Retired employees health benefits fund	26,498,708	26,408,085	-90,623	-1,622,910
National Capital Housing Authority	6,090,453	6,204,719	114,265	321,968
Federal Communications Commission	253,711	243,138	-10,572	7,916
Total--trust enterprise funds	2,119,404,958	2,367,712,900	248,307,941	-161,556,929

TABLE XII--COMPARATIVE STATEMENT OF BUDGET RECEIPTS AND EXPENDITURES BY MONTHS OF THE FISCAL YEAR 1962

(Figures are rounded in millions of dollars and may not add to totals.)

Classification	July	August	September	October	November	December	January	February	March	April	May	June	Fiscal Year 1962	Fiscal Year 1961
BUDGET RECEIPTS														
Internal Revenue:														
Individual income taxes withheld	$1,235	$4,654	$2,662	$1,399	$4,767	$2,935	$1,245	$5,124	$2,896	$1,017	$5,287	$2,994	$36,216	$32,978
Individual income taxes--other	245	161	2,017	215	123	428	2,325	786	832	4,330	955	1,985	14,404	13,175
Corporation income taxes	520	382	3,251	408	377	3,322	466	400	5,879	445	469	5,377	21,296	21,765
Excise taxes	975	1,197	983	1,102	1,123	1,013	1,009	967	1,140	959	1,157	1,123	12,749	12,064
Employment taxes	306	1,821	884	241	1,266	505	353	2,080	1,188	745	2,266	1,071	12,726	12,502
Estate and gift taxes	147	158	148	142	126	152	192	133	155	313	203	164	2,034	1,916
Customs	91	98	90	105	106	88	100	85	104	99	104	100	1,171	1,008
Miscellaneous receipts	260	242	249	198	118	537	269	198	161	243	216	500	3,192	4,082
Gross budget receipts	3,779	8,713	10,285	3,811	8,007	8,980	5,959	9,773	12,354	8,153	10,658	13,315	103,786	99,491
Deduct:														
Refunds of receipts:														
Applicable to budget accounts	178	203	185	162	10	67	-69	695	1,812	1,417	1,094	232	5,987	5,752
Applicable to trust accounts	(*)	4	(*)	(*)	75	(*)	142	48	(*)	(*)	6	1	278	224
Transfers to:														
Federal old-age and survivors insurance trust fund	266	1,589	760	212	1,094	418	141	1,489	1,031	672	2,012	928	10,612	10,537
Federal disability ins. trust fund	25	147	69	27	95	40	11	131	88	58	169	85	945	953
Highway trust fund	253	r269	267	258	r231	255	233	207	248	230	264	233	2,949	2,798
Railroad retirement account	14	84	55	1	76	47	11	81	50	13	82	57	570	571
Unemployment trust fund	1	1	r(*)	1	1	r(*)	48	379	19	3	1	1	453	343
Total deductions	737	2,297	1,337	661	1,582	827	517	3,029	3,248	2,392	3,629	1,537	21,793	21,178
Subtotal receipts	3,042	6,416	8,948	3,149	6,425	8,153	5,442	6,744	9,106	5,761	7,029	11,778	81,993	78,313
Less: Certain interfund transactions[1]	59	49	3	9	1	186	84	16	2	7	5	212	633	654
Net budget receipts F.Y. 1962	2,982	6,367	8,945	3,141	6,424	7,967	5,357	6,729	9,104	5,754	7,024	11,566	81,360	77,659
Comparable totals F.Y. 1961	3,128	6,454	8,981	2,823	6,300	7,643	4,846	6,537	8,524	5,125	6,467	10,831	77,659	......
BUDGET EXPENDITURES[10]														
Legislative Branch	12	16	10	13	14	12	16	11	12	11	13	15	153	133
The Judiciary	4	4	4	5	4	5	5	4	5	6	4	6	57	52
Executive Office of the President	6	7	3	-1	2	1	2	2	2	2	1	2	28	69
Funds appropriated to the President:														
Foreign assistance-economic	108	145	155	114	159	165	163	137	188	183	108	149	1,773	1,805
Other	14	8	2	110	63	-5	-1	2	7	8	3	4	216	77
Agriculture Department:														
Special export programs	......	79	233	(*)	111	124	239	168	161	137	163	221	1,637	......
Commodity Credit Corporation	306	471	74	543	246	260	-2	81	175	131	62	263	2,611	3,407
Other	213	213	175	446	183	220	210	176	206	135	124	117	2,420	2,523
Commerce Department	66	43	43	61	46	43	45	51	43	63	51	39	594	498
Defense Department:														
Military functions:														
Office of Secretary of Defense	66	125	98	96	106	97	93	122	74	105	114	98	1,194	1,105
Department of the Army	693	913	889	880	965	993	949	947	1,016	990	1,137	1,019	11,390	10,130
Department of the Navy	946	1,020	967	1,096	1,163	1,139	1,105	1,040	1,188	1,116	1,186	1,322	13,289	12,214
Department of the Air Force	1,474	1,698	1,629	1,696	1,689	1,752	1,727	1,654	1,884	1,698	1,935	2,025	20,863	19,778
Civil defense	(*)	(*)	1	8	5	3	7	6	5	8	34	14	90	(*)
Total Military functions	3,179	3,756	3,585	3,776	3,927	3,984	3,882	3,769	4,168	3,918	4,406	4,477	46,826	43,227
Military assistance	26	52	62	62	107	88	162	98	170	129	122	279	1,357	1,449
Civil functions	64	98	92	99	93	78	75	64	71	77	75	112	999	972
Health, Education, and Welfare Department	325	418	313	361	339	320	420	369	370	351	299	331	4,215	3,685
Interior Department	66	106	92	88	74	68	64	77	72	61	69	71	908	801
Justice Department	23	25	29	22	22	25	24	23	35	19	24	24	294	284
Labor Department	50	78	53	74	125	103	99	-221	54	51	38	109	613	831
Post Office Department	7	93	87	29	46	32	30	87	141	45	74	116	787	914
State Department	80	25	20	39	18	20	31	26	12	12	23	-8	299	258
Treasury Department:														
Interest on the public debt	765	730	727	713	740	781	803	755	733	777	775	842	9,140	8,957
Interest on refunds of receipts, etc.	8	9	13	5	4	7	5	9	4	3	5	5	78	93
Other	74	91	73	115	61	74	102	73	77	75	82	79	975	903
Atomic Energy Commission	232	227	204	226	223	216	245	226	249	254	253	250	2,806	2,713
Federal Aviation Agency	50	72	55	61	52	61	53	54	68	52	56	65	699	638
General Services Administration	24	40	43	36	32	47	51	27	41	29	20	53	444	387
Housing and Home Finance Agency:														
Federal National Mortgage Association:														
Secondary market operations	18	20	-30	70	83	-58	-65	32	-27	-25	1	-21	....	16
Management and liquidating functions	-1	-19	-23	-30	-6	(*)	-9	-14	-30	-8	-22	-22	-185	-74
Special assistance functions	35	4	4	5	-5	4	42	-2	-4	-12	13	-28	56	134
Other	56	58	63	85	46	53	82	83	94	56	100	89	865	427
National Aeronautics and Space Adm	68	89	72	75	97	80	96	101	140	141	155	142	1,257	744
Veterans Administration	422	492	421	449	450	484	503	454	448	437	433	398	5,392	5,401
Other independent agencies:														
Civil Aeronautics Board	7	8	7	7	7	7	8	8	7	8	8	8	91	86
Export-Import Bank of Washington	29	61	87	73	61	-40	16	47	6	53	-285	-7	101	37
National Science Foundation	11	16	14	9	10	11	14	12	12	29	27	19	183	143
Small Business Administration	-6	27	19	13	11	36	17	24	28	15	11	23	219	103
Tennessee Valley Authority	5	12	9	9	12	10	11	25	-17	5	10	11	103	39
U. S. Information Agency	7	17	11	12	11	11	12	11	12	10	11	21	146	121
Other	10	85	-36	28	12	16	16	16	16	58	-81	-68	71	265

TABLE XII--COMPARATIVE STATEMENT OF BUDGET RECEIPTS AND EXPENDITURES BY MONTHS OF THE FISCAL YEAR 1962--Continued

(Figures are rounded in millions of dollars and may not add to totals.)

Classification	July	August	September	October	November	December	January	February	March	April	May	June	Fiscal Year 1962	Fiscal Year 1961
BUDGET EXPENDITURES--Continued														
District of Columbia	$20	$3	$9	$3	$4	$2	$11	$8	*	$1	$2	$9	$72	$50
Unclassified expenditure transfers	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Subtotal expenditures	6,381	7,681	6,774	7,805	7,485	7,346	7,480	6,873	$7,751	7,296	7,234	8,195	88,301	82,169
Deduct: Certain interfund transactions[1]	59	49	3	9	1	186	84	16	2	7	5	212	633	654
Budget expenditures F.Y. 1962	6,322	7,631	6,771	7,796	7,485	7,160	7,395	6,858	7,749	7,289	7,229	7,983	87,668	81,515
Comparable totals F. Y. 1961	6,172	6,803	6,793	6,829	6,773	6,847	6,470	6,236	7,012	6,450	7,169	7,961	81,515	......
Budget surplus (+) or deficit (-) F.Y. 1962	-3,340	-1,265	+2,174	-4,655	-1,060	+807	-2,038	-129	+1,356	-1,535	-205	+3,583	-6,308	-3,856
Comparable totals F. Y. 1961	-3,044	-349	+2,188	-4,006	-473	+796	-1,624	+301	+1,512	-1,325	-702	+2,870	-3,856	......

*Less than $500,000.
[r]Revised due to reclassification.

TABLE XIII--INTERFUND TRANSACTIONS EXCLUDED FROM BOTH NET BUDGET RECEIPTS AND EXPENDITURES--JUNE 30, 1962

Classification	This month	Corresponding month last year	Fiscal Year 1962 to date	Corresponding period fiscal year 1961
Interest payments to the Treasury:				
Funds appropriated to the President	$21,106	$710,175	$7,859,808	$6,140,587
Agriculture Department:				
Commodity Credit Corporation	173,897,803	216,927,865	329,583,958	409,574,897
Farmers Home Administration	332,145	476,380	923,214	1,195,868
Direct loan account	4,823,941	....	8,999,852	....
Commerce Department	....	27,125	9,139	54,250
Defense Department	2,066,680	1,841,010	9,364,406	8,780,538
Health, Education and Welfare Department	....	....	....	....
Interior Department	-171,363	-86,133	3,427,752	3,511,626
Treasury Department	....	51	19,294	25,293
Housing and Home Finance Agency:				
Office of the Administrator	....	....	30,547,360	24,525,873
Federal National Mortgage Association	1,032,348	450,696	114,095,932	91,915,488
Public Housing Administration	....	....	1,127,578	1,102,450
Veterans Administration	....	....	40,049,945	31,990,233
Export-Import Bank of Washington	26,380,989	21,214,594	56,757,420	42,876,620
Saint Lawrence Seaway Development Corporation	550,000	500,000	2,165,000	2,000,000
Small Business Administration	....	....	14,248,587	15,238,423
United States Information Agency	....	....	609,592	1,064,720
Total--Interest payments to the Treasury	208,933,651	242,061,765	619,788,844	639,996,871
Reimbursements:				
Defense Department	2,835,273	2,823,420	12,239,472	13,210,548
Fees and other charges for accounting and auditing services	446,900	26,152	926,500	745,288
Grand total--Interfund transactions[1]	212,215,825	244,911,338	632,954,816	653,952,708

Continued from page 13.

FOOTNOTES

[19] In accordance with Public Law 87-343, October 3, 1961, the investment funds for Federal intermediate credit banks and Production credit associations are combined into "Short term credit investment fund."

[20] Represents expenditure adjustments reported by Regional Disbursing Officers which were not picked up in reports of other officers.

[21] Totals shown for trust receipts and trust expenditures exclude certain inter-trust fund transactions which are included in the detail of both trust receipts and trust expenditures. The transactions deducted consist mainly of financial interchange between trust funds resulting in receipts and expenditures.

[22] Includes investments in amount of $19,767,600 for the Management and Liquidating functions fund and $25,378,100 for the Special Assistance functions fund.

[23] The security transactions of Government-sponsored enterprises are included in deposit fund accounts (net) and excluded from net sales or investments of Government agencies in public debt securities and net sales or redemptions of obligations of Government agencies in the market.

[24] Further breakdown of this classification is not available in time for publication in this statement.

[25] Beginning with the statement for November 1961 and incorporated in the final statement for fiscal year 1961, the increase or decrease in interest checks outstanding, coupons outstanding, and interest payable with principal, are reported in the preceding line classification.

[26] Represents changes in cash on hand, in banks held outside the Treasurer's account, deposits in transit and cash payments not yet covered by vouchers processed through accounts.

[27] Data only on major classifications is available at the time of publication of this statement. For sub-functions see the ensuing issues of (1) Budgetary Appropriations and other Authorizations and (2) the Treasury Bulletin.

TABLE XIV--SUMMARY OF PUBLIC DEBT AND GUARANTEED OBLIGATIONS OUTSTANDING JUNE 30, 1962 AND COMPARATIVE FIGURES FOR JUNE 30, 1961

Title	June 30, 1962		June 30, 1961	
	Average interest rate[1]	Amount outstanding	Average interest rate[1]	Amount outstanding
Public debt:				
Interest-bearing debt:				
Public issues:				
Marketable obligations:	*Percent*		*Percent*	
Treasury bills (regular series)	[2] 2.924	$40,234,145,000.00	[2] 2.586	$35,220,290,000.00
Treasury bills (tax anticipation series)	[2] 2.980	1,801,986,000.00	[2] 2.538	1,502,900,000.00
Certificates of indebtedness (regular series)	3.377	13,547,047,000.00	3.073	13,337,993,000.00
Treasury notes	3.680	65,463,671,000.00	3.704	56,257,146,000.00
Treasury bonds	3.122	75,025,280,650.00	2.829	80,829,778,750.00
Total marketable obligations	3.285	196,072,129,650.00	3.063	187,148,107,750.00
Non-marketable obligations:				
Certificates of indebtedness-Foreign Series	2.488	860,000,000.00	....	....
-Foreign Currency Series	2.717	[4] 74,942,500.00	....	....
United States savings bonds	3.449	47,606,714,140.09	3.408	47,514,265,368.98
Depositary bonds	2.000	137,834,500.00	2.000	116,819,500.00
Treasury bonds - R.E.A. Series	2.000	24,691,000.00	2.000	19,221,000.00
Treasury bonds, investment series	2.726	4,726,997,000.00	2.730	5,830,308,000.00
Total non-marketable obligations	3.364	53,431,179,140.09	3.330	53,480,613,868.98
Total public issues	3.302	249,503,308,790.09	3.122	240,628,721,618.98
Special issues:				
Civil service retirement fund	2.810	11,345,705,000.00	2.637	10,381,384,000.00
Federal Deposit Insurance Corporation	2.000	500,200,000.00	2.000	556,400,000.00
Federal disability insurance trust fund	2.895	2,304,492,000.00	2.826	2,298,952,000.00
Federal home loan banks	2.206	74,000,000.00	2.125	50,000,000.00
Federal Housing Administration funds	2.000	68,523,000.00	2.000	86,163,000.00
Federal old-age and survivors insurance trust fund	2.772	15,073,637,000.00	2.700	16,200,171,000.00
Federal Savings and Loan Insurance Corporation	2.000	181,500,000.00	2.000	138,000,000.00
Foreign service retirement fund	3.958	36,710,000.00	3.956	32,180,000.00
Government life insurance fund	3.520	1,027,809,000.00	3.519	1,071,433,000.00
Highway trust fund	3.250	435,935,000.00	3.000	234,034,000.00
National service life insurance fund	3.088	5,803,529,000.00	3.071	5,759,371,000.00
Postal savings system	2.000	26,000,000.00	....	....
Railroad retirement account	3.000	3,315,785,000.00	3.000	3,503,534,000.00
Unemployment trust fund	3.125	4,656,911,000.00	3.000	4,624,985,000.00
Veterans special term insurance fund	3.125	87,956,000.00	2.875	106,280,000.00
Total special issues	2.891	44,938,692,000.00	2.803	45,042,887,000.00
Total interest-bearing debt	3.239	294,442,000,790.09	3.072	285,671,608,618.98
Matured debt on which interest has ceased	....	437,627,513.76	....	349,355,209.01
Debt bearing no interest:				
International Monetary Fund	....	2,667,000,000.00	....	2,496,000,000.00
International Development Association	....	115,304,400.00	....	57,652,200.00
Inter-American Development Bank	....	55,000,000.00	....	....
Other	....	483,890,017.02	....	396,322,582.06
Total gross public debt	....	298,200,822,720.87	....	288,970,938,610.05
Guaranteed obligations not owned by the Treasury:				
Interest-bearing debt	3.500	443,688,500.00	3.144	239,694,000.00
Matured debt on which interest has ceased	....	530,425.00	....	521,450.00
Total guaranteed obligations not owned by the Treasury	....	444,218,925.00	....	240,215,450.00
Total gross public debt and guaranteed obligations	....	298,645,041,645.87	....	289,211,154,060.05
Deduct debt not subject to statutory limitation	....	433,274,382.65	....	349,291,529.83
Total debt subject to limitation[3]	....	298,211,767,263.22	....	288,861,862,530.22

[1] Beginning with the statement for December 31, 1958, the computed average interest rate on the public debt is based upon the rate of effective yield for issues sold at premiums or discounts. Prior to December 31, 1958, the computed average rate was based upon the coupon rates of the securities. This rate did not materially differ from the rate computed on the basis of effective yield. The Treasury, however, announced on November 18, 1958, that there may be more frequent issues of securities sold with premiums or discounts whenever appropriate. This "effective-yield" method of computing the average interest rate on the public debt will more accurately reflect the interest cost to the Treasury, and is felt to be in accord with the intent of Congress where legislation has required the use of such rate for various purposes.

[2] Computed on true discount basis.

[3] Statutory debt limit, established at $285 billion by the Act approved June 30, 1959, has been temporarily increased as follows: From July 1, 1960 to June 30, 1961 to $293 billion; from July 1, 1961 to March 13, 1962 to $298 billion; for the remainder of the fiscal year 1962 the limit is $300 billion.

[4] Dollar equivalent of certificates issued and payable in the amount of 46,500,000,000 Italian lire.

Source: Prepared by the United States Treasury Department on the basis of reports received from disbursing, collecting, and administrative agencies of the Government.

For sale by the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C.
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the Treasury Minister of Italy, Roberto Tremelloni, and United States Treasury Secretary, Douglas Dillon. At that time, in a letter to Minister Tremelloni, Secretary Dillon stated: "The spirit with which your Government has entered into these discussions is most gratifying and is further evidence of the kind of cooperation which is an essential factor in the strength and stability of the international financial system. Your ability to prepay these obligations is a reflection of the sound position of the Italian economy in which you must take deep satisfaction and of the strength of your balance of payments position."

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Draft Press Release

ITALY PREPAYS MARSHALL PLAN AND PL 480 LOANS

The Treasury Department today announced that the prepayment by the Government of Italy of $178.1 million of loans plus accrued interest from the United States will be made tomorrow, Friday, July 20. ~~Italy's remaining indebtedness to the United States now totals $~~ 28 million.

The total payment Friday will consist of $85.6 million to completely discharge Italy's indebtedness under three Marshall Plan loans, and $92.5 million to pay in full three loans to Italy made from the proceeds of the sale of surplus agricultural commodities under Public Law 480.

The Marshall Plan loans, originally amounting to $95.6 million, were made to Italy during the period 1949-1952 and were scheduled for repayment over the period 1956-1987. The PL 480 sales were made in the years 1955-1958 and the loans made from the proceeds, $92.5 million, were scheduled to be repaid over the period 1961-1998.

Arrangements for the prepayment were made on May 17 between

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TREASURY DEPARTMENT 146

WASHINGTON, D.C.

July 19, 1962

FOR IMMEDIATE RELEASE

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Director of External Finance in the French Ministry of Finance; Mr. René Larre, Financial Counselor of the French Embassy; Mr. C. Pierre-Brossolette and Mr. ~~B.~~ J. Serisé, Technical Counselors to Minister Giscard d'Estaing.

~~Draft Communique~~

Release 4:30

VISIT OF VALERY GISCARD d'ESTAING,
MINISTER OF FINANCE AND ECONOMIC AFFAIRS OF FRANCE 148

Valery Giscard d'Estaing, Minister of Finance and Economic Affairs of France, and Secretary of the Treasury, Douglas Dillon, have held very useful discussions on economic matters of mutual interest. Minister Giscard d'Estaing visited the United States upon the invitation of Secretary Dillon, which was extended to him when he became Minister of Finance in January of this year.

The talks covered a review of the general economic situation and balance of payments prospects in France and the United States, as well as the rest of the world. Minister Giscard d'Estaing and Secretary Dillon noted with satisfaction the progress being made in the balance of payments of the United States.

They also noted the continuing progress in international financial cooperation in the International Monetary Fund, the Organization for Economic Cooperation and Development and in numerous bilateral consultations and agreed that these measures had substantially strengthened the international monetary system.

The Minister was accompanied by Mr. André de Lattre,

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TREASURY DEPARTMENT

WASHINGTON, D.C.

July 20, 1962

FOR IMMEDIATE RELEASE

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D-555

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, July 24, 1962.

July 23, 1962

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 April 26, 1962, and the other series to be dated July 26, 1962, which were offered on July 18, were opened at the Federal Reserve Banks on July 23. Tenders were invited for $1,300,000,000 or thereabouts, of 91-day bills and for $700,000,000, 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 October 25, 1962		:	182-day Treasury bills maturing January 24, 1963	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.273	2.876%	:	98.440 a/	3.086%
Low	99.265	2.908%	:	98.426	3.113%
Average	99.269	2.892% 1/	:	98.431	3.103% 1/

a/ Excepting one tender of $100,000
3 percent of the amount of 91-day bills bid for at the low price was accepted
67 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	$ 23,834,000	$ 22,834,000	:	$ 18,181,000	$ 13,531,000
New York	1,567,310,000	870,630,000	:	1,033,204,000	507,806,000
Philadelphia	30,077,000	13,768,000	:	9,030,000	2,830,000
Cleveland	39,244,000	29,682,000	:	30,411,000	24,411,000
Richmond	21,217,000	18,307,000	:	6,763,000	6,663,000
Atlanta	23,065,000	17,440,000	:	5,577,000	4,977,000
Chicago	235,893,000	171,373,000	:	141,835,000	58,575,000
St. Louis	26,329,000	21,329,000	:	11,618,000	10,118,000
Minneapolis	17,141,000	13,641,000	:	6,139,000	5,474,000
Kansas City	31,072,000	31,072,000	:	15,128,000	12,478,000
Dallas	24,577,000	16,607,000	:	11,662,000	5,662,000
San Francisco	89,735,000	73,975,000	:	69,309,000	47,720,000
TOTALS	$2,129,494,000	$1,300,458,000 b/		$1,358,967,000	$700,245,000 c/

b/ Includes $237,956,000 noncompetitive tenders accepted at the average price of 99.269
c/ Includes $56,852,000 noncompetitive tenders accepted at the average price of 98.431
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.95%, for the 91-day bills, and 3.20%, 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.

TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, July 24, 1962.

July 23, 1962

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San Francisco	89,735,000	73,975,000	69,309,000	47,720,000
TOTALS	$2,129,494,000	$1,300,458,000 b/	$1,358,967,000	$700,245,000 c/

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STATUTORY DEBT LIMITATION

As of June 30, 1962

Washington, July 24, 1962

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 Act of March 13, 1962 (P. L. 87-414 87th Congress) provides for an additional temporary increase of $2,000,000,000, which raises the limitation to $300,000,000,000 for the period beginning on March 13, 1962 and ending on June 30, 1962.

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			$300,000,000,000
Outstanding -			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$42,036,131,000		
Certificates of indebtedness	13,547,047,000		
Treasury notes	65,463,671,000	$121,046,849,000	
Bonds -			
Treasury	75,025,280,650		
*Savings (current redemption value)	47,606,714,140		
Depositary	137,834,500		
R. E. A. series	24,691,000		
Investment series	4,726,997,000	127,521,517,290	
Certificates of Indebtedness -			
Foreign series	860,000,000		
Foreign Currency series	74,942,500	934,942,500	
Special Funds -			
Certificates of indebtedness	6,591,099,000		
Treasury notes	6,844,919,000		
Treasury bonds	31,502,674,000	44,938,692,000	
Total interest-bearing		294,442,000,790	
Matured, interest-ceased		434,912,439	
Bearing no interest:			
United States Savings Stamps	52,601,520		
Excess profits tax refund bonds	729,189		
Special notes of the United States:			
Internat'l Monetary Fund series	2,667,000,000		
Internat'l Develop. Ass'n. series	115,304,400		
Inter-American Develop. Bank series	55,000,000	2,890,635,109	
Total		297,767,548,338	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F. H. A. & DC Stad. Bds.	443,688,500		
Matured, interest-ceased	530,425	444,218,925	
Grand total outstanding			298,211,767,263
Balance face amount of obligations issuable under above authority			1,788,232,737

Reconcilement with Statement of the Public Debt June 30, 1962
(Date)

(Daily Statement of the United States Treasury, June 29, 1962)
(Date)

Outstanding -	
Total gross public debt	298,200,822,721
Guaranteed obligations not owned by the Treasury	444,218,925
Total gross public debt and guaranteed obligations	298,645,041,646
Deduct - other outstanding public debt obligations not subject to debt limitation	433,274,383
	298,211,767,263

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STATUTORY DEBT LIMITATION

As of June 30, 1962

Washington, July 24, 1962

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Treasury notes	65,463,671,000	$121,046,849,000	
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*Savings (current redemption value)	47,606,714,140		
Depositary	137,834,500		
R. E. A. series	24,691,000		
Investment series	4,726,997,000	127,521,517,290	
Certificates of Indebtedness -			
Foreign series	860,000,000		
Foreign Currency series	74,942,500	934,942,500	
Special Funds -			
Certificates of indebtedness	6,591,099,000		
Treasury notes	6,844,919,000		
Treasury bonds	31,502,674,000	44,938,692,000	
Total interest-bearing		294,442,000,790	
Matured, interest-ceased		434,912,439	
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(Date)

(Daily Statement of the United States Treasury, June 29, 1962)
(Date)

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Total gross public debt and guaranteed obligations	298,645,041,646
Deduct - other outstanding public debt obligations not subject to debt limitation	433,274,383
	298,211,767,263

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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 (current revision) 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.

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. 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 3, 1962, (91 days remaining until maturity date on November 1, 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 Banks on August 2, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 2, 1962. Cash

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, July 25, 1962

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 $ 2,000,000,000 , or thereabouts, for cash and in exchange for Treasury bills maturing August 2, 1962 , in the amount of $ 1,801,910,000 , as follows:

91 -day bills (to maturity date) to be issued August 2, 1962 , in the amount of $1,300,000,000 , or thereabouts, representing an additional amount of bills dated May 3, 1962 , and to mature November 1, 1962 , originally issued in the amount of $ 600,048,000 , the additional and original bills to be freely interchangeable.

182 -day bills, for $700,000,000 , or thereabouts, to be dated August 2, 1962 , and to mature January 31, 1963 .

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, $50,000, $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 p.m., Eastern Daylight Saving time, Monday, July 30, 1962 . 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.

July 25, 1962

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91-day bills (to maturity date) to be issued August 2, 1962, in the amount of $1,300,000,000, or thereabouts, representing an additional amount of bills dated May 3, 1962, and to mature November 1, 1962, originally issued in the amount of $ 600,048,000, the additional and original bills to be freely interchangeable.

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Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. 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.

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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 3, 1962, (91-days remaining until maturity date on November 1, 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 Banks on August 2, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 2, 1962. 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 (current revision) 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.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

July 26, 1962

FOR IMMEDIATE RELEASE

TREASURY DECISION ON MACARONI PRODUCTS
UNDER THE ANTIDUMPING ACT

The Treasury Department has determined that macaroni products from Canada 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 1961 was approximately $131,739.

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The dollar value of imports of the involved merchandise received during 1961 was approximately $131,739.

Savings-type investors will be permitted to pay for the $4\frac{1}{4}\%$ bonds of 1987-92 in installments up to October 15, 1962 (not less than 30% by August 15; 60% by September 15; and full payment by October 15). Amounts allotted to other classes of subscribers must be paid for in full on August 15.

Savings-type investors who may subscribe to the $4\frac{1}{4}\%$ bonds on a deferred payment basis are:

Pension and Retirement Funds - public and private
Endowment Funds
Common Trust Funds under Regulation F of the Board of Governors of the Federal Reserve System
Insurance Companies
Mutual Savings Banks
Fraternal Benefit Associations and Labor Unions' insurance funds
Savings and Loan Associations
Credit Unions
Other Savings Organizations (not including commercial banks)
States, Political Subdivisions or instrumentalities thereof, and Public Funds

Where subscribers in this group (except States, political subdivisions or instrumentalities thereof, and public pension and retirement and other public funds) elect to pay for such bonds in installments, delivery of 5% of the total par amount allotted will be withheld until payment for the total amount allotted has been completed.

The $4\frac{1}{4}\%$ bonds will be redeemable at par prior to maturity in payment of Federal estate taxes if owned by the decedent at time of death.

In addition to the amounts offered for public subscription, Government Investment Accounts will be allotted up to \$100 million of the 4% bonds and up to \$50 million of the $4\frac{1}{4}\%$ bonds.

Subscriptions will be received subject to allotment. Payment for the new securities may be made in cash, or in 4% Treasury Notes of Series B-1962, or in $3\frac{1}{4}$% Treasury Notes of Series G-1962, which will be accepted at par, in payment or exchange, in whole or in part, for the new securities subscribed for, to the extent such subscriptions are allotted by the Treasury.

Subscriptions from commercial banks, for their own account, will be restricted in the case of the certificates to an amount not exceeding 50% of the combined capital, surplus, and undivided profits of the subscribing bank and in the case of both issues of bonds to an amount not exceeding 10% of the combined total of time and savings deposits, including time certificates of deposit, or 25% of the combined capital, surplus, and undivided profits of the subscribing bank, whichever is greater.

Subscriptions from commercial and other banks for their own account, Federally-insured savings and loan associations, States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, Government Investment Accounts, and the Federal Reserve Banks will be received without deposit.

Subscriptions from all others must be accompanied by payment of 2% (in cash, or Treasury Notes of Series B-1962, or Treasury Notes of Series G-1962, at par) in the case of the certificates and 10% in the case of both issues of bonds, of the amount of new securities applied for which will not be 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 securities applied for, and to make different percentage allotments to various classes of subscribers; and any action he may take in these respects shall be final. Subject to these reservations, all subscriptions for the certificates from States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, Government Investment Accounts, and the Federal Reserve Banks, will be allotted in full. The bases of the allotment of all subscriptions will be publicly announced, and allotment notices will be sent out promptly upon allotment.

All subscribers 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 of the new securities until after midnight July 30, 1962.

Commercial banks in submitting subscriptions will be required to certify that they have no beneficial interest in any of the subscriptions they enter for the account of their customers, and that their customers have no beneficial interest in the banks' subscriptions for their own account.

TREASURY DEPARTMENT

WASHINGTON, D.C.

July 26, 1962

FOR IMMEDIATE RELEASE

TREASURY ANNOUNCES NEW FINANCING

The Treasury announced today its first major borrowing operation of the new fiscal year. It will offer for cash \$6.5 billion of one-year 3-1/2% certificates, at par; \$1.5 billion of 6-1/2 year 4% bonds, at par; and up to \$750 million of 25-30 year 4-1/4% bonds at a price of 101 to yield 4.19%. The proceeds will be used to retire approximately \$7.5 billion of securities maturing on August 15, and to provide additional cash sufficient to complete the Treasury's needs until the end of September.

This offering, by covering the full maturity range, will provide attractive outlets for investors of all types, will maintain a balanced debt structure, and will help to activate presently accumulating long-term funds.

Books will be open for the cash subscriptions on Monday, July 30, and any subscriptions postmarked before midnight on that day will be accepted. The certificate is being offered for subscription without credit to tax and loan accounts in the commercial banks. Both of the bonds can be paid for through credit to such accounts. Payment for all of the new securities will be due August 15, 1962; however, payment for the longer bond by savings-type subscribers may be made in installments over a three-month period.

The maturing securities to be redeemed in cash are:

\$158 million of 4% Treasury Notes of Series B-1962, dated September 26, 1957, maturing August 15, 1962, and

\$7,325 million of 3¼% Treasury Notes of Series G-1962, dated February 15, 1961, maturing August 15, 1962.

The new cash to be borrowed will be obtained from the issue of:

\$6,500 million, or thereabouts, of 3½% Treasury Certificates of Indebtedness, to be dated August 15, 1962, and to mature August 15, 1963,

\$1,500 million, or thereabouts, of 4% Treasury Bonds, to be dated August 15, 1962, and to mature February 15, 1969, and

Up to \$750 million, or thereabouts, of 4¼% Treasury Bonds of 1987-92, to be dated August 15, 1962, and to mature August 15, 1992, callable at the option of the United States on any interest date on and after August 15, 1987.

TREASURY DEPARTMENT

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July 26, 1962

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Savings-type investors will be permitted to pay for the $4\frac{1}{4}\%$ bonds of 1987-92 in installments up to October 15, 1962 (not less than 30% by August 15; 60% by September 15; and full payment by October 15). Amounts allotted to other classes of subscribers must be paid for in full on August 15.

Savings-type investors who may subscribe to the $4\frac{1}{4}\%$ bonds on a deferred payment basis are:

Pension and Retirement Funds - public and private
Endowment Funds
Common Trust Funds under Regulation F of the Board of Governors of
  the Federal Reserve System
Insurance Companies
Mutual Savings Banks
Fraternal Benefit Associations and Labor Unions' insurance funds
Savings and Loan Associations
Credit Unions
Other Savings Organizations (not including commercial banks)
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Where subscribers in this group (except States, political subdivisions or instrumentalities thereof, and public pension and retirement and other public funds) elect to pay for such bonds in installments, delivery of 5% of the total par amount allotted will be withheld until payment for the total amount allotted has been completed.

The $4\frac{1}{4}\%$ bonds will be redeemable at par prior to maturity in payment of Federal estate taxes if owned by the decedent at time of death.

In addition to the amounts offered for public subscription, Government Investment Accounts will be allotted up to $100 million of the 4% bonds and up to $50 million of the $4\frac{1}{4}\%$ bonds.

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, July 31, 1962.

July 30, 1962

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 3, 1962, and the other series to be dated August 2, 1962, which were offered on July 25, were opened at the Federal Reserve Banks on July 30. Tenders were invited for $1,300,000,000, or thereabouts, of 91-day bills and for $700,000,000, or thereabouts, for 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing November 1, 1962		182-day Treasury bills maturing January 31, 1963	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.279	2.852%	98.458	3.050%
Low	99.271	2.884%	98.444	3.078%
Average	99.274	2.874% 1/	98.446	3.075% 1/

97 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

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 26,110,000	$ 16,110,000	$ 6,445,000	$ 5,945,000
New York	1,640,510,000	891,460,000	1,304,549,000	594,949,000
Philadelphia	29,946,000	14,946,000	7,949,000	2,316,000
Cleveland	24,974,000	24,374,000	30,620,000	11,487,000
Richmond	15,994,000	13,211,000	6,138,000	1,138,000
Atlanta	14,592,000	12,337,000	3,919,000	3,053,000
Chicago	208,793,000	170,348,000	122,304,000	41,800,000
St. Louis	26,735,000	21,735,000	8,381,000	4,831,000
Minneapolis	24,855,000	17,310,000	6,511,000	3,451,000
Kansas City	49,339,000	44,879,000	23,635,000	12,967,000
Dallas	23,063,000	12,713,000	8,993,000	3,198,000
San Francisco	76,246,000	61,331,000	45,951,000	14,929,000
TOTALS	$2,161,157,000	$1,300,754,000 a/	$1,575,395,000	$700,064,000 b/

a/ Includes $225,070,000 noncompetitive tenders accepted at the average price of 99.274
b/ Includes $54,172,000 noncompetitive tenders accepted at the average price of 98.446
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.94%, for the 91-day bills, and 3.17%, 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.

TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, July 31, 1962.

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Richmond	15,994,000	13,211,000	6,138,000	1,138,000
Atlanta	14,592,000	12,337,000	3,919,000	3,053,000
Chicago	208,793,000	170,348,000	122,304,000	41,800,000
St. Louis	26,735,000	21,735,000	8,381,000	4,831,000
Minneapolis	24,855,000	17,310,000	6,511,000	3,451,000
Kansas City	49,339,000	44,879,000	23,635,000	12,967,000
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D-560

TREASURY DEPARTMENT

WASHINGTON, D.C.

July 31, 1962

FOR IMMEDIATE RELEASE

REVISIONS OF U.S.-GERMAN INCOME TAX CONVENTION TO BE DISCUSSED

Representatives of the State and Treasury Departments will meet later this year with representatives of the Federal Republic of Germany to discuss possible revisions in the existing income tax convention for the elimination of double taxation between the United States and Germany.

Among the subjects expected to be discussed are: possible modification of the withholding tax rate on intercorporate dividends, which is now generally limited to a maximum of 15 per cent; the question of whether royalties, which are tax-free under the convention, include payments for "know-how"; the appropriate tax treatment of gains from the sale by a stockholder in one country of stock in a corporation located in the other country when the seller has a "substantial" interest in the corporation.

The method of applying German turnover taxes to imports from the United States may also be considered, although the convention does not apply to turnover taxes. The German tax on imports is designed to compensate for the fact that no German turnover taxes have been paid on such goods during the production process.

Interested persons in the United States who desire to submit comments on the scope of the discussions or to submit information pertinent to the subjects mentioned are invited to send their views to Assistant Secretary Stanley S. Surrey, Treasury Department, Washington 25, D. C. Deadline for receipt of such comments is September 10, 1962.

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D-561

TREASURY DEPARTMENT

WASHINGTON, D.C.

July 31, 1962

FOR IMMEDIATE RELEASE

REVISIONS OF U.S.-GERMAN
INCOME TAX CONVENTION TO BE DISCUSSED

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D-561

United States Savings Bonds Issued and Redeemed Through July 31, 1962

(Dollar amounts in millions - rounded and will not necessarily add to totals)

	Amount Issued 1/	Amount Redeemed 1/	Amount Outstanding 2/	% Outstanding of Amt. Issued
MATURED				
Series A-1935 - D-1941	$ 5,003	$ 4,988	$ 15	.30 %
Series F & G-1941 - 1949	26,082	25,892	190	.73
UNMATURED				
Series E: 3/				
1941	1,816	1,508	307	16.91
1942	8,018	6,655	1,363	17.00
1943	12,901	10,749	2,152	16.68
1944	15,026	12,416	2,610	17.37
1945	11,761	9,501	2,260	19.22
1946	5,276	4,029	1,247	23.64
1947	4,962	3,600	1,363	27.47
1948	5,110	3,590	1,520	29.75
1949	5,021	3,432	1,589	31.65
1950	4,372	2,891	1,481	33.87
1951	3,786	2,468	1,318	34.81
1952	3,958	2,447	1,511	38.18
1953	4,466	2,637	1,828	40.93
1954	4,518	2,603	1,915	42.39
1955	4,686	2.654	2,032	43.36
1956	4,504	2,549	1,954	43.38
1957	4,222	2,277	1,945	46.07
1958	4,073	2,035	2,038	50.04
1959	3,803	1,812	1,991	52.35
1960	3,774	1,599	2,175	57.63
1961	3,781	1,234	2,547	67.36
1962	1,477	205	1,272	86.12
Unclassified	366	481	-115	-
Total Series E	121,675	83,374	38,302	31.48
Series H-1952 - 1962 3/	8,431	1,684	6,747	80.03
Total Series E and H	130,107	85,058	45,049	34.62
Series F and G:				
1950	2,429	2,038	4/ 391	16.10
1951	793	420	373	47.04
1952	211	104	107	50.71
Unclassified	-	54	-54	-
Total Series F and G	3,433	2,616	816	23.77
Series J and K-1952 - 1957	3,683	1,895	1,788	48.55
Total Series F, G, J and K	7,116	4,511	2,604	36.59
All Series — Total matured	31,085	30,879	206	.66
All Series — Total unmatured	137,222	89,569	47,653	34.73
All Series — Grand Total	168,307	120,448	47,859	28.44

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

OFFICE OF FISCAL ASSISTANT SECRETARY

United States Savings Bonds Issued and Redeemed Through July 31, 1962

(Dollar amounts in millions - rounded and will not necessarily add to totals)

	Amount Issued 1/	Amount Redeemed 1/	Amount Outstanding 2/	% Outstanding of Amt. Issued
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Series A-1935 - D-1941	$ 5,003	$ 4,988	$ 15	.30 %
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1950	4,372	2,891	1,481	33.87
1951	3,786	2,468	1,318	34.81
1952	3,958	2,447	1,511	38.18
1953	4,466	2,637	1,828	40.93
1954	4,518	2,603	1,915	42.39
1955	4,686	2.654	2,032	43.36
1956	4,504	2,549	1,954	43.38
1957	4,222	2,277	1,945	46.07
1958	4,073	2,035	2,038	50.04
1959	3,803	1,812	1,991	52.35
1960	3,774	1,599	2,175	57.63
1961	3,781	1,234	2,547	67.36
1962	1,477	205	1,272	86.12
Unclassified	366	481	-115	-
Total Series E	121,675	83,374	38,302	31.48
Series H-1952 - 1962 3/	8,431	1,684	6,747	80.03
Total Series E and H	130,107	85,058	45,049	34.62
Series F and G:				
1950	2,429	2,038	4/ 391	16.10
1951	793	420	373	47.04
1952	211	104	107	50.71
Unclassified	-	54	-54	-
Total Series F and G	3,433	2,616	816	23.77
Series J and K-1952 - 1957	3,683	1,895	1,788	48.55
Total Series F, G, J and K	7,116	4,511	2,604	36.59
l Series — Total matured	31,085	30,879	206	.66
l Series — Total unmatured	137,222	89,569	47,653	34.73
l Series — Grand Total	168,307	120,448	47,859	28.44

OFFICE OF FISCAL ASSISTANT SECRETARY

, 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.

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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 (current revision) 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.

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. 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 10, 1962, (91 days remaining until maturity date on November 8, 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 Banks on August 9, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 9, 1962. Cash

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE August 1, 1962

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 $2,000,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing August 9, 1962, in the amount of $1,804,290,000, as follows:

91-day bills (to maturity date) to be issued August 9, 1962, in the amount of $1,300,000,000, or thereabouts, representing an additional amount of bills dated May 10, 1962, and to mature November 8, 1962, originally issued in the amount of $601,639,000, the additional and original bills to be freely interchangeable.

182-day bills, for $700,000,000, or thereabouts, to be dated August 9, 1962, and to mature February 7, 1963.

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, $50,000, $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 p.m., Eastern Daylight Saving ~~Standard~~ time, Monday, August 6, 1962. 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-562

TREASURY DEPARTMENT

WASHINGTON, D.C.

August 1, 1962

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 $2,000,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing August 9, 1962, in the amount of $1,804,290,000, as follows:

91-day bills (to maturity date) to be issued August 9, 1962, in the amount of $1,300,000,000, or thereabouts, representing an additional amount of bills dated May 10, 1962, and to mature November 8, 1962, originally issued in the amount of $ 601,639,000, the additional and original bills to be freely interchangeable.

182-day bills, for $700,000,000, or thereabouts, to be dated August 9, 1962, and to mature February 7, 1963.

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, $50,000, $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 p.m., Eastern Daylight Saving time, Monday, August 6, 1962. 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.

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. 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-562

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 10, 1962, (91-days remaining until maturity date on November 8, 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 Banks on August 9, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 9, 1962. 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 (current revision) 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.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

August 2, 1962

FOR IMMEDIATE RELEASE

RESULTS OF TREASURY'S NEW CASH OFFERING

The Treasury Department today announced that preliminary figures show subscriptions totaling about $20,157 million for the offering of $6,500 million, or thereabouts, of 3-1/2 percent Certificates of Indebtedness of Series C-1963, due August 15, 1963; $6,738 million for the offering of $1,500 million, or thereabouts, of 4 percent Treasury Bonds of 1969, due February 15, 1969; and $316 million for the offering of up to $750 million of 4-1/4 percent Treasury Bonds of 1987-92, due August 15, 1992, callable at the option of the United States on any interest date on and after August 15, 1987. Total subscriptions accepted amount to about $6,759 million for the certificates; $1,695 million for the 4 percent bonds, and $316 million for the 4-1/4 percent bonds.

Allotments are being made as follows:

3-1/2 PERCENT CERTIFICATES -

Subscriptions from States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, Government Investment Accounts, and the Federal Reserve Banks, totaling about $4,669 million, are being allotted in full, as provided for in the offering circular.

Subscriptions from all others in amounts up to $50,000, totaling about $89,385,000, are being allotted in full. Subscriptions in amounts over $50,000 are being allotted 12-1/2 percent, but not less than $50,000 to any one subscriber.

4 PERCENT BONDS -

Subscriptions in amounts up to $100,000, totaling about $210,638,000 are being allotted in full. Subscriptions in amounts over $100,000 are being allotted 22 percent, but not less than $100,000 to any one subscriber. In addition, $100,000,000 is being allotted to Government Investment Accounts.

4-1/4 PERCENT BONDS -

All subscriptions received, totaling about $316,024,500, are being allotted in full. In addition, $50,000,000 is being allotted to Government Investment Accounts.

Details by Federal Reserve Districts as to subscriptions and allotments will be announced when final reports are received from the Federal Reserve Banks.

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been a Foreign Service Officer since 1948, serving at posts in Munich, and Belgrade as well as in Washington. He was Consul and economic officer at the American Embassy in Moscow from 1956 to 1958.

Mr. Killham was born in Chicago, and graduated from Northwestern University with honors. Subsequently, he obtained an M.A. degree from Columbia University, an M.P.A. from Harvard University, and attended the London School of Economics. Mr. Killham was in the Army during World War II. He has been a Foreign Service Officer since 1952, serving at posts in London, Edinburgh, Moscow and Washington, D. C.

Mr. Carswell was born in Brooklyn, New York. He graduated from Harvard College, magna cum laude, and holds an LL.B. degree, cum laude, from Harvard Law School. He served in the Navy from 1952 to 1955, with Naval intelligence duty in Japan, Hong Kong, and the Philippines. Since 1956, Mr. Carswell has been an associate attorney in the firm of Sherman & Sterling, New York City, performing banking, general corporate and some tax work.

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Approve ✓
Approve as amended

DRAFT - 8-3-62

August 6, 1962

FOR IMMEDIATE RELEASE

STAFF CHANGES IN THE OFFICE OF
THE SECRETARY OF THE TREASURY

Treasury Secretary Douglas Dillon today designated William N. Turpin as Special Assistant to the Secretary. Mr. Turpin succeeds Theodore L. Eliot, Jr., who has served in this position since January 1961. Mr. Eliot, a Foreign Service Officer, has been assigned to the American Embassy in Tehran, Iran.

Mr. Turpin has been Director of the Treasury's Executive Secretariat since January, 1962, and will be succeeded in that position by Edward L. Killham, the Deputy Director, who joined the Treasury in this capacity in January 1962. Mr. Killham's place will be taken by Robert Carswell, who has been an attorney in private practice in New York City.

Born in Macon, Georgia, Mr. Turpin is a summa cum laude graduate of Dartmouth College and holds an M.A. degree from Oxford University, where he studied as a Rhodes Scholar. He served in the Marine Corps during World War II. Mr. Turpin has

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TREASURY DEPARTMENT

WASHINGTON, D.C.

August 6, 1962

FOR IMMEDIATE RELEASE

STAFF CHANGES IN THE OFFICE OF
THE SECRETARY OF THE TREASURY

Treasury Secretary Douglas Dillon today designated William N. Turpin as Special Assistant to the Secretary. Mr. Turpin succeeds Theodore L. Eliot, Jr., who has served in this position since January, 1961. Mr. Eliot, a Foreign Service Officer, has been assigned to the American Embassy in Tehran, Iran.

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Born in Macon, Georgia, Mr. Turpin is a summa cum laude graduate of Dartmouth College and holds an M.A. degree from Oxford University, where he studied as a Rhodes Scholar. He served in the Marine Corps during World War II. Mr. Turpin has been a Foreign Service Officer since 1948, serving at posts in Munich, and Belgrade as well as in Washington. He was Consul and economic officer at the American Embassy in Moscow from 1956 to 1958.

Mr. Killham was born in Chicago, and graduated from Northwestern University with honors. Subsequently, he obtained an M.A. degree from Columbia University, an M.P.A. from Harvard University, and attended the London School of Economics. Mr. Killham was in the Army during World War II. He has been a Foreign Service Officer since 1952, serving at posts in London, Edinburgh, Moscow, and Washington, D. C.

Mr. Carswell was born in Brooklyn, New York. He graduated from Harvard College, magna cum laude, and holds an LL.B. degree, cum laude, from Harvard Law School. He served in the Navy from 1952 to 1955, with Naval intelligence duty in Japan, Hong Kong, and the Philippines. Since 1956, Mr. Carswell has been an associate attorney in the firm of Sherman & Sterling, New York City, performing banking, general corporate and some tax work.

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D-564

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FOR RELEASE A. M. NEWSPAPERS,
Tuesday, August 7, 1962.

August 6, 1962

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 10, 1962, and the other series to be dated August 9, 1962, which were offered on August 1, were opened at the Federal Reserve Banks on August 6. Tenders were invited for $1,300,000,0 or thereabouts, of 91-day bills and for $700,000,000, 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 8, 1962		:	182-day Treasury bills maturing February 7, 1963	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.304	2.753%	:	98.496 a/	2.975%
Low	99.282	2.840%	:	98.474	3.018%
Average	99.292	2.802% 1/	:	98.489	2.990% 1/

a/ Excepting two tenders totaling $565,000
11 percent of the amount of 91-day bills bid for at the low price was accepted
3 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	$ 24,378,000	$ 14,378,000	:	$ 4,212,000	$ 4,212,000
New York	1,488,389,000	907,109,000	:	1,006,801,000	574,281,000
Philadelphia	29,253,000	14,253,000	:	7,394,000	2,394,000
Cleveland	19,909,000	19,595,000	:	8,424,000	6,424,000
Richmond	14,562,000	14,562,000	:	6,554,000	6,554,000
Atlanta	20,359,000	20,359,000	:	5,539,000	5,539,000
Chicago	220,586,000	162,586,000	:	108,237,000	52,267,000
St. Louis	29,939,000	26,049,000	:	7,488,000	6,143,000
Minneapolis	20,873,000	20,873,000	:	5,095,000	5,095,000
Kansas City	29,884,000	29,584,000	:	8,650,000	8,250,000
Dallas	26,259,000	24,069,000	:	9,240,000	8,240,000
San Francisco	47,034,000	47,034,000	:	24,712,000	20,712,000
TOTALS	$1,971,425,000	$1,300,451,000 b/		$1,202,346,000	$700,111,000

b/ Includes $216,660,000 noncompetitive tenders accepted at the average price of 99.29
c/ Includes $49,819,000 noncompetitive tenders accepted at the average price of 98.489
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.86%, for the 91-day bills, and 3.08%, 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.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, August 7, 1962.

August 6, 1962

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 10, 1962, and the other series to be dated August 9, 1962, which were offered on August 1, were opened at the Federal Reserve Banks on August 6. Tenders were invited for $1,300,000,000, or thereabouts, of 91-day bills and for $700,000,000, 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 8, 1962		182-day Treasury bills maturing February 7, 1963	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.304	2.753%	98.496 a/	2.975%
Low	99.282	2.840%	98.474	3.018%
Average	99.292	2.802% 1/	98.489	2.990% 1/

a/ Excepting two tenders totaling $565,000
11 percent of the amount of 91-day bills bid for at the low price was accepted
3 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	$ 24,378,000	$ 14,378,000	$ 4,212,000	$ 4,212,000
New York	1,488,389,000	907,109,000	1,006,801,000	574,281,000
Philadelphia	29,253,000	14,253,000	7,394,000	2,394,000
Cleveland	19,909,000	19,595,000	8,424,000	6,424,000
Richmond	14,562,000	14,562,000	6,554,000	6,554,000
Atlanta	20,359,000	20,359,000	5,539,000	5,539,000
Chicago	220,586,000	162,586,000	108,237,000	52,267,000
St. Louis	29,939,000	26,049,000	7,488,000	6,143,000
Minneapolis	20,873,000	20,873,000	5,095,000	5,095,000
Kansas City	29,884,000	29,584,000	8,650,000	8,250,000
Dallas	26,259,000	24,069,000	9,240,000	8,240,000
San Francisco	47,034,000	47,034,000	24,712,000	20,712,000
TOTALS	$1,971,425,000	$1,300,451,000 b/	$1,202,346,000	$700,111,000 c/

b/ Includes $216,660,000 noncompetitive tenders accepted at the average price of 99.292
c/ Includes $49,819,000 noncompetitive tenders accepted at the average price of 98.489
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.86%, for the 91-day bills, and 3.08%, 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.

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BUREAU OF CUSTOMS APPOINTS ARTHUR SETTEL INFORMATION CHIEF

FOR IMMEDIATE RELEASE

Commissioner of Customs Philip Nichols, Jr., today announced the appointment of Arthur Settel as Special Assistant to the Commissioner for Public Information for the Bureau of Customs, Treasury Department. Mr. Settel Came to the Bureau of Customs [redacted] from the Department of Commerce, where he served as Director of the Publications Staff, Bureau of Foreign Commerce, to accept the appointment.

Mr. Settel was born in Brooklyn, New York, and educated in the New York public school system, later graduating from the Columbia University, Pulitzer School of Journalism. He worked for the United Press in Palestine during the British Mandate, and in Egypt where he was managing editor of "The Egyptian Mail," an English-language daily.

During World War II Mr. Settel served as an Intelligence Officer, and in 1945 was appointed chief of Economic Information, Office of U.S. Military Government in Germany. He received a promotion in 1949 to Director of Public Information for the Office of the United States High Commissioner (John J. McCloy) for Germany, a position he held until 1952 when the occupation ended.

Mr. Settel has also held a number of [redacted] positions in private industry, as a consultant on audience-building to CBS Television, and as director of Public Relations for KLM Royal Dutch Airlines. He is a member of the National Press Club, the Society of Magazine Writers, Sigma Delta Chi, [redacted] and the Overseas Press Club of America. He has written several books, and contributed to many mass circulation magazines in the United States and abroad. Mr. and Mrs. Settel have two sons, Marshal, 11, and Jonathan, 15. They reside at 3313 Ross Place, N.W. in Washington, D.C.

p-566

TREASURY DEPARTMENT

WASHINGTON, D.C.

August 8, 1962

FOR IMMEDIATE RELEASE:

BUREAU OF CUSTOMS APPOINTS ARTHUR SETTEL INFORMATION CHIEF

Commissioner of Customs Philip Nichols, Jr., today announced the appointment of Arthur Settel as Special Assistant to the Commissioner for Public Information for the Bureau of Customs, Treasury Department. Mr. Settel came to the Bureau of Customs from the Department of Commerce, where he served as Director of the Publications Staff, Bureau of Foreign Commerce, to accept the appointment.

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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 (current revision) 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.

~~BETA -- MODIFIED~~

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.

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. 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 17, 1962, (91 days remaining until maturity date on November 15, 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 Banks on August 16, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 16, 1962. Cash

~~Exhibit 2-A~~

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, August 8, 1962

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 $ 2,000,000,000 , or thereabouts, for cash and in exchange for Treasury bills maturing August 16, 1962 , in the amount of $ 1,800,826,000 , as follows:

91 -day bills (to maturity date) to be issued August 16, 1962 , in the amount of $ 1,300,000,000 , or thereabouts, representing an additional amount of bills dated May 17, 1962 , and to mature November 15, 1962 , originally issued in the amount of $600,140,000 , the additional and original bills to be freely interchangeable.

182 -day bills, for $ 700,000,000 , or thereabouts, to be dated August 16, 1962 , and to mature February 14, 1963 .

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, $50,000, $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 p.m., Eastern Daylight Saving time, Monday, August 13, 1962 . 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-567

TREASURY DEPARTMENT

WASHINGTON, D.C.

August 8, 1962

FOR IMMEDIATE RELEASE

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91-day bills (to maturity date) to be issued **August 16, 1962**, in the amount of $ 1,300,000,000 or thereabouts, representing an additional amount of bills dated **May 17, 1962**, and to mature **November 15, 1962**, originally issued in the amount of $ 600,140,000, the additional and original bills to be freely interchangeable.

182-day bills, for $ 700,000,000, or thereabouts, to be dated **August 16, 1962**, and to mature **February 14, 1963**.

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, $50,000, $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 p.m., **Eastern Daylight Saving** time, **Monday, August 13, 1962**. 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.

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. 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 17, 1962,** (**91** days remaining until maturity date on **November 15, 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 Banks on **August 16, 1962** in cash or other immediately available funds or in a like face amount of Treasury bills maturing **August 16, 1962.** 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 (current revision) and this notice prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained fro any Federal Reserve Bank or Branch.

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TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE

Thursday, August 9, 1962 D-568

The Bureau of Customs announced today the following preliminary figures showing the imports for consumption from January 1, 1962, to July 28, 1962, 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 28, 1962
Buttons........	680,000	Gross	139,956
Cigars.........	160,000,000	Number	6,375,698
Coconut oil....	358,400,000	Pound	95,686,995
Cordage........	6,000,000	Pound	2,554,962
Tobacco........	5,200,000	Pound	4,475,376

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE

Thursday, August 9, 1962 D-568

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TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
Thursday, August 9, 1962

D-569

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 - September 30, 1962

IMPORTS - July 1 - August 3, 1962 (or as noted)

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	6,025,033*	23,680,000	11,457,612	-	-	-	-
Belgian Congo	-	-	-	-	-	-	5,440,000	2,314,872*
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	7,520,000
Bolivia	5,040,000	1,087,181*	-	-	-	-	-	-
Canada	13,440,000	13,440,000	15,920,000	9,062,915*	66,480,000	66,480,000	37,840,000	17,127,172
Italy	-	-	-	-	-	-	3,600,000	-
Mexico	-	-	36,880,000	10,154,748	70,480,000	23,270,498	6,320,000	804,195
Peru	16,160,000	1,504,509	12,880,000	3,101,822	35,120,000	8,521,471	3,760,000	841,201
Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	5,307,418*	-	-	-	-
All other foreign countries (total)	6,560,000	6,560,000	6,080,000	-	17,840,000	17,840,000	6,080,000	6,080,000

*Imports through August 7, 1962

The above country designations are those specified in Presidential Proclamation No. 3257 of September 22, 1958. Since that date the names of certain countries have been changed.

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
Thursday, August 9, 1962

D-569

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 - September 30, 1962

IMPORTS - July 1 - August 3, 1962 (or as noted)

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	6,025,033*	23,680,000	11,457,612	-	-	-	-
Belgian Congo	-	-	-	-	-	-	5,440,000	2,314,872*
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	7,520,000
Bolivia	5,040,000	1,087,181*	-	-	-	-	-	-
Canada	13,440,000	13,440,000	15,920,000	9,062,915*	66,480,000	66,480,000	37,840,000	17,127,172
Italy	-	-	-	-	-	-	3,600,000	-
Mexico	-	-	36,880,000	10,154,748	70,480,000	23,270,498	6,320,000	804,195
Peru	16,160,000	1,504,509	12,880,000	3,101,822	35,120,000	8,521,471	3,760,000	841,201
Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	5,307,418*	-	-	-	-
All other foreign countries (total)	6,560,000	6,560,000	6,080,000	-	17,840,000	17,840,000	6,080,000	6,080,000

*Imports through August 7, 1962

The above country designations are those specified in Presidential Proclamation No. 3257 of September 22, 1958. Since that date the names of certain countries have been changed.

PREPARED IN THE BUREAU OF CUSTOMS

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, 1961, to August 6, 1962	Established 33-1/3% of Total Quota	Imports Sept. 20, 1961, to August 6, 1962 1/
United Kingdom	4,323,457	1,821,007	1,441,152	1,441,152
Canada	239,690	239,690	-	-
France	227,420	179,155	75,807	75,807
British India	69,627	69,627	-	-
Netherlands	68,240	67,447	22,747	22,747
Switzerland	44,388	42,019	14,796	12,505
Belgium	38,559	22,062	12,853	-
Japan	341,535	341,500	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany	76,329	76,329	25,443	25,443
Italy	21,263	-	7,088	-
	5,482,509	2,858,836	1,599,886	1,577,654

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

The country designations listed in this press release are those specified in Presidential Proclamation No. 2351 of September 5, 1939. Since that date the names of certain countries have been changed.

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
Thursday, August 9, 1962

D-570

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, 1961, to August 6, 1962

Country of Origin	Established Quota	Imports	Country of Origin	Established Quota	Imports
Egypt and the Anglo-Egyptian Sudan	783,816	779,456	Honduras	752	-
Peru	247,952	245,483	Paraguay	871	-
British India	2,003,483	2,003,483	Colombia	124	-
China	1,370,791	-	Iraq	195	-
Mexico	8,883,259	8,883,259	British East Africa ...	2,240	-
Brazil	618,723	618,723	Netherlands E. Indies .	71,388	-
Union of Soviet Socialist Republics ...	475,124	114,908	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
Established Yearly Quota - 45,656,420 lbs.

Staple Length	Allocation	Imports Year ended July 31, 1962	Imports Aug. 1, 1962 to Aug. 6, 19
1-3/8" or more	39,590,778	39,590,778	39,590,778
1-5/32" or more and under 1-3/8" (Tanguis)	1,500,000	734,155	122,857
1-1/8" or more and under 1-3/8"	4,565,642	4,565,642	4,565,642

TREASURY DEPARTMENT
Washington, D. C.

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Thursday, August 9, 1962

D-570

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Haiti	237	-	Nigeria	5,377	-
Ecuador	9,333	-	2/Other British W. Africa	16,004	-
			3/Other French Africa ...	689	-
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1/ Other than Barbados, Bermuda, Jamaica, Trinidad, and Tobago.
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1-5/32" or more and under 1-3/8" (Tanguis)	1,500,000	734,155	122,857
1-1/8" or more and under 1-3/8"	4,565,642	4,565,642	4,565,642

COTTON WASTES
(In pounds)

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Canada	239,690	239,690	-	-
France	227,420	179,155	75,807	75,807
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Netherlands	68,240	67,447	22,747	22,747
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Belgium	38,559	22,062	12,853	-
Japan	341,535	341,500	-	-
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Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany	76,329	76,329	25,443	25,443
Italy	21,263	-	7,088	-
	5,482,509	2,858,836	1,599,886	1,577,654

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

The country designations listed in this press release are those specified in Presidential Proclamation No. 2351 of September 5, 1939. Since that date the names of certain countries have been changed.

Commodity	Period and Quantity		Unit of Quantity	Imports as of July 28, 1962
Absolute Quotas:				
Butter substitutes, including butter oil, containing 45% or more butter fat................	Calendar Year 1962	1,200,000	Pound	Quota Filled
Cotton products, except cotton wastes, produced in any stage preceding the spinning into yarn.............................	12 mos. from Sept. 11, 1961	1,000	Pound	Quota Filled
Peanuts, shelled, unshelled, blanched, salted, prepared or preserved (incl. roasted peanuts but not peanut butter).......	12 mos. from August 1, 1961	1,709,000	Pound	1,170,079 1/

1/ Imports through July 31, 1962.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE

Thursday, August 9, 1962

D-571

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 28, 1962, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of July 28, 1962
Tariff-Rate Quotas:				
Cream, fresh or sour............	Calendar Year	1,500,000	Gallon	17
Whole Milk, fresh or sour........	Calendar Year	3,000,000	Gallon	122
Cattle, 700 lbs. or more each (other than dairy cows).........	July 1, 1962-Sept. 30, 1962	120,000	Head	2,493
Cattle less than 200 lbs. each...	12 mos. from April 1, 1962	200,000	Head	40,663
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish.........	Calendar Year	28,571,433	Pound	Quota Filled
Tuna Fish.......................	Calendar Year	59,059,014	Pound	32,594,317
White or Irish potatoes:				
Certified seed..................	12 mos. from	114,000,000	Pound	52,233,560
Other...........................	Sept. 15, 1961	36,000,000	Pound	Quota Filled
Walnuts.........................	Calendar Year	5,000,000	Pound	2,189,857
Stainless steel table flatware (table knives, table forks, table spoons)................	Nov. 1, 1961-Oct. 31, 1962	69,000,000	Pieces	67,948,801

1/ Imports for consumption at the quota rate are limited to 21,428,574 pounds during the first nine months of the calendar year.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE

Thursday, August 9, 1962 D-571

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Butter substitutes, including butter oil, containing 45% or more butter fat................	Calendar Year 1962	1,200,000	Pound	Quota Filled
Cotton products, except cotton wastes, produced in any stage preceding the spinning into yarn............................	12 mos. from Sept. 11, 1961	1,000	Pound	Quota Filled
Peanuts, shelled, unshelled, blanched, salted, prepared or preserved (incl. roasted peanuts but not peanut butter).......	12 mos. from August 1, 1961	1,709,000	Pound	1,170,079 1/

1/ Imports through July 31, 1962.

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
Thursday, August 9, 1962

D-572

The Bureau of Customs announced today preliminary figures showing the quantities of wheat and wheat flour authorized to be entered, or withdrawn from warehouse, for consumption under the import quotas established in the President's proclamation of May 28, 1941, as modified by the President's proclamation of April 13, 1942, for the 12 months commencing May 29, 1962, as follows:

Country of Origin	Wheat		Wheat flour, semolina, crushed or cracked wheat, and similar wheat products	
	Established Quota	Imports May 29, 1962, to August 6, 1962	Established Quota	Imports May 29, 1962, to August 6, 19
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
Canada	795,000	795,000	3,815,000	3,815,000
China	-	-	24,000	-
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	84
United Kingdom	100	-	75,000	-
Australia	-	-	1,000	-
Germany	100	-	5,000	-
Syria	100	-	5,000	-
New Zealand	-	-	1,000	-
Chile	-	-	1,000	-
Netherlands	100	-	1,000	-
Argentina	2,000	-	14,000	-
Italy	100	-	2,000	-
Cuba	-	-	12,000	-
France	1,000	-	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	-
Yugoslavia	-	-	1,000	-
Norway	-	-	1,000	-
Canary Islands	-	-	1,000	-
Rumania	1,000	-	-	-
Guatemala	100	-	-	-
Brazil	100	-	-	-
Union of Soviet Socialist Republics	100	-	-	-
Belgium	100	-	-	-
	800,000	795,000	4,000,000	,084

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
Thursday, August 9, 1962

D-572

The Bureau of Customs announced today preliminary figures showing the quantities of wheat and wheat flour authorized to be entered, or withdrawn from warehouse, for consumption under the import quotas established in the President's proclamation of May 28, 1941, as modified by the President's proclamation of April 13, 1942, for the 12 months commencing May 29, 1962, as follows:

Country of Origin	Wheat		Wheat flour, semolina, crushed or cracked wheat, and similar wheat products	
	Established Quota	Imports May 29, 1962, to August 6, 1962	Established Quota	Imports May 29, 1962, to August 6, 1962
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
Canada	795,000	795,000	3,815,000	3,815,000
China	-	-	24,000	-
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	84
United Kingdom	100	-	75,000	-
Australia	-	-	1,000	-
Germany	100	-	5,000	-
Syria	100	-	5,000	-
New Zealand	-	-	1,000	-
Chile	-	-	1,000	-
Netherlands	100	-	1,000	-
Argentina	2,000	-	14,000	-
Italy	100	-	2,000	-
Cuba	-	-	12,000	-
France	1,000	-	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	-
Yugoslavia	-	-	1,000	-
Norway	-	-	1,000	-
Canary Islands	-	-	1,000	-
Rumania	1,000	-	-	-
Guatemala	100	-	-	-
Brazil	100	-	-	-
Union of Soviet Socialist Republics	100	-	-	-
Belgium	100	-	-	-
	800,000	795,000	4,000,000	3,815,084

August 13, 1962

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, August 14, 1962.

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 17, 1962, an the other series to be dated August 16, 1962, which were offered on August 8, were opene at the Federal Reserve Banks on August 13. Tenders were invited for $1,300,000,000, or thereabouts, of 91-day bills and for $700,000,000, or thereabouts, of 182-day bills. Th details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing November 15, 1962		:	182-day Treasury bills maturing February 14, 1963	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.283 a/	2.836%	:	98.471 b/	3.024%
Low	99.271	2.884%	:	98.452	3.062%
Average	99.275	2.867% 1/	:	98.453	3.060% 1/

a/ Excepting one tender of $400,000; b/ Excepting four tenders totaling $1,005,000
51 percent of the amount of 91-day bills bid for at the low price was accepted
54 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	$ 26,209,000	$ 16,209,000	:	$ 8,446,000	$ 2,446,000
New York	1,512,130,000	850,930,000	:	1,454,258,000	583,676,000
Philadelphia	34,409,000	19,359,000	:	10,897,000	5,897,000
Cleveland	28,887,000	28,887,000	:	29,046,000	7,136,000
Richmond	16,403,000	16,403,000	:	1,608,000	1,578,000
Atlanta	32,313,000	28,813,000	:	8,874,000	5,474,000
Chicago	221,206,000	164,266,000	:	128,959,000	48,349,000
St. Louis	30,117,000	27,117,000	:	8,500,000	6,500,000
Minneapolis	21,485,000	19,485,000	:	6,555,000	4,179,000
Kansas City	39,546,000	39,056,000	:	18,131,000	17,839,000
Dallas	28,655,000	21,165,000	:	10,609,000	5,605,000
San Francisco	86,652,000	68,672,000	:	80,448,000	15,595,000
TOTALS	$2,078,012,000	$1,300,362,000 c/	:	$1,766,331,000	$704,274,000 d/

c/ Includes $245,193,000 noncompetitive tenders accepted at the average price of 99.275
d/ Includes $61,608,000 noncompetitive tenders accepted at the average price of 98.453
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.93%, for the 91-day bills, and 3.15%, 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.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

August 13, 1962

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, August 14, 1962.

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 17, 1962, and the other series to be dated August 16, 1962, which were offered on August 8, were opened at the Federal Reserve Banks on August 13. Tenders were invited for $1,300,000,000, or thereabouts, of 91-day bills and for $700,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

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High	99.283 a/	2.836%	98.471 b/	3.024%
Low	99.271	2.884%	98.452	3.062%
Average	99.275	2.867% 1/	98.453	3.060% 1/

a/ Excepting one tender of $400,000; b/ Excepting four tenders totaling $1,005,000
51 percent of the amount of 91-day bills bid for at the low price was accepted
54 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	$ 26,209,000	$ 16,209,000	$ 8,446,000	$ 2,446,000
New York	1,512,130,000	850,930,000	1,454,258,000	583,676,000
Philadelphia	34,409,000	19,359,000	10,897,000	5,897,000
Cleveland	28,887,000	28,887,000	29,046,000	7,136,000
Richmond	16,403,000	16,403,000	1,608,000	1,578,000
Atlanta	32,313,000	28,813,000	8,874,000	5,474,000
Chicago	221,206,000	164,266,000	128,959,000	48,349,000
St. Louis	30,117,000	27,117,000	8,500,000	6,500,000
Minneapolis	21,485,000	19,485,000	6,555,000	4,179,000
Kansas City	39,546,000	39,056,000	18,131,000	17,839,000
Dallas	28,655,000	21,165,000	10,609,000	5,605,000
San Francisco	86,652,000	68,672,000	80,448,000	15,595,000
TOTALS	$2,078,012,000	$1,300,362,000 c/	$1,766,331,000	$704,274,000 d/

c/ Includes $245,193,000 noncompetitive tenders accepted at the average price of 99.275
d/ Includes $61,608,000 noncompetitive tenders accepted at the average price of 98.453
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.93%, for the 91-day bills, and 3.15%, 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.

TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR IMMEDIATE RELEASE

August 14, 1962

TREASURY CALLS LAST PARTIALLY TAX-EXEMPT BOND

The Treasury Department today announced the official notice of call for redemption on December 15, 1962, of the partially tax-exempt 2-3/4 percent Treasury Bonds of 1960-65, dated December 15, 1938, due December 15, 1965. There are now outstanding $1,485,383,100 of these bonds.

The 2-1/2 percent bonds of 1962-67, which are also callable on December 15, 1962, will not be called for redemption on that date.

The text of the formal notice of call is as follows:

TWO AND THREE-QUARTERS PERCENT TREASURY BONDS OF 1960-65 (DATED DECEMBER 15, 1938)

NOTICE OF CALL FOR REDEMPTION

To Holders of 2-3/4 percent Treasury Bonds of 1960-65, and Others Concerned:

1. Public notice is hereby given that all outstanding 2-3/4 percent Treasury Bonds of 1960-65, dated December 15, 1938, due December 15, 1965, are hereby called for redemption on December 15, 1962, on which date interest on such bonds will cease.

2. Holders of these bonds may, in advance of the redemption date, be offered the privilege of exchanging all or any part of their called bonds for other interest-bearing obligations of the United States, in which event public notice will hereafter be given and an official circular governing the exchange offering will be issued.

3. Full information regarding the presentation and surrender of the bonds for cash redemption under this call will be found in Department Circular No. 300, Revised, dated April 30, 1955.

Douglas Dillon,
Secretary of the Treasury.

TREASURY DEPARTMENT,
Washington, August 13, 1962.

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FOR IMMEDIATE RELEASE August 14, 1962

SUBSCRIPTION AND ALLOTMENT FIGURES FOR TREASURY'S CURRENT CASH OFFERING

The Treasury Department today announced the subscription and allotment figures with respect to the current offering of $6,500 million, or thereabouts, of 3-1/2% Treasury Certificates of Indebtedness of Series C-1963, due August 15, 1963, $1,500 million, or thereabouts, of 4% Treasury Bonds of 1969, due February 15, 1969, and up to $750 million of 4-1/4% Treasury Bonds of 1987-92, due August 15, 1992, callable at the option of the Unite States on any interest date on and after August 15, 1987.

Subscriptions and allotments were divided among the several Federal Reserve Districts and the Treasury as follows:

	CERTIFICATES OF INDEBTEDNESS SERIES C-1963		TREASURY BONDS of 1969		TREASURY BONDS of 1987-9
Federal Reserve District	Total Subscriptions Received	Total Allotments	Total Subscriptions Received	Total Allotments	Subs. Rece and Allot
Boston	$ 576,724,000	$ 117,476,000	$ 417,381,500	$ 102,669,000	$ 20,475,0
New York	11,826,397,000	5,137,611,000	1,836,290,500	423,906,000	160,842,5
Philadelphia	349,765,000	60,275,000	226,662,500	61,204,500	4,238,0
Cleveland	856,766,000	158,095,000	494,731,500	125,128,000	4,589,0
Richmond	444,551,000	111,410,000	272,165,000	74,508,000	17,045,0
Atlanta	564,254,000	111,295,000	304,168,000	87,516,000	14,725,5
Chicago	1,980,103,000	537,977,000	1,223,243,000	325,215,500	42,617,0
St. Louis	428,686,000	164,210,000	217,464,000	74,709,000	5,597,5
Minneapolis	229,166,000	40,859,000	175,130,500	62,864,000	7,274,0
Kansas City	488,938,000	142,515,000	208,033,000	81,800,500	7,182,0
Dallas	425,600,000	67,302,000	235,601,500	66,826,500	7,287,0
San Francisco	1,957,407,000	398,653,000	1,133,049,000	256,808,500	22,581,0
Treasury	26,334,000	4,317,000	130,500	130,500	560,0
Govt. Inv. Accts.	-	-	100,000,000	100,000,000	50,000,0
Totals	$20,154,695,000	$6,851,995,000	$6,843,070,500	$1,843,286,000	$365,021,5

Subscriptions by investor classes for the bonds were as follows:

	4% Bonds of 1969	4-1/4% Bonds of 1987-92
Savings-type	$ 914,337,000	$141,116,000
Commercial Banks	5,064,[illegible],500	114,603,000
All Others	764,373,000	59,302,500
Total	$6,743,070,500	$315,021,500
Govt. Inv. Accts.	100,000,000	50,000,000
Grand Total	$6,843,070,500	$365,021,500

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TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR IMMEDIATE RELEASE

August 14, 1962

SUBSCRIPTION AND ALLOTMENT FIGURES FOR TREASURY'S CURRENT CASH OFFERING

The Treasury Department today announced the subscription and allotment figures with respect to the current offering of $6,500 million, or thereabouts, of 3-1/2% Treasury Certificates of Indebtedness of Series C-1963, due August 15, 1963, $1,500 million, or thereabouts, of 4% Treasury Bonds of 1969, due February 15, 1969, and up to $750 million of 4-1/4% Treasury Bonds of 1987-92, due August 15, 1992, callable at the option of the United States on any interest date on and after August 15, 1987.

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Cleveland	856,768,000	158,093,000	494,731,500	125,128,000	4,589,000
Richmond	444,551,000	111,410,000	272,165,000	74,508,000	17,045,000
Atlanta	564,254,000	111,295,000	304,168,000	87,516,000	14,725,500
Chicago	1,980,103,000	337,977,000	1,223,243,000	325,215,500	42,617,000
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Minneapolis	229,166,000	40,859,000	175,130,500	62,864,000	7,274,000
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Dallas	425,600,000	67,302,000	235,601,500	66,826,500	7,287,000
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Treasury	26,334,000	4,317,000	130,500	130,500	560,000
Govt.Inv.Accts.	-	-	100,000,000	100,000,000	50,000,000
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All Others	764,373,000	59,302,500
Total	$6,743,070,500	$315,021,500
Govt.Inv.Accts.	100,000,000	50,000,000
Grand Total	$6,843,070,500	$365,021,500

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Corrected Copy 8/21/62

AUG 8 1962

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MEMORANDUM TO OFFICE OF FISCAL ASSISTANT SECRETARY:

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	$79,908,000.00
Sales	18,007,000.00
Net ~~Sales~~ Purchases	$61,901,000.00

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CORRECTED COPY 8/21/62

TREASURY DEPARTMENT

WASHINGTON, D.C.

August 15, 1962 203

FOR IMMEDIATE RELEASE

TREASURY MARKET TRANSACTIONS IN JULY

During July 1962, market transactions in direct and guaranteed securities of the government for Treasury investment and other accounts resulted in net/PURCHASES ~~(sales)~~ by the Treasury Department of $61,901,000.

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~~XXXXXXXXXXX~~

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 (current revision) 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.

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. 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 24, 1962, (92 days remaining until maturity date on November 23, 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 Banks on August 23, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 23, 1962. Cash

~~EXXXXXXXXXA~~

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, August 15, 1962

~~XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX~~

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 $2,000,000,000 ~~(2)~~, or thereabouts, for cash and in exchange for Treasury bills maturing August 23, 1962 ~~(3)~~, in the amount of $1,901,349,000 ~~(4)~~, as follows:

92 ~~(5)~~ -day bills (to maturity date) to be issued August 23, 1962 ~~(6)~~, in the amount of $1,300,000,000 ~~(7)~~, or thereabouts, representing an additional amount of bills dated May 24, 1962 ~~(8)~~, and to mature November 23, 1962 ~~(9)~~, originally issued in the amount of $ 600,316,000 ~~(10)~~, the additional and original bills to be freely interchangeable.

182 ~~(11)~~ -day bills, for $ 700,000,000 ~~(12)~~, or thereabouts, to be dated August 23, 1962 ~~(13)~~, and to mature February 21, 1963 ~~(14)~~.

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, $50,000, $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 p.m., Eastern ~~Standard~~ Daylight Saving time, Monday, August 20, 1962 ~~(15)~~. 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

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TREASURY DEPARTMENT

WASHINGTON, D.C.

August 15, 1962

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 $ 2,000,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing August 23, 1962, in the amount of $ 1,901,349,000, as follows:

92-day bills (to maturity date) to be issued August 23, 1962, in the amount of $1,300,000,000, or thereabouts, representing an additional amount of bills dated May 24, 1962, and to mature November 23, 1962, originally issued in the amount of $ 600,316,000, the additional and original bills to be freely interchangeable.

182-day bills, for $ 700,000,000, or thereabouts, to be dated August 23, 1962, and to mature February 21, 1963.

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, $50,000, $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 p.m., Eastern Daylight Saving time, Monday, August 20, 1962. 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.

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. 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 24, 1962, (92-days remaining until maturity date on November 23, 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 Banks on August 23, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 23, 1962. 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 (current revision) 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.

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wisely considered and implemented -- do the job alone. They are no substitute for responsible wage bargaining and pricing practices, for measures to maintain active competition among producers, for better educational and research facilities, or for all the other ingredients of dynamic growth with stable prices. But, it is equally true that without well considered tax reform, monetary, and debt management policies flexibly attuned to the facts of our internal and external position, and intense efforts to restore balance of payments equilibrium, the prospects for substantial progress toward a better life for all our citizens in the years ahead would be seriously impaired.

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been ratified by 7 countries and will become effective as soon as the United States itself completes the necessary legislative action. Apart from that agreement, the Treasury and the Federal Reserve, acting in close cooperation with each other and with responsible foreign officials, have made steady progress in arranging facilities for acquiring convertible foreign currencies. These currencies, in turn, may be flexibly employed to absorb dollars passing into foreign hands as a result of our payments deficit. While still in a "pilot" stage, enough has already been learned from this experience to suggest that these facilities can potentially provide an entirely new dimension to our defenses against disturbances in the international monetary system.

Taken together, the financial program and policies I have outlined here today will make a major contribution to our economic goals. But I should also emphasize that these policies cannot -- however

Our export program should soon receive additional impetus as the result of a number ofmeasures -- including the recent appointment of an overall Export Coordinator in the Department of Commerce. This official is charged with the responsibility of reviewing and expediting our total export drive, working with both industry and Government to assure the best use of ~~current~~ our recently improved facilities and assistance programs for exporters.

Meanwhile, our defenses against the potential shocks and strains that can come from sudden and large-scale shifts of liquid funds -- whether arising from speculative or other pressures -- have been greatly strengthened.

The agreement reached last December by the industrialized countries to supplement the regular resources of the International Monetary Fund with additional credit facilities of $6 billion has now

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Efforts to lessen the balance of payments impact of our overseas expenditures and to stimulate our exports, are being stepped up. One evidence of our determination to reduce Government spending overseas to the minimum necessary is the recent development under the aegis of the Bureau of the Budget of a government-wide control system for international transactions. This requires the quarterly submission by all agencies, whose transactions affect the balance of payments, of a detailed report of past results, as well as of detailed estimates running one year into the future. This ~~budget,~~ system provides, for the first time, a regular and orderly procedure for the special review and control of these outlays. Each item is being subjected to close scrutiny, and unless ~~xx~~ adequately justified in terms of over-all priorities, is promptly eliminated. The institution of this close control over the spending which affects our balance of payments should lead to substantial savings in the future.

Secretary McNamara has established as a target the reduction of net military spending abroad to $1.6 billion for fiscal 1963 and to $1.0 billion by fiscal 1966. This compares with previous $2.6 billion or more. With the full cooperation of our allies, these targets can be reached without in any way impairing our defense position.

the measures we have taken. The overall deficit, which averaged $3.7 billion between 1958 and 1960, was reduced to $2.5 billion in 1961 and, during the first half of this year fell further, to an annual rate of $1.5 billion. Part of this recent improvement ~~may be the counterpart of~~ resulted from the temporary Canadian difficulties, but more basic factors have also contributed. ~~to the improvement.~~

For instance, the net drain from our mutual defense program ~~has been~~ is being significantly narrowed -- reflecting additional military procurement in the United States by our allies, as well as our own economies in overseas spending. Current outlays for economic aid also reflect our efforts to furnish this assistance in the form of American goods and services. Perhaps most significant for the longer-run, our exports have climbed to a new record level -- thanks in large part to the virtual stability of the prices of our manufactured goods since 1958. Although imports have also risen -- an expected response to higher levels of business activity -- our trade surplus has ~~increased~~ improved over the second half of 1961.

~~1957 level?~~

the appropriate method of financing our current deficit. Nor will it represent a blunt effort -- which I believe would be quite futile -- to crowd out of the long-term market some marginal amount of foreign borrowing -- borrowing that in any event is attracted more by our unrivaled market facilities than by relatively small ~~interest rate advantages.~~ differences in the total cost of the credit to the borrower.

The Balance of Payments: Over the longer-run, as I have said, our ability to maintain equilibrium in our international balance of payments will reflect our success in achieving more rapid increases in productivity, a favorable climate for new investment, faster growth, and stable prices in our domestic economy -- precisely the objectives we are seeking in our tax reform program and in credit policies. But, for the present, after more than a decade of deficits, we cannot afford to wait idly by until these longer-run solutions take hold. Instead, we must intensify our efforts through other means to restore balance as promptly as possible.

Our balance of payments accounts ~~now~~ are beginning to show some of the fruits of new commitments, banks and other lenders have continued to offer liberal credit terms and to actively seek out potential borrowers.

The contrast with other recent periods of expansion is striking. Rates in all sectors of the market are well below the postwar peaks reached in 1959; 18 months after the recovery began, banks are still liberally supplied with funds for new loans~~, and a tight credit~~ and there is no lack of credit availability. [redacted].

As we move ahead in financing our current deficit, we will naturally be concerned to maintain a balanced structure of Federal Debt. That means we must be able to continue to tap a cross section of the funds becoming available in the market -- from individuals and long-term investment institutions as well as from banks. But, it is not part of our policy to press ahead with long-term financing to the extent of jeopardizing the flow of funds necessary to support an expansion of business investment.

Any changes, during the coming year, in the level of long- interest rates w[illegible]
~~If long-term interest rates do rise in the months ahead,~~ [redacted] a natural [redacted]y response to ~~rising~~ changing levels of business activity, and not [redacted] any rigid preconceptions regarding

The results have been gratifying. Rates for Treasury bills, which never fell below 2-1/8 percent during the recession months of 1961, have risen to the 2-7/8 to 3 percent area. This has been necessary in order to keep our rates roughly competitive with the rate structure in foreign markets -- after allowing for the fluctuating cost of forward exchange cover.

At the same time, the interest rates of key importance to domestic growth and investment -- for mortgages, bank loans, corporate bonds, and state and local government securities -- have generally remained close to, or even dropped below, their recession lows. Mortgage rates, in particular, have declined, slowly but almost steadily, for more than a year, and market rates for Government-insured mortgage loans now average ~~a full~~ more than 1/4 percent below the ~~rates~~ levels prevailing at the trough of the recession a year and a half ago. Local government borrowing costs ~~have also declined to~~ in recent months have been at the lowest levels since ~~the~~ mid- ~~fall of~~ 1958. Moreover, funds are freely available at these rate levels in all sectors of the market. Far from drawing back on short-term bills, as had been their usual practice in the past. At the same time, the Treasury increased the volume of its own debt outstanding in the under one-year maturity area by nearly $14 billion. ~~(includ~~ ~~PTE's)~~ ~~and the Federal Reserve has liquidated (net) an additional $ billion in that same time.~~

With the short-term rate structure supported in this manner, the Federal Reserve has been able to supply the banks liberally with reserves throughout the recovery period, and thereby to maintain an atmosphere of credit ease and ample availability. At the same time, the Treasury, through flexible use of advance refundings and other sales of intermediate and longer term securities during propitious market periods, has been able to ~~achieve a significant improvement~~ improve its over-all debt structure without impeding the flow of funds into productive long-term investment.

supply of funds to finance domestic investment. But we are also alert to the potential danger of investors shifting their funds abroad in search of higher returns -- thereby increasing our balance of payments deficit.

Fortunately, rates for top-grade short-term securities -- the part of the rate structure which is the most important in international capital flows -- also have the least significance from the standpoint of domestic business conditions. Therefore within the limitations imposed by a free and fluid domestic market for credit, we have sought to encourage an active flow of funds into productive long-term investment, while maintaining a competitive equilibrium with foreign markets in the short-term area. For this reason a large portion of the funds injected into the market by the Federal Reserve since February, 1961, have taken the form of purchases of approximately $3.4 billion of securities maturing in more than one year, rather than

Its enactment would strengthen our ability to handle future down turns.

Monetary and Debt Management Policy, which affects the cost and availability of credit, is another area in which the Federal Government can exert a powerful influence on economic developments. The main responsibility for monetary policy lies, of course, with the Federal Reserve. But the Treasury -- largely through its management of the public debt -- can also significantly influence the cost and availability of funds.

Difficult and new problems have arisen in this area over the past 18 months. On the one hand, the Federal Reserve and the Treasury together -- and I want to emphasize the continuous cooperation and close working relationships that have developed between these agencies have had a common interest in assuring the availability of an ample

Fear of deficits is deeply rooted in our thinking -- and that fear has its basis in the fact that deficits have sometimes led to excess demand and inflation. But in today's economic environment -- far from being a source of dangerous inflationary pressures -- our deficit reflects our idle plant capacity and our overly large unemployment rolls. A temporarily larger deficit under these circumstances is a reasonable price to pay for a program of basic tax reform and tax reduction designed to spur output ~~and investment~~ and promote full utilization of our human and physical resources ~~as well as demand~~, a program that promises over the years to generate increased government revenues as a result of increased output.

Finally, even with the enactment of such a program, we will also need a measure of tax flexibility, in order to strengthen our arsenal of tools to combat cyclical down turns. Legislation providing this flexibility, patterned on ~~the~~ a recommendation of the Commission on Money and Credit, has been submitted to the Congress by the President.

Part of the solution to this problem can be found in reducing the total tax load on the economy. Another part can be found by developing a tax structure that will increase private initiative and productive investment. The structure of taxes -- as well as their level -- affects incentives to work, to invest, to cut costs, and to produce efficiently.

Thus tax reform is just as important as tax reduction. Such a program necessarily involves a loss of revenue in its first year of application, but this initial loss of revenue should be soon recouped as our economy moves ahead. It should be looked upon as a necessary down payment on economic growth, ~~to~~ more jobs, and ~~a~~ higher standards of living and greater opportunity for all Americans. More rapid growth will hold and attract funds here that might otherwise be invested abroad, and rising investment will make our producers more competitive in world markets. Both of these effects will serve to improve our balance of payments.

appropriate surplus of revenues over expenditures whene~~ver~~ the economy is operating at acceptable levels of employment and plant utilization.

The economy over the past five years has been marked by two recessions, ~~and~~ as well as a persistently excessive level of unemployment.

That record provides ample evidence of the drag on growth inherent in our current tax structure.

Today, many of the special expansionary forces that marked the private economy during the first decade of ~~in~~ the postwar period are no longer with us. The tax system that was appropriate during the inflationary postwar epoch is now too onerous. Too much potential purchasing power is diverted from the spending stream as a business recovery develops, dampening economic activity long before full employment is approached. The end result is that recovery bogs down at some level of output well below potential -- and instead of the theoretical large surplus that would be generated at full employment, we find ourselves with further deficits.

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I AM SUBMITTING FOR THE RECORD

This is clearly indicated by A table, as reported by the Senate Finance Committee. You will note that, even with the 7% credit, our treatment of new investment will be less generous than many of our foreign competitors. XXXX Its early enactment is essential to narrow the gap and is also of great importance in sustaining and accelerating the current economic expansion.

The President has announced that a comprehensive program of tax reform -- including a general reduction of both individual and corporate rates effective January 1, 1963 -- will go to the Congress for action early next year. In developing this reform program within the Administration, we are particularly conscious of the need to achieve a tax structure that will both increase consumer demand and provide new incentives -- both to individuals and to business -- while also providing for an

These realistic depreciation schedules must be supplemented and reinforced by other measures, however, if we are to provide incentives for investment within our tax structure comparable to those available in the other leading industrialized countries. These further incentives -- and the increased investment they will generate -- are necessary both to spur growth at home and to maintain and improve our competitive position in world markets.

The proposed 7% investment tax credit, incorporated in the Revenue Act of 1962 already passed by the House of Representatives, and approved by the Finance Committee of the Senate, represents the minimum we must do to keep up with our competition from abroad.

All of our foreign competitors provide special tax inducements of one sort or another over and above realistic depreciation in order to promote the modernization and expansion of business investment. We must do as much if we are to compete on equal terms.

One of the major objectives of this Administration has been a tax environment more conducive to business investment in new equipment. As a first step toward this objective, the Treasury has overhauled depreciation guidelines within the framework of existing law. This reform -- the first thoroughgoing review in a generation -- recognizes fully the impact of swiftly changing technology on the ~~[illegible]~~ economic life of equipment, and permits individual businesses to establish schedules in keeping with objective measures of their own replacement practices. Depreciation deductions permitted ~~Average write-off periods~~ for manufacturing machinery and equipment will be ~~shortened~~ increased by an estimated ~~[illegible]~~ 17 (correct) percent from existing practice; the current tax load will be lightened by an estimated $1.5 billion the first year; and administrative procedures will be greatly simplified. Although the result, in terms of stimulating new investment, cannot be gauged precisely, the reaction of the business community to this long-needed reform has been extremely favorable.

Four distinct problems have urgently called for reform:

1. Our tax structure has placed a heavy burden on the productive investment so vital to the growth process.

2. The current rate structure siphons off so large a fraction of the increased income generated by business recovery that forward momentum is dissipated before full employment and full utilization of industrial capacity can be reached.

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4. **Our tax system today lacks provision for flexible and timely adjustments to meet swiftly developing changes in the overall level of economic activity.**

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nerous rate

The financial policy of the Federal Government will be one of the vital factors in shaping our progress toward these ends over the years ahead. Within our over-all financial policy, tax policy can play a particularly important role.

Federal income taxes today absorb fully 15% percent of our total national income. The sheer size of these taxes and the way they are levied -- the tax rate schedules, ~~and~~ their application to different sources of income, the maze of special provisions [redacted] -- all exert a pervasive influence on economic activity. It is the joint responsibility of Congress and the Executive, while raising needed government revenues, to use the taxing power constructively to facilitate progress towards our goals of full employment, rapid growth, and stable prices. It has become apparent in recent years that some elements of our tax structure are impediments in our path to those goals -- impediments that in many cases can, and should, be removed.

reinforce our program for achieving equilibrium in our international payments.

There is no basic conflict between these twin goals of rapid growth at home and balance in our foreign payments. The key to both is the fuller and more effective use of our unmatched human and physical resources. We must produce more and better goods and services with greater efficiency, and we must have markets -- domestic and foreign -- adequate to absorb our output.

This requires that our productive plant and machinery be modernized and expanded. Domestic demand must also grow to provide markets for increased productive capacity. The skills and initiative of our workers must be better channeled into constructive effort. And foreign markets must not be closed to us -- either by insurmountable tariff barriers, or by increases in our own price level.

~~AUGUST 16, 1962~~

REMARKS OF THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
BEFORE THE JOINT ECONOMIC COMMITTEE
FRIDAY, AUGUST 17, 1962, 10:00 A. M.

The performance of the economy has already been reviewed by previous witnesses. As you know, there have been substantial gains in domestic employment and production over the past 18 months, plus clear progress toward restoring balance in our international accounts. You are also aware that the margin between our productive potential and the current rate~~s~~ of business activity is still far too wide to permit complacency. Unemployment at 5.3%, although much improved, is still at an unacceptably high level. And, if we are to maintain a secure foundation for the dollar and for vigorously expanding trade ~~between~~ among nations, the deficit in our balance of payments must be eliminated.

Thus, the major task of economic policy is to facilitate a step-up in the pace of domestic expansion at the same time that we

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3. Overly high rates of individual income tax interfere with the economic process. Energies and resources are diverted from the business at hand and concentrated on minimizing tax burdens through the use of a patch work of special deductions and exclusions, built up over the years to lighten the burden of our onerous rate structure.

4. Our tax system today lacks provision for flexible and timely adjustments to meet swiftly developing changes in the over-all level of economic activity.

One of the major objectives of this Administration has been a tax environment more conducive to business investment in new equipment. As a first step toward this objective, the Treasury has overhauled depreciation guidelines within the framework of existing law. This reform -- the first thoroughgoing review in a generation -- recognizes fully the impact of swiftly changing technology on the economic life of equipment, and permits individual businesses to establish schedules in keeping with objective measures of their own replacement practices. Depreciation deductions permitted for manufacturing machinery and equipment will be increased by an estimated 17 percent from existing practice;

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Thus tax reform is just as important as tax reduction. Such a program necessarily involves a loss of revenue in its first year of application, but this initial loss of revenue should be soon recouped as our economy moves ahead. It should be looked upon as a necessary down payment on economic growth, more jobs, and higher standards of living and greater opportunity for all Americans. More rapid growth will hold and attract funds here that might otherwise be invested abroad, and rising investment will make our producers more competitive in world markets. Both of these effects will serve to improve our balance of payments.

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Difficult and new problems have arisen in this area over the past 18 months. On the one hand, the Federal Reserve and the Treasury together -- and I want to emphasize the continuous cooperation and close working relationships that have developed between these agencies -- have had a common interest in assuring the availability of an ample supply of funds to finance domestic investment. But we are also alert to the potential danger of investors shifting their funds abroad in search of higher returns -- thereby increasing our balance of payments deficit.

Fortunately, rates for top-grade short-term securities -- the part of the rate structure which is the most important in international capital flows -- also have the least significance from the standpoint of domestic business conditions. Therefore, within the limitations imposed by a free and fluid domestic market for credit, we have sought to encourage an active flow of funds into productive long-term investment, while maintaining a competitive equilibrium with foreign markets in the short-term area. For this reason a large portion of the funds injected into the market by the Federal Reserve since February, 1961, have taken the form of purchases of approximately $3.4 billion of securities maturing in more than one year, rather than short-term bills, as had been their usual practice in the past. At the same time, the Treasury increased the volume of its own debt outstanding in the under one-year maturity area by nearly $14 billion.

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The contrast with other recent periods of expansion is striking. Rates in all sectors of the market are well below the postwar peaks reached in 1959; 18 months after the recovery began, banks are still liberally supplied with funds for new loans; and there is no lack of credit availability.

As we move ahead in financing our current deficit, we will naturally be concerned to maintain a balanced structure of Federal debt. That means we must be able to continue to tap a cross section of the funds becoming available in the market -- from individuals and long-term investment institutions as well as from banks. But, it is not part of our policy to press ahead with long-term financing to the extent of jeopardizing the flow of funds necessary to support an expansion of business investment. Any changes, during the coming year, in the level of long-term interest rates will reflect a natural response to changing levels of business activity, and not any rigid preconceptions regarding the appropriate method of financing our current deficit. Nor will it represent a blunt effort -- which I believe would be quite futile -- to crowd out of the long-term market some marginal amount of foreign borrowing -- borrowing that in any event is attracted more by our unrivaled market facilities than by relatively small differences in the total cost of the credit to the borrower.

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Our balance of payments accounts are beginning to show some of the fruits of the measures we have taken. The over-all deficit, which averaged $3.7 billion between 1958 and 1960, was reduced to $2.5 billion in 1961 and, during the first half of this year fell further, to an annual rate of $1.5 billion. Part of this recent improvement resulted from the temporary Canadian difficulties, but more basic factors have also contributed.

For instance, the net drain from our mutual defense program is being significantly narrowed -- reflecting additional military procurement in the United States by our allies, as well as our own economies in overseas spending. Current outlays for economic aid also reflect our efforts to furnish this assistance in the form of American goods and services. Perhaps most significant for the longer-run, our exports have climbed to a new record level -- thanks in large part to the virtual stability of the prices of our manufactured goods since 1958. Although imports have also risen -- an expected response to higher levels of business activity -- our trade surplus has improved over the second half of 1961.

Efforts to lessen the balance of payments impact of our overseas expenditures and to stimulate our exports are being stepped up. One evidence of our determination to reduce Government spending overseas to the minimum necessary is the recent development under the aegis of the Bureau of the Budget of a government-wide control system for international transactions. This requires the quarterly submission by all agencies, whose transactions affect the balance of payments, of a detailed report of past results, as well as of detailed estimates running one year into the future. This system provides, for the first time a regular and orderly procedure for the special review and control of these outlays. Each item is being subjected to close scrutiny, and unless adequately justified in terms of over-all priorities, is promptly eliminated. The institution of this close control over the spending which affects our balance of payments should lead to substantial savings in the future.

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Taken together, the financial program and policies I have outlined here today will make a major contribution to our economic goals. But I should also emphasize that these policies cannot -- however wisely considered and implemented -- do the job alone. They are no substitute for responsible wage bargaining and pricing practices, for measures to maintain active competition among producers, for better educational and research facilities, or for all the other ingredients of dynamic growth with stable prices. But, it is equally true that without well considered tax reform, monetary, and debt management policies flexibly attuned to the facts of our internal and external position, and intense efforts to restore balance of payments equilibrium, the prospects for substantial progress toward a better life for all our citizens in the years ahead would be seriously impaired.

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Comparison of depreciation deductions, initial and investment allowances 1/ for industrial equipment in leading industrial countries with similar deductions and allowances in the United States

	Representative tax lives	Depreciation deductions, initial and investment allowances (percentage of cost of asset)		
		First year	First 2 years	First 5 years
	Years			
Belgium	8	22.5	45.0	92.5
Canada	10	30.0	44.0	71.4
France	10	25.0	43.8	76.3
West Germany	10	20.0	36.0	67.2
Italy	10	25.0	50.0	100.0
Japan	16	43.4	51.0	68.2
Netherlands	10	26.2	49.6	85.6
Sweden	5	30.0	51.0	100.0
United Kingdom	27	39.0	46.3	64.0
Average, 9 foreign countries		29.0	46.3	80.6
United States:				
Practice prior to 7/11/62	15	13.3	24.9	51.1
With new depreciation guidelines	12	16.7	30.6	59.8
With new depreciation guidelines and investment credit 2/	12	29.5	42.5	69.6

Office of the Secretary of the Treasury
Office of Tax Analysis

August 13, 1962

1/ The deductions and allowances for each of the foreign countries have been computed on the assumption that the investment qualifies fully for any special allowances or deductions permitted. The deductions in the United States have been determined under the double-declining balance depreciation method, without regard to the limited first-year allowances for small business.

2/ For purposes of this table, the 7 percent investment credit has been considered as equivalent to a 14 percent investment allowance. For corporation subject only to the 30 percent normal tax, for instance, it is equivalent to an investment allowance of 23 percent. Allowance has been made in these calculations for the adjustment to basis in the amount of the credit as provided in the bill as reported by the Senate Finance Committee.

HENRY L. GIORDANO

Commissioner of Narcotics

Mr. Giordano was born June 10, 1914, in San Francisco, California. He attended the University of California School of Pharmacy, San Francisco, from August 1931 to May 1934, receiving a Ph. G. degree. In October 1935, he was granted a license as a pharmacist in San Francisco. From January 1930 to March 1941 Mr. Giordano was employed by Shumate's Pharmacy, San Francisco, first as a student pharmacist and then as a pharmacist.

Since March 1941, with the exception of the period 1943 to 1946 when he was on active duty in the United States Coast Guard, Mr. Giordano has been employed by the Bureau of Narcotics, Treasury Department. He has served in Seattle, Washington; Kansas City, Missouri; Minneapolis, Minnesota; and Washington, D. C. He was initially employed as a junior narcotics clerk, later as a narcotics agent, and in November 1958, following a period as a District Supervisor, he was appointed Deputy Commissioner of Narcotics in Washington, D. C.

President Kennedy announced Mr. Giordano's appointment as Commissioner of Narcotics on July 5, 1962, and he took the oath of office on August 17, 1962.

From October 1955 to April 1956 Mr. Giordano was on laon to the Committee on Ways and Means of the United States House of Representatives where he was the chief investigator. Mr. Giordano served as an advisor to the United States Delegation to the 14th Session of the Commission on Narcotic Drugs of the United Nations Economic and Social Council held in Geneva, Switzerland, during April and May, 1959.

He is married to the former Elaine Watson; they have two daughters, Anne M. Giordano and Marjorie E. Giordano. The family lives at 9609 New Hampshire Avenue, Silver Spring, Maryland.

the criminal activity of those engaged in producing and smuggling narcotics into the United States.

"Mr. Giordano takes on the leadership of the Bureau at a highly significant time. Organized crime today does not limit its activities to a single area, it moves into any field where illicit profits beckon. To help counter this menace, Mr. Giordano has actively coordinated the Bureau's efforts with those of other Treasury Bureaus, and has cooperated closely with Federal, states, and local law enforcement groups. This has contributed significantly to the Attorney General's successful program against organized crime.

"The new Commissioner has demonstrated his ability to cope with the criminal world. He is also aware of the need to attack the narcotics problem on a still broader front through the most modern treatment and rehabilitation of addicts who are the unfortunate victims of the criminal traffickers. It is in this area that we can expect increased cooperation between the Bureau and the Public Health Service, and with State and local health and welfare services. I look forward to the forthcoming White House Conference on Narcotics to shed new light on this aspect of our narcotics problem."

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TREASURY DEPARTMENT

WASHINGTON, D.C.

August 17, 1962

FOR IMMEDIATE RELEASE

HENRY L. GIORDANO TAKES OATH
AS COMMISSIONER OF NARCOTICS

Treasury Secretary Douglas Dillon today administered the oath of office to Henry L. Giordano as Commissioner of Narcotics.

Mr. Giordano was appointed by President Kennedy to succeed Harry L. Anslinger, who recently retired after 45 years of Government service. He had been Commissioner since 1930.

The ceremony was attended by Attorney General Robert F. Kennedy, Congressmen Hale Boggs of Louisiana and Frank M. Karsten of Missouri, Treasury officials and representatives of the Departments of State, Defense, and of Health, Education and Welfare.

Secretary Dillon, in remarks following the administration of the oath of office, said:

"Over the past 45 years, there has been a significant decrease in the proportion of narcotic drug addicts to our total population.

"That decrease can be attributed to three major factors:

-- The wisdom of the Congress -- beginning with the passage of the Harrison Act in 1914 -- in giving our law enforcement officers potent weapons against criminal elements engaged in the illicit importation and sale of narcotics.

-- Increasing cooperation between our Federal officers and the enforcement agencies of other governments, as well as with our state and local authorities.

-- The vigorous efforts of the Bureau of Narcotics under its first Commissioner, Harry J. Anslinger...

"As Deputy Commissioner, Henry Giordano has furthered what may be the most important mission of his Bureau: to stop the inflow of narcotics by cutting it off at the source. He and his staff work closely with the police of foreign countries to curb

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"Mr. Giordano takes on the leadership of the Bureau at a highly significant time. Organized crime today does not limit its activities to a single area, it moves into any field where illicit profits beckon. To help counter this menace, Mr. Giordano has actively coordinated the Bureau's efforts with those of other Treasury Bureaus, and has cooperated closely with Federal, state, and local law enforcement groups. This has contributed significantly to the Attorney General's successful program against organized crime.

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Statement of Mr. James A. Reed
Assistant Secretary of the Treasury
before the Subcommittee on Coast Guard,
Coast and Geodetic Survey and Navigation
of the House Committee on Merchant Marine
and Fisheries
H.R. 8151
to Require Authorization for Certain Appropriations
Thursday, August 16, 1962--10:00 A.M.

Mr. Chairman and Members of the Committee:

My name is James A. Reed; I am Assistant Secretary of the Treasury. I appreciate this opportunity to give you the views of the Treasury Department on H. R. 8151.

I believe that this bill basically concerns a matter of Congressional procedure and as such it is legislation on which the Treasury Department should comment with some diffidence. On the other hand, since it relates to the U. S. Coast Guard, which is one of the branches of the Treasury Department, it is obvious that we have a real interest in the bill.

At present, as you well know, the Congress gives careful consideration to the programs on which the Coast Guard will be engaged when it expends the money which is to be appropriated. This it does in connection with the consideration of the Coast Guard's annual appropriation bills. It is my understanding that underlying the proposed legislation is the belief that it is more desirable that this Committee and its counterpart in the Senate hear and consider matters relevant to Coast Guard functions rather than have these matters considered simply as an adjunct to the appropriation of funds.

The basic view of the Coast Guard and the Treasury Department is the same; and we know that it is the same position that is held by your Committee and the Congress as well. It is that the Coast Guard be maintained in a position in which it can efficiently and effectively carry out the missions which have been entrusted to it by law. These missions are important. The Coast Guard enforces law on the high seas. It has important life saving and search and rescue functions. It maintains aids to navigation not only on our shores and in our harbors but in isolated posts around the world. It performs ice-breaking functions. It deals with oceanography. It has a host of other functions. And, particularly, it stands ready to fulfill its national defense functions in time of war, with the same courage and ability which it has so well demonstrated in the past.

The Coast Guard is an organization in which every one of us in the Treasury Department takes pride. And I believe that this pride is shared by the members of your Committee.

I am entirely sympathetic with the intent of the legislation here proposed. I would be less than frank, however, if I did not say that legislation of this type could result in delays and difficulties for the Coast Guard if it were not implemented very effectively each year by this Committee and its counterpart in the Senate, as well as by the Appropriations Committees of both Houses, and the Congress generally.

There is no surplusage in the Coast Guard. It is a small organization and it does not have access to sources which can be tapped to any significant extent to tide over emergencies. In other words, if needed funds should be delayed by inadvertence or even by a legislative problem perhaps entirely unrelated to the Coast Guard, we would be in real trouble.

Obviously, the Coast Guard, as an applicant before both your Committee and the Appropriations Committee, will be faced with two tasks instead of one as it asks for the things which it believes it requires. Dual consideration, if it were to deal with the same things before two Committees in each house, and later twice on the floor of Congress, could obviously be a factor resulting in delays and possibly other difficulties. This point alone has been of concern to us.

It is my understanding of the views of this Committee, however, that it is not your purpose to duplicate the work of the Appropriations Committee but rather to undertake a broad, general review of problems of the Coast Guard and of its programs and projects and to grant authorizations on the basis of such review when you believe that projects and programs are desirable in the national interest. This position relieves me of the concern which was felt earlier about the possibility of a dual line-by-line review of each matter which would be the subject of expenditure by the Coast Guard.

Both the Coast Guard and the officials in the Treasury Department such as myself who deal with the Coast Guard recognize the propriety of your Committee concerning itself fully with all significant matters relative to the Coast Guard legislation. We know that your interest in the Coast Guard is an interest dictated by the concern, which we all share, that the Coast Guard do the best job it can do, that it improve, and that at all times it operate effectively and efficiently.

I have confidence that if the Congress enacts the proposed legislation the Coast Guard will have your sympathetic understanding and support. On this basis I wish to state on behalf of the Treasury Department that neither this Department nor the Coast Guard objects to the proposed legislation. As I commenced by saying, we do not believe that we should go further than this, since the legislation's basic purpose is to effect a change in the procedures of the Congress itself. At this point I should mention that in sending forward our report to your Committee the Treasury is suggesting certain technical and other changes in the proposed legislation. I do not believe that these alterations in any way change the basic underlying purpose of the bill as introduced. I believe that they make the bill clearer. Also they limit the need of reporting in two ways, first by allowing the necessary action to be taken with a subsequent rather than prior report, and second by requiring reports annually rather than semiannually.

Thank you for affording me this opportunity to express the views of the Treasury Department on this matter.

TREASURY DEPARTMENT

WASHINGTON, D.C.

August 16, 1962

FOR IMMEDIATE RELEASE

WITHHOLDING OF APPRAISEMENT
ON PEAT MOSS

The Treasury Department is instructing customs field officers to withhold appraisement of peat moss, horticultural and poultry grade, from Atkins and Durbrow Ltd., Vancouver, B. C., and Western Peat Moss, Westminster, B. C. (shipments from Manitoba plant only), Canada, 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 April 6, 1962. The dollar value of imports received from these two firms during the first 6 months of 1962 was approximately $2,500,000.

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TREASURY DEPARTMENT 249

WASHINGTON, D.C.

August 16, 1962

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TREASURY DEPARTMENT

WASHINGTON, D.C.

August 16, 1962

IMMEDIATE RELEASE

TREASURY DECISION ON PORTLAND CEMENT UNDER THE ANTIDUMPING ACT

The Treasury Department has determined that portland cement from Israel 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 Israel without regard to any question of dumping.

The dollar value of imports of the involved merchandise received during the first 6 months of 1962 was approximately $330,000.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

August 16, 1962

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IMMEDIATE RELEASE

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FISCAL SERVICE
OFFICE OF
FISCAL ASST. SECRETARY

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TREASURY DEPARTMENT

STATUTORY DEBT LIMITATION 251

As of July 31, 1962

TREASURY DEPARTMENT
Fiscal Service

Washington, Aug. 20, 1962

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 July 1, 1962 (P.L. 87-512 87th Congress) provides that the above limitation shall be temporarily increased (1) during the period beginning on July 1, 1962, and ending on March 31, 1963, to $308,000,000,000, (2) during the period beginning on April 1, 1963, and ending on June 24, 1963, to $305,000,000,000, and (3) during the period beginning on June 25, 1963, and ending on June 30, 1963, to $300,000,000,000.

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			$308,000,000,
Outstanding -			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$42,838,307,000		
Certificates of indebtedness	13,547,047,000		
Treasury notes	65,477,190,000	$121,862,544,000	
Bonds -			
Treasury	75,007,519,950		
*Savings (current redemption value)	47,653,443,830		
Depositary	116,028,500		
R. E. A. series	24,299,000		
Investment series	4,713,235,000	127,514,526,280	
Certificates of Indebtedness -			
Foreign series	670,000,000		
Foreign Currency series	74,942,500	744,942,500	
Special Funds -			
Certificates of indebtedness	5,887,948,000		
Treasury notes	6,405,130,000		
Treasury bonds	31,502,674,000	43,795,752,000	
Total interest-bearing		293,917,764,780	
Matured, interest-ceased		340,821,989	
Bearing no interest:			
United States Savings Stamps	51,830,918		
Excess profits tax refund bonds	725,743		
Special notes of the United States:			
Internat'l Monetary Fund series	2,962,000,000		
Internat'l Develop. Ass'n. series	115,304,400		
Inter-American Develop. Bank series	55,000,000	3,184,861,061	
Total		297,443,447,830	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F. H. A. & DC Stad. Bds.	445,453,800		
Matured, interest-ceased	2,074,900	447,528,700	
Grand total outstanding			297,890,976,5
Balance face amount of obligations issuable under above authority			10,109,023,4

Reconcilement with Statement of the Public Debt July 31, 1962
(Date)

(Daily Statement of the United States Treasury, July 31, 1962)
(Date)

Outstanding -	
Total gross public debt	297,876,050,1
Guaranteed obligations not owned by the Treasury	447,528,7
Total gross public debt and guaranteed obligations	298,323,578,8
Deduct - other outstanding public debt obligations not subject to debt limitation	432,602,3
	297,890,976,5

D-580

STATUTORY DEBT LIMITATION

As of July 31, 1962

252

TREASURY DEPARTMENT
Fiscal Service

Washington, Aug. 20, 1962

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Interest-bearing:			
Debentures: F. H. A. & DC Stad. Bds.	445,453,800		
Matured, interest-ceased	2,074,900	447,528,700	
Grand total outstanding			297,890,976,530
Balance face amount of obligations issuable under above authority			10,109,023,470

Reconcilement with Statement of the Public Debt July 31, 1962
(Date)

(Daily Statement of the United States Treasury, July 31, 1962)
(Date)

Outstanding -	
Total gross public debt	297,876,050,193
Guaranteed obligations not owned by the Treasury	447,528,700
Total gross public debt and guaranteed obligations	298,323,578,893
Deduct - other outstanding public debt obligations not subject to debt limitation	432,602,363
	297,890,976,530

D-580

He began his Federal career in 1938 as a participant in the training program of the National Institute of Public Affairs.

Born in Worcester, Massachusetts, Mr. Wald has been living in West Orange, New Jersey, since 1955. He holds an A.B. degree from Clark University and A.M. and Ph.D. degrees from Harvard University. His academic honors include: Phi Beta Kappa and Littauer Fellow, Harvard University. Mr. Wald is the author of a number of books, articles and official reports on taxation, fiscal policy, and international monetary problems.

Mr. Wald is married and has three children. They will reside in Bethesda, Maryland.

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DRAFT

August 20, 1962

FOR IMMEDIATE RELEASE

HASKELL P. WALD NAMED ASSOCIATE DIRECTOR
OF TREASURY'S OFFICE OF TAX ANALYSIS

The Treasury today announced the appointment of Haskell P. Wald, an economist with the Federal Reserve Bank of New York, as Associate Director of the Office of Tax Analysis.

Mr. Wald succeeds Mr. Douglas H. Eldridge, who resigned to become a John C. Lincoln Professor of Public Finance at Claremont Men's College, Claremont, California.

As Associate Director of the Office of Tax Analysis, Mr. Wald will assist the Deputy Assistant Secretary (Tax Policy), who is also Director of the Office, in directing the preparation of economic, statistical, and technical analyses relating to Federal tax policies.

Since 1955, Mr. Wald has been associated with the Federal Reserve Bank of New York, for the past 3 years as Chief of the Balance of Payments Division of the Bank's Research Department. During this period he also served ~~for~~ for one year as United Nations technical assistance adviser to the Bank of Greece and as Visiting Professor on the Graduate Faculty of The New School for Social Research. From 1953 to 1955, Mr. Wald was on the staff of ~~economic adviser to~~ the International Program in Taxation, ~~at~~ Harvard Law School. He also was a member of the United Nations Economic Consultants Team in Korea in 1953.

Mr. Wald served on the staff of the President's Council of Economic Advisers from 1950 to 1953. Previously he ~~had~~ held positions as an economist with the National Security Resources Board, the Department of Commerce, where he was editor of the Survey of Current Business, ~~The~~ the Treasury Department, and the Board of Governors of the Federal Reserve System.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

August 20, 1962

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Mr. Wald is married and has three children. They will reside in Bethesda, Maryland.

D-581

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, August 21, 1962.

August 20, 1962

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 24, 1962, and the other series to be dated August 23, 1962, which were offered on August 15, were opened at the Federal Reserve Banks on August 20. Tenders were invited for $1,300,000,000, or thereabouts, of 92-day bills and for $700,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	92-day Treasury bills maturing November 23, 1962		182-day Treasury bills maturing February 21, 1963	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.278 a/	2.825%	98.496	2.971%
Low	99.271	2.853%	98.488	2.991%
Average	99.275	2.837% 1/	98.491	2.984% 1/

a/ Excepting one tender of $500,000
76 percent of the amount of 92-day bills bid for at the low price was accepted
16 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	$ 30,729,000	$ 14,729,000	$ 10,357,000	$ 10,023,000
New York	1,482,791,000	902,591,000	1,366,067,000	555,772,000
Philadelphia	31,139,000	16,039,000	7,626,000	2,626,000
Cleveland	25,063,000	23,063,000	24,535,000	11,535,000
Richmond	11,899,000	11,608,000	2,281,000	2,281,000
Atlanta	24,343,000	21,307,000	7,145,000	4,995,000
Chicago	207,828,000	165,108,000	129,681,000	49,247,000
St. Louis	27,584,000	22,584,000	6,165,000	4,315,000
Minneapolis	19,827,000	17,207,000	5,903,000	3,883,000
Kansas City	30,508,000	28,268,000	23,938,000	10,439,000
Dallas	24,183,000	17,943,000	8,377,000	3,377,000
San Francisco	86,635,000	59,823,000	59,671,000	41,925,000
TOTALS	$2,002,529,000	$1,300,270,000 b/	$1,651,746,000	$700,418,000 c/

b/ Includes $227,817,000 noncompetitive tenders accepted at the average price of 99.275
c/ Includes $60,884,000 noncompetitive tenders accepted at the average price of 98.491
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.90%, for the 92-day bills, and 3.07%, 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-582

TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, August 21, 1962.

August 20, 1962

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 24, 1962, and the other series to be dated August 23, 1962, which were offered on August 15, were opened at the Federal Reserve Banks on August 20. Tenders were invited for $1,300,000,000, or thereabouts, of 92-day bills and for $700,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	92-day Treasury bills maturing November 23, 1962		182-day Treasury bills maturing February 21, 1963	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.278 a/	2.825%	98.498	2.971%
Low	99.271	2.853%	98.488	2.991%
Average	99.275	2.837% 1/	98.491	2.984% 1/

a/ Excepting one tender of $500,000
76 percent of the amount of 92-day bills bid for at the low price was accepted
16 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	$ 30,729,000	$ 14,729,000	$ 10,357,000	$ 10,023,000
New York	1,482,791,000	902,591,000	1,366,067,000	555,772,000
Philadelphia	31,139,000	16,039,000	7,626,000	2,626,000
Cleveland	25,063,000	23,063,000	24,535,000	11,535,000
Richmond	11,899,000	11,608,000	2,281,000	2,281,000
Atlanta	24,343,000	21,307,000	7,145,000	4,995,000
Chicago	207,828,000	165,108,000	129,681,000	49,247,000
St. Louis	27,584,000	22,584,000	6,165,000	4,315,000
Minneapolis	19,827,000	17,207,000	5,903,000	3,383,000
Kansas City	30,508,000	28,268,000	23,938,000	10,439,000
Dallas	24,183,000	17,943,000	8,377,000	3,377,000
San Francisco	86,635,000	59,823,000	59,671,000	41,925,000
TOTALS	$2,002,529,000	$1,300,270,000 b/	$1,651,746,000	$700,415,000 c/

b/ Includes $227,817,000 noncompetitive tenders accepted at the average price of 99.275
c/ Includes $60,884,000 noncompetitive tenders accepted at the average price of 98.491
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.90%, for the 92-day bills, and 3.07%, 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-582

August 15, 1962

Dear Mr. Secretary:

I am today sending to the President my letter of resignation as United States Executive Director of the International Monetary Fund, effective November 1, 1962, in order to accept an appointment as Deputy Managing Director of the Fund. Since you and I have discussed this matter a number of times, I see no point in stating in this letter the considerations which led to my decision. I do wish you to know how much I have enjoyed my association with you, particularly in this period in which you have been Secretary of the Treasury.

At the same time, I must with deep regret resign the appointment as Special Assistant to the Secretary of the Treasury which I have held since 1948. This appointment has given me an even closer association with the Treasury Department, an association which I have valued highly.

Cordially yours,

(Signed) Frank A. Southard, Jr.

Frank A. Southard, Jr.

Honorable Douglas Dillon
Secretary of the Treasury
Washington 25, D. C.

August 15, 1962

Dear Frank:

It is with a mixture of pleasure and regret that I accept your resignation as Special Assistant to the Secretary of the Treasury, a position which you have filled with distinction since 1948 in association with your duties as U. S. Executive Director of the International Monetary Fund. I shall miss your valuable contribution in those two capacities, but I congratulate you on your appointment as Deputy Managing Director of the Fund, and look forward to a continued close association with you.

You take with you to your new duties the warm good wishes of all your associates in the Treasury.

With best wishes,

Sincerely,

signed
Douglas Dillon

Douglas Dillon

The Honorable
Frank A. Southard, Jr.
U. S. Executive Director
International Monetary Fund
Washington 25, D. C.

cc:
Mr. Roosa
Mr. Leddy

WNT/rmc

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DRAFT

FOR IMMEDIATE RELEASE

Southard Resigns from Treasury Post

Treasury Secretary Douglas Dillon today released the following exchange of correspondence with Frank A. Southard, Jr., who has resigned as Special Assistant to the Secretary of the Treasury.

Mr. Southard held this post concurrently with that of U.S. Executive Director of the International Monetary Fund. President Kennedy today accepted Mr. Southard's resignation from that position in order to accept the position of Deputy Managing Director of the International Monetary Fund.

2-583

TREASURY DEPARTMENT

WASHINGTON, D.C.

August 21, 1962

FOR IMMEDIATE RELEASE

SOUTHARD RESIGNS FROM TREASURY POST

Treasury Secretary Douglas Dillon today released the following exchange of correspondence with Frank A. Southard, Jr., who has resigned as Special Assistant to the Secretary of the Treasury.

Mr. Southard held this post concurrently with that of U. S. Executive Director of the International Monetary Fund. President Kennedy today accepted Mr. Southard's resignation from that position in order to accept the position of Deputy Managing Director of the International Monetary Fund.

August 15, 1962

Dear Frank:

It is with a mixture of pleasure and regret that I accept your resignation as Special Assistant to the Secretary of the Treasury, a position which you have filled with distinction since 1948 in association with your duties as U. S. Executive Director of the International Monetary Fund. I shall miss your valuable contribution in those two capacities, but I congratulate you on your appointment as Deputy Managing Director of the Fund, and look forward to a continued close association with you.

You take with you to your new duties the warm good wishes of all your associates in the Treasury.

With best wishes,

Sincerely,

/s/ Douglas Dillon

Douglas Dillon

The Honorable
Frank A. Southard, Jr.
U. S. Executive Director
International Monetary Fund
Washington 25, D. C.

D-583

August 15, 1962

Dear Mr. Secretary:

I am today sending to the President my letter of resignation as United States Executive Director of the International Monetary Fund, effective November 1, 1962, in order to accept an appointment as Deputy Managing Director of the Fund. Since you and I have discussed this matter a number of times, I see no point in stating in this letter the considerations which led to my decision. I do wish you to know how much I have enjoyed my association with you, particularly in this period in which you have been Secretary of the Treasury.

At the same time, I must with deep regret resign the appointment as Special Assistant to the Secretary of the Treasury which I have held since 1948. This appointment has given me an even closer association with the Treasury Department, an association which I have valued highly.

Cordially yours,

/s/ Frank A. Southard, Jr.

Frank A. Southard, Jr.

Honorable Douglas Dillon
Secretary of the Treasury
Washington 25, D. C.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

August 21, 1962

FOR IMMEDIATE RELEASE

TREASURY DECISION ON SHEET GLASS
UNDER THE ANTIDUMPING ACT

The Treasury Department has determined that glass, sheet, in jalousie louvre sizes, from Czechoslovakia is being, or is likely to be, sold at less than fair value within the meaning of the Antidumping Act.

Accordingly, this case is being referred to the United States Tariff Commission for an injury determination.

Notice of the determination and of the reference of the case to the Tariff Commission will be published in the Federal Register.

The dollar value of imports received during the year 1961 was approximately $300,000.

TREASURY DEPARTMENT

WASHINGTON, D.C.

August 21, 1962

FOR IMMEDIATE RELEASE

TREASURY DECISION ON SHEET GLASS
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~~Secretary Dillon~~ Secretary Dillon presents Saving Bond award ~~Dillon awards~~ to National Lead Company Head

265 Aug. 22

FOR ~~RELEASE P.M. NEWSPAPERS~~ Immediate RELEASE
~~WEDNESDAY, AUGUST 22, 1962~~

Secretary DILLON AWARDS

NATIONAL LEAD COMPANY PRESIDENT RECEIVES
AWARDS FOR SUCCESS OF SAVINGS BOND DRIVE

The National Lead Company and its president, Joseph A. Martino, were cited today by Secretary of the Treasury Douglas Dillon for the "excellent results of National Lead Company's 1962 Savings Bonds Campaign."

The Treasury's Freedom Bond Award — a handsomely framed certificate was presented in recognition of the company's 33% gain in employee participation in the Payroll Savings Plan as a result of the campaign. Payroll savers among National Lead employees now number approximately 13,750 -- 83% of company personnel.

In addition to the Freedom Bond Award, a Minute Man statuette was presented as a personal award to Mr. Martino for his leadership in ~~interest in, and active support of,~~ the Savings Bonds Program.

The presentations, in which William H. Neal, National Savings Bonds Director, participated, served as a follow-up to a recent letter to Mr. Martino in which the Secretary said: "Not only is this record a tribute to the patriotism and good citizenship of your employees, but it indicates a keen appreciation of our debt management problems by you and the other public spirited executives of your company."

D-584

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TREASURY DEPARTMENT

WASHINGTON, D.C.

August 22, 1962

FOR IMMEDIATE RELEASE

SECRETARY DILLON PRESENTS SAVINGS
BOND AWARD TO NATIONAL LEAD COMPANY HEAD

Treasury Secretary Dillon today presented awards to the National Lead Company and its president, Joseph A. Martino, for the company's successful 1962 United States Savings Bonds sales campaign.

The Treasury's Freedom Bond Award -- a handsomely framed certificate -- was presented in recognition of the company's 33 percent gain in employee participation in the Payroll Savings Plan as a result of the campaign. Payroll savers among National Lead employees now number approximately 13,750 -- 83 percent of company personnel.

In addition to the Freedom Bond Award, a Minute Man statuette was presented as a personal award to Mr. Martino for his leadership in the Savings Bond Program.

The presentations, in which William H. Neal, National Savings Bonds Director, participated, served as a follow-up to a recent letter to Mr. Martino in which the Secretary said: "Not only is this record a tribute to the patriotism and good citizenship of your employees, but it indicates a keen appreciation of our debt management problems by you and the other public spirited executives of your company."

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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 (current revision) 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.

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. 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 31, 1962, (91 -days remaining until maturity date on November 29, 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 Banks on August 30, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 30, 1962. Cash

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, August 22, 1962

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 $2,000,000,000 (X2X), or thereabouts, for cash and in exchange for Treasury bills maturing August 30, 1962 (X3X), in the amount of $1,901,386,000 (X4X), as follows:

91 (X5X) -day bills (to maturity date) to be issued August 30, 1962 (X6X), in the amount of $1,300,000,000 (X7X), or thereabouts, representing an additional amount of bills dated May 31, 1962 (X8X), and to mature November 29, 1962 (X9X), originally issued in the amount of $601,324,000 (X10X), the additional and original bills to be freely interchangeable.

182 (X11X) -day bills, for $700,000,000 (X12X), or thereabouts, to be dated August 30, 1962 (X13X), and to mature February 28, 1963 (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, $50,000, $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 p.m., Eastern Daylight saving time, Monday, August 27, 1962 (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

TREASURY DEPARTMENT

WASHINGTON, D.C.

August 22, 1962

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 $2,000,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing August 30, 1962, in the amount of $1,901,386,000, as follows:

91-day bills (to maturity date) to be issued August 30, 1962, in the amount of $1,300,000,000, or thereabouts, representing an additional amount of bills dated May 31, 1962, and to mature November 29, 1962, originally issued in the amount of $601,324,000, the additional and original bills to be freely interchangeable.

182-day bills, for $700,000,000, or thereabouts, to be dated August 30, 1962, and to mature February 28, 1963.

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, $50,000, $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 p.m., Eastern Daylight Saving time, Monday, August 27, 1962. 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.

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. 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 31, 1962, (91-days remaining until maturity date on November 29, 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 Banks on August 30, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 30, 1962. 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 (current revision) 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.

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ART SETTEL, WO 42-475

2-69-A DRAFT

August 24, 1962

CUSTOMS WARNS OF DANGEROUS ~~TOY~~ IMPORTED

FOR IMMEDIATE RELEASE

DAVID B. STRUBINGER, ACTING COMMISSIONER OF CUSTOMS

The Bureau of Customs has notified ~~its~~ its CUSTOMS OFFICES representatives throughout the country, ~~and~~ AS WELL AS the Food and Drug Administration, of a potentially dangerous toy which may have been shipped ~~to the United States~~ from Japan for sale here.

The warning went out from ~~Bureau of~~ Customs ~~offices~~ HEADQUARTERS in Washington yesterday, immediately upon receipt of a report from William R. ~~Knock~~ KNOKE, the senior U. S. Customs representative in Frankfurt-AM-Main, Germany.

The toy, labelled "Trick Swiss Cheese", is intended for use in practical jokes. It is a soft slice of simulated "Swiss cheese" MADE OF PLASTIC TO BE INSERTED between two slices of bread. Health authorities in the Federal Republic of Germany have demonstrated that, ~~with the addition of~~ WHEN ~~DIS...~~ BY ... CONTACT WITH gastric juices, the formerly pliable plastic becomes hard, and the sharp edges cut into the intestines of the victim of the practical joke. One ~~known~~ fatality has already been reported in Germany.

The trade name on the label is printed in English with the price in United States currency, indicating that it was designed for the U.S. consumer.

-586

TREASURY DEPARTMENT

Art Settel, WOrth 4-2475

WASHINGTON, D.C.

August 24, 1962

FOR IMMEDIATE RELEASE

CUSTOMS WARNS OF DANGEROUS IMPORTED TOY

David B. Strubinger, Acting Commissioner of Customs, has notified customs offices throughout the country, as well as the Food and Drug Administration, of a potentially dangerous toy which may have been shipped from Japan for sale here.

The warning went out from Customs headquarters in Washington yesterday, immediately upon receipt of a report from William R. Knoke, the senior U. S. Customs representative in Frankfurt-A-Main, Germany.

The toy, labelled "Trick Swiss Cheese," is intended for use in practical jokes. It is a soft slice of simulated "Swiss cheese", made of plastic, to be inserted between two slices of bread. Health authorities in the Federal Republic of Germany have demonstrated that when in contact with gastric juices, the pliable plastic becomes hard, and the sharp edges cut into the intestines of the victim of the practical joke.

One fatality has already been reported in Germany.

The trade name on the label is printed in English with the price in United States currency, indicating that it was designed for the U. S. consumer.

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D-586

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, August 28, 1962.

August 27, 1962

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 31, 1962, and the other series to be dated August 30, 1962, which were offered on August 22, were opened at the Federal Reserve Banks on August 27. Tenders were invited for $1,300,000,000, or thereabouts, of 91-day bills and for $700,000,000, 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 29, 1962		:	182-day Treasury bills maturing February 28, 1963	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.296	2.785%	:	98.534	2.900%
Low	99.288	2.817%	:	98.523	2.922%
Average	99.291	2.808% 1/	:	98.526	2.916% 1/

48 percent of the amount of 91-day bills bid for at the low price was accepted
97 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	$ 33,563,000	$ 17,583,000	:	$ 8,228,000	$ 6,078,000
New York	1,768,655,000	1,005,348,000	:	1,049,980,000	606,300,000
Philadelphia	28,415,000	11,605,000	:	6,644,000	1,844,000
Cleveland	20,506,000	19,934,000	:	16,102,000	8,067,000
Richmond	10,572,000	10,572,000	:	1,167,000	1,167,000
Atlanta	28,734,000	24,761,000	:	3,923,000	3,773,000
Chicago	201,462,000	95,728,000	:	109,948,000	37,048,000
St. Louis	31,393,000	26,393,000	:	6,052,000	4,052,000
Minneapolis	21,934,000	17,362,000	:	7,444,000	5,944,000
Kansas City	26,709,000	21,584,000	:	11,564,000	6,464,000
Dallas	23,709,000	14,189,000	:	7,859,000	2,859,000
San Francisco	52,010,000	35,902,000	:	30,577,000	16,547,000
TOTALS	$2,247,662,000	$1,300,839,000 a/		$1,259,488,000	$700,143,000 b/

a/ Includes $208,458,000 noncompetitive tenders accepted at the average price of 99.291
b/ Includes $50,373,000 noncompetitive tenders accepted at the average price of 98.526
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.86%, for the 91-day bills, and 3.00%, 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-535

TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, August 28, 1962.

August 27, 1962

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 31, 1962, and the other series to be dated August 30, 1962, which were offered on August 22, were opened at the Federal Reserve Banks on August 27. Tenders were invited for $1,300,000,000, or thereabouts, of 91-day bills and for $700,000,000, 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 29, 1962		182-day Treasury bills maturing February 28, 1963	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.296	2.785%	98.534	2.900%
Low	99.288	2.817%	98.523	2.922%
Average	99.291	2.806% 1/	98.526	2.916% 1/

48 percent of the amount of 91-day bills bid for at the low price was accepted
97 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	$ 33,563,000	$ 17,563,000	$ 6,228,000	$ 6,078,000
New York	1,768,655,000	1,005,348,000	1,049,980,000	606,300,000
Philadelphia	28,415,000	11,505,000	8,644,000	1,844,000
Cleveland	20,506,000	19,934,000	16,102,000	8,067,000
Richmond	10,572,000	10,572,000	1,167,000	1,167,000
Atlanta	28,734,000	24,761,000	3,923,000	3,773,000
Chicago	201,462,000	95,726,000	109,948,000	37,048,000
St. Louis	31,393,000	26,393,000	6,052,000	4,052,000
Minneapolis	21,934,000	17,362,000	7,444,000	5,944,000
Kansas City	26,709,000	21,584,000	11,564,000	6,464,000
Dallas	23,709,000	14,189,000	7,859,000	2,859,000
San Francisco	52,010,000	35,902,000	30,577,000	16,547,000
TOTALS	$2,247,662,000	$1,300,839,000 a/	$1,259,488,000	$700,143,000 b/

a/ Includes $208,458,000 noncompetitive tenders accepted at the average price of 99.291
b/ Includes $50,373,000 noncompetitive tenders accepted at the average price of 98.526
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.86%, for the 91-day bills, and 3.00%, 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-587

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Chief Rowley warned ~~Secretary Dillon and the nation~~ that the counterfeiter is improving his skills and his distribution of bogus money. This, he said, increases the problems the Service faces, and pressures his organization to originate and speed up anti-crime techniques.

Chief Rowley's report concluded:

"The growth of cooperation between all levels of law enforcement agencies has been the one bright beacon in the otherwise dark crime picture, and the result of such close cooperation is reflected in the accomplishments of the Secret Service in its protective and investigative activities."

A copy of the Secret Service's Annual Report is attached.

Chief Rowley's laconic report on this phase of his work, of which little can be told ~~because of obvious~~ FOR security ~~aspects,~~ REASONS, was SIMPLY: ~~the~~ "Security arrangements were effected within and outside the United States during the past fiscal year without significant incidents."

~~The measure of success in this job lies in the phrase, "without significant incidents."~~

The brief report which Chief Rowley handed Secretary Dillon on Friday detailed principally the efforts of the Service against the crime of counterfeiting.

In a year during which a single raid netted the largest seizure of counterfeit notes within the country in the history of the agency, Chief Rowley reported that his men seized spurious money with a face value of more than 3-1/2 million dollars -- <u>before</u> it could be circulated. Agents arrested 737 people for counterfeiting offenses, and captured 44 plants where the fake money was being printed.

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FOR RELEASE IN NEWSPAPERS
SUNDAY, AUGUST 26, 1962

COUNTERFEITING AT NEW PEAK,
U. S. SECRET SERVICE CHIEF TELLS DILLON

Criminals are making more money and enjoying it less, according to James J. Rowley, Chief of the United States Secret Service, in his annual report to Treasury Secretary Douglas Dillon, on the activities of the organization. The Secret Service is a part of the Treasury Department.

"Seven out of every eight counterfeits manufactured were seized by the Secret Service before they could be passed on to the public," Chief Rowley said. He reported an increase of nearly 14 percent in the number of arrests over last year, and a score of 98.3 of convictions which resulted.

Protecting the nation against the counterfeiting of money and other securities is the second most important task of the agency, which was created as an arm of the Treasury in 1865. The protection of the President of the United States and his family, and of the Vice President when that official requests it, is the foremost responsibility of the agency.

D-558

TREASURY DEPARTMENT

WASHINGTON, D.C.

August 24, 1962

FOR RELEASE IN NEWSPAPERS
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A copy of the Secret Service's Annual Report is attached.

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TREASURY DEPARTMENT

UNITED STATES SECRET SERVICE

WASHINGTON 25, D.C.

OFFICE OF THE CHIEF

August 23, 1962

MEMORANDUM TO THE SECRETARY

Attention: Mr. Robert A. Wallace
Assistant to the Secretary

From : James J. Rowley
Chief, U. S. Secret Service

Subject : Secret Service Annual Report

It is my pleasure and honor to submit for your review the Annual Report of the activities and accomplishments of the U. S. Secret Service for the Fiscal Year ended June 30, 1962.

James J. Rowley

U. S. Secret Service
Annual Report
Fiscal Year Ended June 30, 1962

The major functions of the United States Secret Service as defined by Section 3056, Title 18, United States Code, are the protection of the President of the United States and members of his family, the President-elect, and the Vice President at his request; the detection and arrest of persons committing any offenses against the laws of the United States relating to obligations and securities of the United States and of foreign governments; and the detection and arrest of persons violating certain laws relating to the Federal Deposit Insurance Corporation, Federal land banks, and national farm loan associations.

Protective and Security Activities

The protection of the First Family and the Vice President, when requested, continued to be the most important responsibility of the Secret Service. Security arrangements were effected within and outside the United States during the past fiscal year without significant incidents.

Enforcement Activities

Despite the entry of organized criminals into the field of counterfeiting, the crime of counterfeiting was an unprofitable one in the fiscal year of 1962. Seven hundred and thirty-seven persons were arrested for counterfeiting offenses and 44 counterfeiting plants were captured during the year. The amount of $3,567,020 in counterfeit money was seized from counterfeiters before it could be circulated. Counterfeit currency received during the past fiscal year amounted to $4,134,916, an all time high, but only $567,896 of this amount represented a loss to the public. From the foregoing it can be seen that seven out of every eight counterfeits manufactured were seized by the Secret Service before they could be passed on the public.

Counterfeit issues reflected that the product of the counterfeiter is improving consistently with the development of the graphic arts and the ease with which counterfeit money can be produced. This, coupled with the wide distribution available to organized criminals, increased the enforcement problem and required the Secret Service to originate newer methods and speed up current techniques to suppress this dangerous crime.

As a result of intense investigation, surveillance and undercover work, in February 1962, special agents in New York recovered a million dollars in counterfeit notes in the largest domestic seizure in the history of the Service. This issue of counterfeit currency was controlled by a group with nation-wide underworld connections. The notes were being safeguarded by a comparatively minor figure in the syndicate, pending distribution to hoodlums in other areas. The same group controlled six other types of counterfeit notes which were actively passed along the Eastern seaboard. Information was received that $2,500,000 of one of the six new counterfeits was destined for Cuba and Puerto Rico, but such activity did not materialize.

In September 1961 a $10 counterfeit note appeared in New York City. Within 30 days, although 12 persons had been arrested, the circulation of these counterfeits had spread to Massachusetts, Connecticut, Rhode Island, New Jersey, Pennsylvania, Maryland, District of Columbia, Virginia, North Carolina, Florida, Ohio and Nebraska.

In October 1961 four men were arrested in New York and $25,000 was recovered. Shortly thereafter other arrests in Georgia of three men from Brooklyn resulted in another large seizure of counterfeit currency.

In January 1962 a man was arrested in Seattle for passing a $20 note and $4,800 in counterfeit money was seized. Further investigation resulted in four additional arrests and seizures amounting to $480,000 in these same counterfeits. While the seizures amounted to almost the entire $500,000 printed by the counterfeiters, the notes had been passed in Washington, California, Nevada, New Mexico, Michigan, Nebraska, Missouri, Illinois and Oregon in the short time they had engaged in the venture.

Shortly thereafter another $20 counterfeit issue appeared in the West. Two men and a woman were arrested in Seattle, Washington, for passing these notes and a counterfeit $100 note. The source of these notes was quickly arrested in Casper, Wyoming. The counterfeit plant was seized and the counterfeit note maker was arrested in Dickinson, North Dakota, at which time $350,000 in $20 and $100 notes was seized.

One issue of a new $20 counterfeit note was traced to Cuba. The first note appeared in Cuba in July 1961. These notes, and counterfeit $100 notes having a previous Cuban origin, are frequently confiscated in the United States from Cuban exiles who have converted their pesos into dollars before leaving Cuba and thus were defrauded by black market money exchangers. The amount of $27,560 in these counterfeit notes was seized in this country in fiscal year 1962.

The cases mentioned above illustrate the vast geographical area which must be covered by our agents in the space of a short time to effectively suppress the passing of counterfeit notes and to protect the public from loss.

The following table is a summary of the seizures of counterfeit money during the fiscal years 1961 and 1962:

Counterfeit Money Seized
FY 1961 and 1962

	1961	1962	Percent Increase
Counterfeit Currency			
Loss to the Public	$ 563,578.44	$ 567,896.35	+ .8
Before Circulation	1,637,865.20	3,567,020.43	+117.8
Total	$2,201,443.64	$4,134,916.78	+ 87.8

The forgery of government checks continued to represent a major enforcement problem for the Secret Service. During the past fiscal year the Secret Service investigated 40,351 cases involving an amount of $4,244,133.16, an increase of 15.8% cases over the previous year -- 3,414 persons were arrested for check forgery, an increase of 15.1% over the previous fiscal year.

The Secret Service also investigated 7,804 cases involving the forgery of U. S. Savings Bonds, representing $758,715, an increase of 2.6% cases over the previous year -- 82 persons were arrested for these offenses.

A few of the more flagrant cases investigated during the past fiscal year follow:

In New York City a woman and man, the woman an old offender, were arrested and admitted stealing and forging 340 checks in a 10-month period.

They realized about $17,000 from their criminal efforts and when arrested had only $10 in their possession. The money received from this illegal activity was spent to satisfy a $400 a week narcotic habit.

In Indianapolis, Indiana, a 33 year old woman was arrested for forgery of a $1,023.88 check. This was her fourth arrest for multiple theft and check forgery.

In Greenwood, Mississippi, an arrested forger admitted stealing and forging 100 checks in a four-month period. The checks were stolen and forged in Greenwood and Jackson, Mississippi, Little Rock and Memphis.

Also in Greenwood, Mississippi, a multiple forger was arrested who was responsible for the forgery of over 100 checks. While waiting trial he escaped from jail on September 16 vowing to continue stealing checks as long as he was free. He was traced by his forgeries through the states of Mississippi, Illinois, Arkansas and Florida. He was arrested in Jacksonville, Florida, on December 18 after having forged and cashed over 100 government checks he had stolen from rural mailboxes prior to his second apprehension.

One hundred twenty-one stolen and forged Canadian Pacific Railway money orders were passed in the country. In August 1961 Secret Service followed the trail of the forgers through Virginia, West Virginia, Michigan, Ohio, Illinois, Indiana, Maryland and New York before identifying and arresting the forgers and identifying the thief who was by that time in jail in Ontario, Canada.

The Secret Service in September 1961 arrested six persons in Chicago who admitted realizing about $30,000 in eight months by forging government checks. One of those arrested acted as a clearing house for the ring, accepting the checks which were stolen from the mail and assigning them to others for the forgery. To others went the task of passing the forged checks and the proceeds were divided among the group.

In Shelby, North Carolina, one man was arrested for forging 50 government checks while on parole from a 1957 conviction for forgery.

In Buffalo, New York, in December 1961, three persons arrested admitted the forgery and passing of over 200 checks in the Buffalo area.

The following table shows the number of criminal and non-criminal investigations completed in fiscal years 1961 and 1962. This table reflects the arrest of 169 persons in fiscal year 1962 for crimes other than counterfeiting and forgery, bringing the total of persons arrested to 4,402 in fiscal year 1962. Cases of all types investigated, which included counterfeiting and forgery, totalled 63,791, an increase of 12.1% cases closed over the previous year.

Cases Investigated	FY 1961	FY 1962	% Change
Counterfeiting	11,004	10,052	- 8.7
Forged Govt. Checks	34,846	40,351	+ 15.8
Forged Govt. Bonds	7,603	7,804	+ 2.6
Misc. Criminal	1,226	1,187	- 3.2
Misc. Non-Criminal	2,223	4,297	+ 97.8
Totals	56,902	63,791	+ 12.1

Arrests			
Counterfeiting	595	737	+ 23.9
Forged Govt. Checks	2,967	3,414	+ 15.1
Forged or Stolen Bonds	75	82	+ 9.3
Misc.	169	169	---
Totals	3,806	4,402	+ 15.7

Convictions of 3,923 persons in Secret Service cases in fiscal year 1962 reflected an increase of 13.9% over the previous year. In all Secret Service cases brought to trial in this period, 98.3% resulted in convictions.

The rising tide of lawlessness as shown by these statistics is also reflected in the general crime picture throughout the country.

To meet this challenge it will be necessary to exert continued vigilance, prompt investigation and vigorous prosecution.

The growth of cooperation between all levels of law enforcement agencies has been the one bright beacon in the otherwise dark crime picture, and the result of such close cooperation is reflected in the accomplishments of the Secret Service in its protective and investigative activities.

~~RELEASE MODIFIED~~

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 (current revision) 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.

~~xRETAxxxMODIFIEDx~~

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.

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. 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 ~~(16)~~ or less for the additional bills dated June 7, 1962 ~~(17)~~, (91 ~~(18)~~ days remaining until maturity date on December 6, 1962 ~~(19)~~) and noncompetitive tenders for $100,000 ~~(20)~~ or less for the 182 ~~(21)~~ -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 Banks on September 6, 1962 ~~(22)~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 6, 1962 ~~(23)~~. Cash

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE August 27, 1962

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 $ 2,000,000,000 , or thereabouts, for cash and in exchange for Treasury bills maturing September 6, 1962 , in the amount of $1,901,854,000 , as follows:

91 -day bills (to maturity date) to be issued September 6, 1962 , in the amount of $1,300,000,000 , or thereabouts, representing an additional amount of bills dated June 7, 1962 , and to mature December 6, 1962 , originally issued in the amount of $ 701,967,000 , the additional and original bills to be freely interchangeable.

182 -day bills, for $ 700,000,000 , or thereabouts, to be dated September 6, 1962 , and to mature March 7, 1963 .

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, $50,000, $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 p.m., Eastern Daylight Saving ~~Standard~~ time, Friday, August 31, 1962 . 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

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WASHINGTON, D.C.

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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.

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TREASURY DEPARTMENT
Washington

FOR RELEASE ON DELIVERY

REMARKS BY HARVEY E. BRAZER
DEPUTY ASSISTANT SECRETARY OF THE TREASURY
BEFORE THE TAX EXECUTIVES INSTITUTE, INC.
WHITE SULPHUR SPRINGS, WEST VIRGINIA
WEDNESDAY, AUGUST 29, 1962
10:00 A.M., E.S.T.

THE 1962 REVISION OF DEPRECIATION GUIDELINES

The importance of depreciation charges in the costs of doing business in the United States may be seen in the fact that these charges represented close to 10 percent of gross national product originating in business in 1961. This importance is further underscored for corporations when it is realized that corporate depreciation deductions in 1961 were approximately equal to the $23.3 billion of corporate profits after taxes. Undistributed corporate profits in the same year amounted to $8.3 billion, and were therefore only about one-third as large as depreciation deductions as a source of funds or cash flow. These few figures in themselves go far in explaining why the subject of depreciation has been of such intense interest to businessmen, accountants, lawyers, economists, and the Treasury.

I believe that a meaningful discussion of depreciation and of the nature and significance of the recently released Treasury revision of depreciation guidelines and rules should be prefaced by a definition of depreciation. Controversies over what constitutes "adequate" depreciation have turned in substantial part on this definition. In my view depreciation is a charge against income designed to permit the cost incurred in acquiring an asset that is expected to be used for more than one year or accounting period to be spread over the life of that asset. Thus a piece of machinery or equipment that costs $100 and is expected to be used for five years, at the end of which time it will have a zero salvage value, should give rise to charges against income over that five-year period of $100. If it does, its owner will have charged his actual outlay or expense against income, much as he charges the cost of labor, materials, power, and so forth. If upon replacing the asset the business finds that the price of the replacement is higher than $100, this may be due either to an increase in price, to an improvement in the machine, or to a combination of both factors. In a period of rising prices it is ordinarily impossible to distinguish between these two factors. In any event, if the new capital outlay is, like the first one, regarded, in effect, as a deferred expense, my definition of depreciation suggests that the new higher cost should be written off over the life of the new machine or equipment. Thus I exclude the notion that depreciation charges as such should be permitted to exceed original cost less salvage value, if any.

The actual period over which a depreciable asset should be written off is always a matter of judgment which cannot be resolved with definitive foresight. Depreciable lives used for tax purposes, therefore, are primarily anticipatory. Only time and hindsight -- sometimes called "experience" -- can tell us whether the depreciable lives used are "appropriate". They are appropriate if they coincide with replacement practice and salvage experience.

The rate at which an asset should be depreciated over its life depends upon the relationship between the passage of time and the value of the asset. This relationship may be expected to be governed by such factors as the rate of change in the relevant technology, intensity of use of the asset, and the rate at which the cost of repair and maintenance increases with time.

Background of the Treasury's Approach to Depreciation Revision

The foregoing concepts underlie the Treasury's approach to revision of depreciation guidelines and rules. We have not disturbed the principle -- nor could we through administrative action -- of permitting depreciation in amounts equal only to the historical costs of depreciable assets. And we have regarded the 1954 Internal Revenue Code provisions for the use of the double-declining-balance and the sum-of-the-years-digits methods of depreciation as appropriate means of providing flexibility with respect to the timing of depreciation charges over the depreciable lives used. These methods permit roughly two-thirds of depreciation to be taken over half of the depreciable life.

Objectives

Over the past year, while the Treasury had the revision of depreciation guidelines and rules under intensive study, our first major concern was to establish a clear-cut set of objectives.

Elimination of controversy. One of our foremost objectives was the minimization or elimination of controversy between taxpayer and revenue agent on questions having to do with whether or not the taxpayer's depreciation charges meet the requirements of the Internal Revenue Code, which stipulate that "There shall be allowed as a depreciation deduction a reasonable allowance for ... exhaustion, wear and tear (including a reasonable allowance for obsolescence) ..." Although the provision for a "reasonable allowance" for depreciation has been a part of the tax law since the Revenue Act of 1913, Treasury rulings and regulations interpreting this provision have varied. Between 1913 and 1924 the burden of proving the reasonableness of depreciation deductions was onthe taxpayer, but between 1924 and 1934 this burden was shifted to the Government. Thus, for the ten years preceding 1934, depreciation deductions were generally permitted as claimed by the taxpayer, unless the Internal Revenue Service was able to provide clear and convincing evidence that they were unreasonable.

A major change was introduced in 1934 when T.D. 4422 and Mimeograph 4170 were issued by the Treasury. This Treasury action, which once again placed the burden of proving the reasonableness of depreciation deductions on the taxpayer, was the Treasury's alternative to a Congressional suggestion of 1933 that depreciation allowances be reduced by one-quarter as a means of increasing revenues which had fallen so sharply as a result of the severe economic depression. The Treasury's 1934 action brought a substantial curtailment of depreciation deductions through a variety of measures, including the upward adjustment of depreciable life schedules which had been published in a 1931 document entitled Depreciation Studies. The 1942 edition of Bulletin F incorporated, adjusted and extended the scope of these schedules.

The next major change in the Treasury's approach to depreciation came in the form of Revenue Rulings 90 and 91 of 1953. These rulings were designed to provide a more liberal administrative policy which would reduce controversy over depreciation and in large part reverse the action taken through the issuance of T.D. 4422 in 1934. Thus Revenue Ruling 90 states that "... it shall be the policy of the Service generally not to disturb depreciation deductions, and Revenue employees shall propose adjustments in the depreciation deduction only where there is a clear and convincing basis for a change. This policy shall be applied to give effect to its principal purpose of reducing controversy with respect to depreciation."

Opinions differ as to the effectiveness of Revenue Rulings 90 and 91 in reducing controversy between taxpayers and the Internal Revenue Service on matters of depreciation. Until this year, Revenue agents and taxpayers still had available to them for guidance only Bulletin F, in which the depreciable lives indicated or suggested had not been changed for at least 20 years.

The Treasury accepted the premise that neither taxpayer nor agent had available to him clear-cut objective standards for determining the reasonableness of depreciation charges. What was reasonable to one taxpayer or to one agent could be unreasonable to another, so that similarly situated taxpayers subject to audit by different agents could be expected to fare differently.

Some means, therefore, had to be sought through which the same objective standard of reasonableness could be applied uniformly, for the protection of both the taxpayers and the revenues.

Simplicity. A second major objective sought by the Treasury, one closely related to the elimination of controversy, was simplicity in the administration of tax depreciation. Under the item-life approach to depreciation, even Bulletin F's 5,000 suggested lives failed to cover all of the depreciable assets used by business and agriculture. A single firm manufacturing soap, for example, was expected to look to Bulletin F's 200 item-lives for depreciable assets used in that industry. Departure from item-lives or Bulletin F's suggested schedules required continued negotiations with the Revenue agent, as did the establishment of depreciable lives for the many assets not covered in Bulletin F -- frequently because they did not exist 20 years ago.

The Treasury believed that greater simplicity could be achieved if more attention were to be paid to the forest of the depreciation account and less to the trees represented by every depreciable asset held by the taxpayer.

Greater recognition of obsolescence. Although the Internal Revenue Code specifically notes that obsolescence should be taken into account in determining the reasonableness of depreciation allowances, past practices have looked primarily to the historical experience of the taxpayer in determining depreciable lives. The Treasury, in its revision, followed a course dictated by the view that, since the life of a depreciable asset or a group of such assets can necessarily only be determined on the basis of hindsight, and because past experience may not be an appropriate index of future replacement practice, a new administrative approach to depreciation was required. This new approach would look to the taxpayer's prospects and expectations with respect to future replacement, rather than to his past experience. A major objective of the revision, therefore, was to establish guideline lives that give greater explicit recognition to obsolescence and which recognize that "useful life to the taxpayer" involves more than the question of how long an asset may be expected to last in a physical sense. Thus, economic life, rather than physical life, has been emphasized.

From the point of view of the economist, an asset that is in perfectly good physical shape may no longer be economically useful. The standard economist's criterion for determining when an asset should be replaced is the rule that a capital asset should be replaced when the total unit cost of production with a new asset is less than the variable or out-of-pocket unit cost involved in continuing to use the old asset. Clearly, profits or profit opportunities will be foregone unless the firm follows a capital asset replacement policy governed by this rule. If we accept the assumption that it is the objective of the firm to maximize its profits, it is the economically useful life, rather than the physical life, that is relevant for depreciation purposes. The rule, of course, places major emphasis upon the technological alternatives available to the firm and therefore on the rate of technological change, and consequently, on the rate of economic obsolescence of capital assets.

Emphasis on future practices. A further objective of the Treasury was related to the fact that investment in machinery and equipment has been lagging badly in the United States both relative to our past record and relative to the experience of our major foreign competitors. We believe that many firms were caught in a vicious circle because of reliance on past replacement experience in determining the reasonableness of current depreciation charges. If a firm had been laggard in replacing its capital assets, its experience would warrant only a long depreciable life and therefore low depreciation charges. On the other hand, low depreciation charges, given the importance to total cash flow available for investment of depreciation, meant that funds were not available for investment in more modern equipment. Moreover, the fact that existing assets are not full depreciated is frequently held to be a serious obstacle to their replacement. We believed this situation had to be remedied.

Thus, in its new approach to the administration of tax depreciation, the Treasury aimed at providing American business and agriculture with the opportunity to start "fresh" by looking primarily to the future.

The new guidelines for depreciation

The new guidelines for depreciation involve a major departure from past practices. Most significantly, in pursuing the achievement of the law's objective of permitting a reasonable allowance for depreciation, they seek a reasonable overall result in measuring depreciation, rather than approaching depreciation on an item-by-item basis. Instead of the more than 5,000 item lives suggested in Bulletin F, Part I of Revenue Procedure 62-21 provides for less than 100 guideline classes and lives divided amoung four groups. Group 1 includes depreciable assets used by business in general -- office furniture, fixtures, machines and equipment; transportation equipment; land improvements; and buildings. Guideline classes and lives, each of which covers a nonmanufacturing activity other than transportation, communications, and other public utilities, are found in Group 2. Machinery and equipment, including depreciable jigs, tools, dies, and fixtures, and special-purpose structures, used in manufacturing are covered in Group 3. Finally, the guideline classes and lives (other than those dealt with in Group 1) used in the transportation and communications industries and by water, gas, and electric utilities are presented in Group 4.

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Under the new approach, a taxpayer engaged, say, in the manufacture of furniture, ordinarily will be concerned with only four or five guideline classes and lives. Thus, his machinery and equipment, as well as special structures, if any, may be depreciated under the ten-year life assigned to guideline class 12 of Group 3; his office furniture, fixtures, machines, and equipment are also assigned a ten-year guideline life under guideline class 1 of Group 1; his automotive equipment lives of three to six years under guideline classes 2(b) and 2(d) of Group 1; his land improvements a life of 20 years under guideline class 3 of Group 1; and his buildings will be depreciated as under the old practices.

Our furniture manufacturer may use the new guideline lives irrespective of his past practices with respect to replacement of depreciable assets or the item or group lives he has used in the past. If the new guideline lives are not shorter than lives he has previously justified -- as will be the case in some instances -- he may continue to use those previously justified shorter lives in lieu of the new guideline lives. In either case, he is entitled to use the previously justified or new guideline lives as a matter of right, beginning with accounting years for which tax returns are due on or after July 12, 1962. Moreover, his depreciation charges will not be questioned by the Service for the first three years.

But no prescribed schedule of lives or depreciable lives justified on past audit or on other bases will necessarily provide reasonable depreciation allowances. The test of the reasonableness of his depreciation allowances will be found only in the relationship between those allowances and future replacement practices. This relationship will show up on the taxpayer's books in the ratio of his accumulated depreciation reserves to the depreciable basis of the assets being depreciated. Thus we look to the taxpayer's "reserve ratio" -- the ratio as we have just defined it.

In the simplest case, where the guideline class of assets is being depreciated on a straight-line basis and where the rate of growth of the depreciable basis is zero, if the taxpayer's replacement practices coincide with the depreciable life being used and there is no dispersion of lives of individual assets around the guideline life, the reserve ratio will necessarily equal 50 percent for a seasoned account. A reserve ratio higher than 50 percent will indicate that the taxpayer's replacement cycle is longer than the depreciable life upon which his depreciation charges are based. On the other hand, a reserve ratio of less than 50 percent will indicate that the reverse is true.

The new procedure uses the reserve ratio test as the objective means of determining whether or not the taxpayer's depreciation charges are reasonable. But to pick up our furniture manufacturer illustration, we noted that his depreciation charges would not be challenged in the first three years. In the fourth year of the transition to the new approach we will not ask that his reserve ratio be equal to the expected reserve ratio -- given the depreciable life being used for the guideline class of assets, the rate of growth and method of depreciation being used -- nor even that it be within the acceptable range provided in our tables of reserve ratios. In the fourth year, the taxpayer's depreciation charges will not be disturbed provided only that his reserve ratio in the fourth year lies within the designated range or the gap between his reserve ratio and the upper limit of the range is lower than it was in at least one of the three preceding years. This same rule applies until a period equal to the guideline life has elapsed. At the end of this period, or after the end of the presumed life cycle, the taxpayer will meet the reserve ratio test if his reserve ratio lies within the range indicated in the reserve ratio tables for his rate of growth, method of depreciation, and the depreciable life being used, irrespective of whether it is the guideline life, a longer life, or a life shorter than the guideline which the taxpayer has been able to justify.

I want to emphasize the fact that the reserve ratio test is a liveral test, one which is not designed to place the taxpayer or the agent in a rigid strait jacket. The reserve ratio ranges are so calculated that the upper limit of the range will be reached only if the taxpayer is replacing his assets on the average over a period 20 percent longer than the depreciable life upon which his depreciation charges are based. Similarly, he will penetrate the lower limit of the reserve ratio range if he is replacing his assets in a period of years that averages 10 percent shorter than the depreciable life he is using for tax depreciation purposes. But the liberality of the test goes even further. The reserve ratios presented in the tables were computed on the assumption that all assets in a guideline class have a life equal to the one depreciable life. That is, it is assumed that there is no dispersion around this life. If dispersion were to be taken into account (and, of course, the degree of dispersion would vary for each taxpayer) the computed reserve ratios would be considerably lower than those printed in our tables and the test therefore would be far more severe in its application.

This discussion of the new guidelines and rules for depreciation deals, of course, only with the straightforward case. Many taxpayers will find that they will encounter problems and questions that I have not touched on here. I believe that most of these questions or problems are dealt with in parts II and III of Revenue Procedure 62-21 and in the Questions and Answers contained in the guideline pamphlet. I hope that the questions dealing with some of the details of the procedure may be raised in the discussion to follow this session. The Treasury invites such questions and is now preparing to publish supplementary questions and answers and explanatory materials for application of the new depreciation rules.

Results to be Expected from the Application of the New Depreciation Guidelines

On the basis of intensive studies conducted by the Treasury, we expect that the guidelines for depreciation will permit the achievement of the objectives I outlined earlier. We have no doubt not eliminated entirely controversy between taxpayer and agent. As the revenue procedure explains, many issues remain to be resolved on the basis of the particular facts and circumstances and the reserve ratio test does not apply in rigid fashion. For example, the fact that a taxpayer's reserve ratio exceeds the upper limit of the indicated reserve ratio range will not be sufficient to require that his depreciable life or lives be extended. This will be only one factor to be taken into account by the Internal Revenue Service agent. But certainly controversy should be drastically reduced.

We believe, too, that the new procedure will prove to have achieved a great deal in the direction of simplicity. But no one seriously suggests that a full understanding of the new procedure can be achieved without careful study. Once understanding is widespread, however, I believe that the procedure will in fact prove to be reasonably mechanical in its application.

Nor can there be any serious doubt but that the vicious circle to which I alluded earlier will be broken, and that the new depreciation procedure will stimulate a higher level of investment in machinery and equipment in the economy.

We expect that these new guidelines will permit more liberal depreciation deductions for more than 70 percent of investment in depreciable assets other than buildings. Our estimate of the potential increase in depreciation under the new guidelines is $4.7 billion, about 17 percent of the depreciation deductions currently claimed on depreciable assets (exclusive of buildings). However, we recognize that in any one year not all of the potential increase in depreciation will result in reduction in tax liabilities. Hence, in order to move from the $4.7 billion potential increase in depreciation to the estimated reduction in tax liabilities, it is necessary to take into account the fact that some taxpayers will not elect to use the new guideline lives and some taxpayers who will use the more liberal depreciation provisions will not have sufficient taxable income to absorb the additional depreciation. We estimate that the increase in depreciation charges taken by businesses reporting taxable income in the first year will be equal to $3.4 billion, at a tax saving of some $1.5 billion.

The new guideline lives represent a reduction of an estimated 32 percent from the Bulletin F lives for machinery and equipment used in manufacturing and a reduction of about 15 percent from actual lives used under practices pursued prior to the issue of Revenue Procedure 62-21. We expect that in practice the estimated average depreciable life for machinery and equipment used in manufacturing will decline from about 15 to 12 years.

Overall, therefore, the Treasury's revision of depreciation guidelines constitutes a very important step forward in several major directions.

Conclusion

The tax bill now being debated on the floor of the Senate contains two major provisions that are closely complementary to the administrative action already taken by the Treasury in the field of depreciation. One is Section 13 of the bill as it was reported by the Senate Committee on Finance, dealing with gain from disposition of certain depreciable property. This section of the bill provides for the treatment as ordinary income of any gain on the sale or other disposition of depreciable property, other than buildings or their structural components, to the extent of depreciation deductions taken in 1962 and subsequent years. It also provides that the first 10 percent of salvage value of depreciable personal property may be disregarded in the computation of depreciation charges. Both of these provisions of Section 13 of the bill are extremely important for purposes of facilitating the administration of the new depreciation guidelines.

Of even greater significance, from the point of view of stimulating investment in machinery and equipment, is the bill's provision of a 7 percent investment tax credit. As Secretary of the Treasury Dillon has pointed out on several occasions, the investment credit must be enacted in order to round out the Administration's program with respect to the tax treatment of investment -- a program designed to place American business on an approximately equal footing with its competitors abroad in terms of the tax treatment of capital assets. Realistic revision of depreciation by itself could not achieve this objective. The administrative revision that has now been accomplished is but one part of a two-part program. The importance of its enactment is underscored by the fact that the credit will operate to offset the reduction in reported business profits that will result from the application of the new depreciation guidelines.

Revision of rules governing tax depreciation can never be said to have been completed, just as tax revision generally is necessarily a continuing process. No one individual or substantial group of individuals can possibly anticipate all or even most of the problems that arise when major changes are undertaken in an area as important as tax depreciation.

How well the Treasury has succeeded in attaining the objectives of the new depreciation guidelines will depend in large measure upon the cooperation of businessmen, farmers, accountants, and lawyers concerned as taxpayers or practitioners with issues in the field of tax depreciation. You can cooperate most effectively by recognizing not merely the letter of Revenue Procedure 62-21, but more importantly, its spirit. We in the Treasury certainly do not make claim to infallibility. We may have overlooked some important problems -- we may even have made some mistakes. We rely upon experts such as those assembled in this audience to call to our attention any errors or oversights. Commissioner Caplin has made it patently clear that he expects those responsible for the administration of the tax laws under his direction to pursue precisely the course I ask of you -- application of the new guidelines and rules in accordance with the facts and spirit that motivated the Treasury in bringing about revision.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR IMMEDIATE RELEASE August 28, 1962

TREASURY LIMITS AWARDS IN WEEKLY BILL AUCTIONS

Yesterday's regular weekly Treasury bill auction was marked by the unusual occurrence of a single bidder tendering for an exceptionally high proportion of the total amount of 3-month bills offered. In view of the disproportionate allotment that would have occurred and the resulting market disturbance, the Secretary of the Treasury decided to invoke the right that he expressly reserves in every public offering of Treasury securities to reject any or all tenders, in whole or in part. Under these circumstances, he has announced that no single bidder will be awarded more than one quarter of the total supply of bills offered in either the 3-month or 6-month maturities.

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D-591

UNITED STATES NET MONETARY GOLD TRANSACTIONS WITH

FOREIGN COUNTRIES AND INTERNATIONAL INSTITUTIONS

January 1, 1962 - June 30, 1962

(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 1962	Second Quarter 1962	Fiscal Year 1962 July 1, 1961- June 30, 1962
Argentina	+25.0	+60.0	+85.0
Austria	-39.4	-16.9	-56.3
Belgium	-28.0	-35.0	-207.4
Burma	---	-5.0	-5.0
Cambodia	---	---	-3.1
Canada	---	+190.0	+190.0
Congo Republic	---	+4.6	+28.8
Costa Rica	*	*	-2.3
Cyprus	---	---	-2.0
Dom. Republic	*	*	-3.1
Egypt	-.3	-.4	-8.5
El Salvador	---	---	-5.7
France	-45.0	-97.5	-142.5
Greece	-4.0	-15.0	-29.2
Iceland	-5.0	*	-7.1
Indonesia	-.1	-.1	-.2
Iran	-.1	*	-16.2
Int. Mon. Fund	---	---	+150.0
Israel	-10.0	---	-10.0
Lebanon	-.6	-10.5	-32.1
Netherlands	---	---	-24.9
Nigeria	---	---	-20.0
Saudi Arabia	-12.6	---	-25.1
Spain	-47.1	-59.0	-204.1
Switzerland	+61.6	+35.0	+46.9
Syria	-1.1	-.1	-1.1
Tunisia	-.5	---	-.5
Turkey	-1.1	---	-1.1
United Kingdom	-181.3	-150.0	-711.6
Yugoslavia	-.3	-.4	-.7
All Other	-1.1	-1.6	-6.8
Total	-291.0	-101.8	-1,025.7

Figures may not add to totals because of rounding
*Less than $50,000

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TREASURY DEPARTMENT 294

WASHINGTON, D.C.

August 30, 1962

FOR IMMEDIATE RELEASE

UNITED STATES FOREIGN GOLD TRANSACTIONS FOR SECOND QUARTER OF 1962

The net sale of monetary gold by the United States during the second quarter of 1962 amounted to $101.8 million. In the first quarter of the year, there was a net sale of gold of $291.0 million.

The Treasury's quarterly report, made public today, summarizes monetary gold transactions with foreign governments, central banks and international institutions for the first two quarters of calendar year, 1962, and for the Fiscal Year 1962.

D-592

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Burma	---	-5.0	-5.0
Cambodia	---	---	-3.1
Canada	---	+190.0	+190.0
Congo Republic	---	+4.6	+28.8
Costa Rica	*	*	-2.3
Cyprus	---	---	-2.0
Dom. Republic	*	*	-3.1
Egypt	-.3	-.4	-8.5
El Salvador	---	---	-5.7
France	-45.0	-97.5	-142.5
Greece	-4.0	-15.0	-29.2
Iceland	-5.0	*	-7.1
Indonesia	-.1	-.1	-.2
Iran	-.1	*	-16.2
Int. Mon. Fund	---	---	+150.0
Israel	-10.0	---	-10.0
Lebanon	-.6	-10.5	-32.1
Netherlands	---	---	-24.9
Nigeria	---	---	-20.0
Saudi Arabia	-12.6	---	-25.1
Spain	-47.1	-59.0	-204.1
Switzerland	+61.6	+35.0	+46.9
Syria	-1.1	-.1	-1.1
Tunisia	-.5	---	-.5
Turkey	-1.1	---	-1.1
United Kingdom	-181.3	-150.0	-711.6
Yugoslavia	-.3	-.4	-.7
All Other	-1.1	-1.6	-6.8
Total	-291.0	-101.8	-1,025.7

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Text of Special Citation:

"To Harry Jacob Anslinger

In recognition of outstanding leadership in the world-wide struggle to eliminate addiction to narcotic drugs. As first and only Commissioner in the thirty-two year history of the Treasury Department's Bureau of Narcotics, you have rendered conspicuous and dedicated service to your country and to the world. Your career has exemplified the highest traditions of the Federal Civil Service."

your work with other governments of the Free World to keep the flow of drugs within the bounds of legitimate use. In so doing you have waged an effective war against the world-wide illicit traffic in narcotics.

President Kennedy's request that you remain as the United States Representative on the Commission of Narcotic Drugs of the United Nations is further testimony to your experience and dedication. You have certainly earned the highest award the Treasury Department can bestow.

I am proud now to present to you the Alexander Hamilton Award, and to read to you a special citation from the Treasury Department.

* * * * *

REMARKS BY TREASURY SECRETARY DOUGLAS DILLON
UPON PRESENTING THE ALEXANDER HAMILTON AWARD
TO
HARRY JACOB ANSLINGER, RETIRED COMMISSIONER OF NARCOTICS
12 NOON THURSDAY, AUGUST 30, 1962, ROOM 4121, MAIN TREASURY

Commissioner Anslinger, it is wholly appropriate that you be honored with the Alwxander Hamilton Award. As you know, the first principle underlying this award -- and the reason why it is given in the name of our first Secretary of the Treasury -- is that it recognizes the rare quality of leadership.

This country awoke forty years ago th the imperatiwe need to fight the illicit spread of narcotics. Our first need was a leader. The Nation was fortunate in selecting you as that leader.

The second criterion in determining who should receive the Alexander Hamilton Award is that the leadership displayed be of such a higher order as to provide outstanding and unusual service and benefit to our Government and our people.

Your record fully meets this requirement, for your activities have been geared to world needs, as well. I refer, of course, to

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FOR RELEASE A. M. NEWSPAPERS,
Saturday, September 1, 1962.

August 31, 1962

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 7, 1962, and the other series to be dated September 6, 1962, which were offered on August 27, were opened at the Federal Reserve Banks on August 31. Tenders were invited for $1,300,000,000, or thereabouts, of 91-day bills and for $700,000,000, 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 6, 1962		182-day Treasury bills maturing March 7, 1963	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.291	2.805%	98.505 a/	2.957%
Low	99.279	2.852%	98.491	2.985%
Average	99.284	2.834% 1/	98.495	2.977% 1/

a/ Excepting one tender of $200,000
70 percent of the amount of 91-day bills bid for at the low price was accepted
30 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	$ 20,162,000	$ 10,162,000	$ 10,644,000	$ 4,644,000
New York	1,512,043,000	895,243,000	1,071,142,000	567,167,000
Philadelphia	29,588,000	14,588,000	7,667,000	2,667,000
Cleveland	23,949,000	23,949,000	26,904,000	11,204,000
Richmond	12,343,000	12,343,000	1,382,000	1,382,000
Atlanta	19,345,000	16,545,000	4,847,000	4,447,000
Chicago	197,870,000	137,070,000	120,175,000	50,175,000
St. Louis	28,845,000	23,845,000	6,068,000	4,068,000
Minneapolis	22,438,000	20,638,000	6,014,000	6,014,000
Kansas City	50,435,000	49,635,000	11,414,000	11,214,000
Dallas	25,338,000	15,338,000	9,235,000	6,235,000
San Francisco	110,841,000	81,041,000	56,487,000	30,912,000
TOTALS	$2,053,197,000	$1,300,397,000 b/	$1,331,979,000	$700,129,000 c/

b/ Includes $204,472,000 noncompetitive tenders accepted at the average price of 99.284
c/ Includes $47,929,000 noncompetitive tenders accepted at the average price of 98.495
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.89%, for the 91-day bills, and 3.06%, 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.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR RELEASE A. M. NEWSPAPERS,
Saturday, September 1, 1962.

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Richmond	12,343,000	12,343,000	1,382,000	1,382,000
Atlanta	19,345,000	16,545,000	4,847,000	4,447,000
Chicago	197,870,000	137,070,000	120,175,000	50,175,000
St. Louis	28,845,000	23,845,000	6,068,000	4,068,000
Minneapolis	22,438,000	20,638,000	6,014,000	6,014,000
Kansas City	50,435,000	49,635,000	11,414,000	11,214,000
Dallas	25,338,000	15,338,000	9,235,000	6,235,000
San Francisco	110,841,000	81,041,000	56,487,000	30,912,000
TOTALS	$2,053,197,000	$1,300,397,000 b/	$1,331,979,000	$700,129,000 c/

b/ Includes $204,472,000 noncompetitive tenders accepted at the average price of 99.284
c/ Includes $47,929,000 noncompetitive tenders accepted at the average price of 98.495
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.89%, for the 91-day bills, and 3.06%, 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-593

United States Savings Bonds Issued and Redeemed Through August 31, 1962

(Dollar amounts in millions - rounded and will not necessarily add to totals)

	Amount Issued 1/	Amount Redeemed 1/	Amount Outstanding 2/	% Outstanding of Amt. Issued
MATURED				
Series A-1935 - D-1941	$ 5,003	$ 4,988	$ 15	.30 %
Series F & G-1941 - 1949	26,082	25,896	186	.71
UNMATURED				
Series E: 3/				
1941	1,816	1,510	306	16.85
1942	8,021	6,664	1,357	16.92
1943	12,906	10,759	2,147	16.64
1944	15,034	12,428	2,606	17.33
1945	11,764	9,511	2,253	19.15
1946	5,279	4,034	1,244	23.57
1947	4,966	3,605	1,361	27.41
1948	5,114	3,597	1,517	29.66
1949	5,025	3,439	1,586	31.56
1950	4,376	2,899	1,478	33.78
1951	3,790	2,476	1,313	34.64
1952	3,965	2,457	1,508	38.03
1953	4,471	2,643	1,828	40.89
1954	4,525	2,610	1,915	42.32
1955	4,691	2,661	2,031	43.30
1956	4,509	2,556	1,953	43.31
1957	4,228	2,285	1,943	45.96
1958	4,079	2,046	2,033	49.84
1959	3,808	1,825	1,984	52.10
1960	3,781	1,617	2,165	57.26
1961	3,787	1,271	2,516	66.44
1962	1,700	266	1,434	84.35
Unclassified	456	590	-135	-
Total Series E	122,093	83,749	38,344	31.41
Series H-1952 - 1962 3/	8,495	1,709	6,786	79.88
Total Series E and H	130,588	85,458	45,130	34.56
Series F and G:				
1950	2,429	2,054	4/ 375	15.44
1951	793	422	371	46.78
1952	212	105	106	50.00
Unclassified	-	65	-65	-
Total Series F and G	3,433	2,646	787	22.92
Series J and K-1952 - 1957	3,684	1,904	1,780	48.32
Total Series F, G, J and K	7,117	4,550	2,567	36.07
All Series: Total matured	31,085	30,884	201	.65
All Series: Total unmatured	137,705	90,008	47,697	34.64
All Series: Grand Total	168,790	120,892	47,898	28.38

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

United States Savings Bonds Issued and Redeemed Through August 31, 1962

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OFFICE OF FISCAL ASSISTANT SECRETARY

TREASURY DEPARTMENT
Washington

FOR RELEASE ON DELIVERY

REMARKS BY HARVEY E. BRAZER
DEPUTY ASSISTANT SECRETARY OF THE TREASURY
AT THE ANNUAL CONFERENCE ON TAXATION OF THE
NATIONAL TAX ASSOCIATION
MIAMI BEACH, FLORIDA
TUESDAY, SEPTEMBER 4, 1962
2:30 P.M., E.S.T.

THE ADMINISTRATION'S TAX POLICY

This Administration has made it abundantly clear that a dynamic tax policy will play a major role in accelerating the growth of the American economy. President Kennedy opened his Tax Message to the Congress of April 1961 with these words: "A strong and sound Federal tax system is essential to America's future. Without such a system, we cannot maintain our defenses and give leadership to the free world. Without such a system, we cannot render the public services necessary for enriching the lives of our people and furthering the growth of our economy."

As a first step toward tax reform the President recommended an investment incentive in the form of a tax credit to accelerate modernization and expansion of our industrial capacity. To offset the initial revenue loss involved and to eliminate many anomalies and inequities in the tax system, the President also proposed corrective legislation in other areas. These included taxation of foreign income, withholding on dividends and interest, the dividend credit and exclusion, expense accounts, capital gains on the sale of depreciable property, and the taxation of cooperatives, mutual fire and casualty insurance companies, and mutual thrift institutions.

In addition, President Kennedy cited the review of depreciation methods and rules already underway in the Treasury Department, indicated that his immediate proposals represented only a first, urgent step to constructive tax reform, and announced that he was directing the Secretary of the Treasury to prepare a comprehensive tax reform program.

Thus -- in the first three months of this Administration -- the general pattern of tax policy, as well as the first details, were spelled out. Let's examine the progress so far and see where we hope to go from here.

The Revenue Act of 1962

In the past 16 months the Congress has moved tax reform along effectively. H. R. 10650, the Revenue Act of 1962, as passed by the House and amended by the Senate, although heavily buffeted about as it passed through the seas of the legislative process, contains important revisions dealing with every area of tax reform suggested by the President but one -- repeal of the dividend credit and exclusion.

<u>The investment credit</u>

As passed by the House and amended by the Senate, the investment credit provides for a credit against tax liability for investment in machinery and equipment. The rate of the credit is 7 percent for investment in assets having an expected useful life of eight years or more, other than that undertaken by public utilities. For public utilities the rate of the credit is 3 percent. In the case of assets having a useful life of four to six years one-third of the cost of newly acquired assets is eligible for the credit and for those having an expected useful life of six to eight years two-thirds of the cost is eligible. The depreciable base of the assets will be reduced by the amount of the credit.

The credit -- which is expected to have an initial cost of about $1 billion in the first full year of operation -- will stimulate investment by far more than that increase in the flow of cash available for investment suggests. It will do this by reducing the net cost of acquiring depreciable assets, thus increasing sharply the expected profitability. This increase will vary inversely with the expected life of the asset. For an asset with a service life of ten years and an after-tax yield of 5 percent under straight-line depreciation or 5.6 percent under double-declining balance depreciation, the expected rate of profitability will be increased to 6.7 percent. For more durable equipment, for example an asset expected to last 15 years, the increase in profitability will be somewhat less, but the profitability will still be increased by more than 14 percent over what it would be with double-declining depreciation.

Because the credit applies only to newly acquired assets (including used assets to the extent of $50,000 per year), the entire incentive effect is concentrated on the profitability of new capital. No revenue is lost in raising the after-tax net income derived from assets already in place. It is, therefore, an efficient way of encouraging both modernization and expansion of productive facilities. The credit will therefore help to accelerate economic growth and improve our competitive position in markets at home and abroad. It will also increase the attractiveness of investment at home relative to direct investment abroad because eligibility for the investment tax credit is restricted to investment within the United States. Thus, both in terms of trade and capital accounts the credit will aid our balance of payments position.

Both absolutely, in real terms, and relative to our gross national product, investment in productive facilities in this country has lagged in recent years. It is by no means coincidental that both our rate of economic growth and our rate of capital investment have dropped behind those of most industrialized nations -- particularly those of Western Europe and Japan. Comparison between the tax treatment of capital investment in this country and capital consumption allowances, including special incentive allowances and depreciation beyond realistic write-offs, clearly demonstrates that even with the new and substantially liberalized depreciation allowances we are far less generous in our treatment of capital assets than are our major foreign competitors. The investment credit, however, will serve to place American industry on a substantially equal footing -- with respect to tax treatment of depreciable equipment -- with its foreign competition. Treasury studies have demonstrated that the combination of the investment credit and the new liberalized depreciation guidelines will bring our allowable tax write-offs for depreciable assets in line with the average of those permitted abroad.

Taxation of foreign income

For many years abuses have existed in the area of taxation of foreign income. So-called "tax haven" operations have become notoriously successful as a means of tax avoidance. Aided by artificial arrangements between American parent corporation and foreign-controlled subsidiary regarding intercompany pricing and the artificial shifting of various forms of income from parent to foreign subsidiary and from one subsidiary to another, an increasing number of American-controlled foreign corporations have managed to reduce sharply or eliminate completely both their American and foreign tax liabilities. The provisions of H. R. 10650 will contribute substantially to ending tax haven abuses.

The bill also deals effectively with existing escapes from American taxation now available to American citizens who establish residence abroad primarily for the purpose of avoiding United States income taxes. It deals effectively as well with the tax treatment of foreign investment companies, foreign trusts, and gain from the sale or exchange of stock in a foreign corporation where income earned abroad is repatriated by means of a liquidating distribution or a sale.

The bill closes two other foreign tax loopholes: the first permits the escape from American estate taxation with respect to foreign real property contained in the estate and the second allows domestic corporations receiving dividends from foreign corporations, in effect, to double count in part in computing their credit for foreign taxes the amount of taxes paid to foreign governments. The bill changes the estate tax law to include foreign property in the base, and also contains a provision for grossing up of dividends received from foreign corporations other than those located in less developed countries.

Under reporting of dividend and interest income

The Treasury has estimated that between $4 and $5 billion of reportable dividends and interest somehow fails to find its way into the income tax returns of millions of individuals. This reporting gap of more than 10 percent of dividends properly includable on individual income tax returns and a shocking 34 percent of interest so includable is currently tolerated at a revenue cost to the Treasury of about $1 billion per year. H. R. 10650, as passed by the House of Representatives, would effectively close about 80 percent of this gap by providing for withholding at the source in a manner similar to that which has applied to wages and salaries for 20 years. The withholding provisions of the House bill were strongly opposed by groups of payors, much as withholding on wages and salaries was opposed 20 years ago in Congress and in each of more than 25 State capitals where, in the course of the past 14 years, legislatures have succeeded in enacting withholding for wage and salary income.

This opposition was carried to the Senate Finance Committee which decided to drop withholding in the bill as it reported it to the Senate. In lieu of withholding the Senate bill provides for stringent reporting requirements with respect to dividends and interest. Under the terms of the Senate version of the bill payors of dividends and interest are required to report to the Internal Revenue Service and to the taxpayer amounts aggregating $10 or more paid to any one individual during the year.

There is considerable difference of opinion as to the effectiveness of the Senate bill's reporting requirements. Chairman Byrd of the Senate Committee on Finance has stated, "I believe that with an extension of the application of information returns, there is a good possibility of collecting the tax on the presently nonreported dividends and interest without imposing the burdens apparently inherent in a withholding system." At a later point in his remarks before the Senate on May 21, 1962, he elaborated by saying, "I believe that the matching by the Government of information returns against tax returns will provide essentially the same check on interest and dividend reporting as a withholding system, with one exception: the information returns will be more effective in that they will indicate the missing tax above the first bracket rate." These remarks suggest that the reporting requirements will yield in the neighborhood of $780 million a year, roughly the amount which the Treasury has estimated would be produced by withholding. But the Treasury has estimated that the amount realized will be closer to $240 million, and the Staff of the Joint Committee on Internal Revenue Taxation has estimated that the reporting requirements will be only one-half as effective as withholding.

The dividend and interest reporting requirements of the Senate bill clearly constitute an improvement that will reduce the gross inequity involved in the fact that a large proportion of taxable interest and dividends is now permitted to avoid its fair share of tax liability. But it is highly unlikely that anything short of collection at the source will do the job adequately. Opinions may differ as to the proper definition of income for tax purposes, tax rates, and other aspects of our income tax system, but few would argue that the wholesale escape of interest and dividends from their fair share of the tax burden can be tolerated if common justice is to prevail in our tax structure.

Cooperatives, mutual fire and casualty insurance companies, and mutual thrift institutions

The cooperative or mutual form of business organization, as contrasted with the corporate or partnership form, has created tax problems that have plagued Congress for more than a decade. The bill deals directly with these problems as they relate to the tax treatment of cooperatives and their patrons, mutual savings banks and savings and loan associations, and mutual fire and casualty insurance companies.

The bill recognizes that these institutions are actively engaged in competition with organizations subject to ordinary business taxation and consequently that they enjoy an unfair competitive advantage. While taking cognizance of the fact that mutual and cooperative institutions ordinarily depend upon retained earnings exclusively, or almost exclusively, for the protection to creditors and investors that is ordinarily afforded when business is done in the corporate form by capital stock plus retained earnings, the provisions of H.R. 10650 will remove gross inequities and restore appropriate competitive relationships in the areas affected.

Expense accounts

The problems of deductible expenses for business entertainment, travel, and business gifts have been a source of increasing concern to many people. Flagrant abuses have created the label, "expense account society".

The bill now before the Congress contains important provisions that will strengthen the hand of the Internal Revenue Service in ending such abuses. They do not go nearly as far as the President recommended last year, but they provide more safeguards than does the present law which permits entertainment expenses to be deductible as "ordinary and necessary business expenses" where a business purpose, however remote, exists. The bill requires that all expenditures for entertainment and related facilities, and for travel and gifts, be substantiated by adequate records; it disallows entertainment expenses unless they can be shown to be directly related to (the Senate added "or associated with") the active conduct of the taxpayer's trade or business; and business gifts, generally, are deductible only if the value of the gift does not exceed $25.

The House bill would restrict the deductibility of entertainment expenses more than is suggested by the bill as amended by the Senate Finance Committee and the language of that Committee's report. Irrespective of which way the Congress finally moves between the positions of the two bodies, distinct progress will have been achieved in eliminating at least the worst of the existing expense account abuses.

Capital gains on sale of depreciable property

When depreciable business property is sold the positive difference between the proceeds of sale and the undepreciated basis of the property is treated as capital gain for income tax purposes. That part of the gain which represents the difference between the undepreciated basis and cost has been charged against income taxable at ordinary income tax rates through the taking of depreciation allowances. Thus the opportunity arises for converting ordinary income into gain taxable at far lower than ordinary income tax rates when, upon the sale of the property, it turns out that depreciation charges have exceeded the actual decline in value of the property. The President, in his Tax Message of 1961, recommended that this part of the gain, which actually constitutes recovery of excessive depreciation, be treated as ordinary income for tax purposes.

Both the Ways and Means Committee of the House and the Senate Committee on Finance rejected this recommendation as it affects real property. But the bill as passed by the House and as it now stands before the Senate follows the President's recommendation with respect to personal business property. That is, after 1962 gain on the sale of depreciable personal property will be taxed as ordinary income to the extent of depreciation taken after December 31, 1961.

Enactment of this section of the bill has assumed new importance and urgency with the recent liberalization of depreciation announced by the Treasury. Failure to enact this section of the bill would offer additional opportunity to convert ordinary income into capital gains.

It seems certain that Congress will not deal this year with the problem of real property. Until it does so, however, the abuses available through the use of so-called real estate shelters for purposes of tax avoidance will continue. Thus the problem with its many complexities remains with us in this area. It is certainly to be hoped that a solution can be found that will be recognized by the major parties concerned as being adequate and equitable, preferably in the next session of Congress.

Fiscal effects

The Treasury has estimated that H.R. 10650, as amended by the Senate Committee on Finance, will involve an initial revenue loss of $210 million in its first full year of operation. This $210 million represents the difference between the billion dollar cost of the investment tax credit and approximately $800 million in revenue to be provided by the other provisions of the bill. However, this "gross" estimate neglects the fact that the enactment of the investment credit will stimulate a higher level of investment and consequently a larger gross national product and tax base. When this factor is taken into account the bill as reported by the Senate Finance Committee is seen to be in balance or better.

If the provision for withholding of tax on interest and dividends contained in the bill as passed by the House should survive in the Revenue Act of 1962, the full year gross effect of the bill on Treasury tax receipts will be a revenue gain of well in excess of $300 million per year.

Administrative Revision of Depreciation

In the area of tax policy in which it has administrative discretion to act, the Treasury has gone forward with its long-awaited program of revision of guidelines and rules for depreciation. This major revision -- which took effect July 12, 1962 -- constitutes a bold new approach to the tax treatment of depreciation. It involves abandonment of the former item life approach with its multitude of complexities and annoyances. It provides the taxpayers with a far greater element of freedom and flexibility in the area of tax depreciation. It looks to the future in its emphasis upon prospective technological change and obsolescence. Finally, it provides clear-cut objective standards designed to produce uniformity in the administration of depreciation.

The Treasury's new depreciation guidelines and rules, as contained in Revenue Procedure 62-21, are the outcome of studies begun in 1960 and carried through with maximum intensity over the course of the past year. As most of you are no doubt now aware, the new approach involves the establishment of guideline classes and lives for broad groups of assets. These groups are so designed that depreciable assets of an individual firm will in most cases come under no more than four or five guideline classes and lives. Those assets that are commonly used by business in general, such as office furniture, equipment, machines, and fixtures and transportation equipment, may be depreciated over a guideline life common to all industries. The machinery and equipment of individual industries are dealt with as a group for each broad category or industry. The guideline lives will permit more rapid depreciation of better than 70 percent of existing machinery and equipment.

The new guideline lives are available as a matter of right to taxpayers irrespective of their past practices or experience. For a period of three years depreciation charges based upon the new guideline lives or upon shorter lives previously justified will not be challenged or disturbed. Even in the fourth year the taxpayer need only demonstrate by means of a simple, liberal test that he is moving in his replacement practices toward the use of a replacement cycle equal or reasonably close to that suggested by the applicable guideline life. After the completion of the first life cycle -- equal to the guideline life for the industry -- a straightforward objective test is provided for determining whether or not the life being used for depreciation purposes by the taxpayer is appropriate. Appropriate here means simply reasonable conformity with the replacement policy pursued. As part of Revenue Procedure 62-21 the Treasury has published reserve ratio tables which take into account the rate of growth of the taxpayer's depreciable asset account, the method of depreciation being used, and the depreciable life over which the guideline class of assets as a whole is being depreciated. The tables provide for considerable leeway, permitting the taxpayer a large element of flexibility and taking into consideration factors such as the existence of standby equipment and the irregularity over time of replacement purchases.

The new depreciation guidelines will permit a potential increase in depreciation charges of almost $5 billion per year. The Treasury's estimate of the revenue cost of liberalized depreciation -- $1.5 billion -- takes into account the fact that not all of this potential will be used to reduce tax liabilities. That is partly because some firms will choose to retain present practices, foregoing the opportunity to reduce taxable income by increasing depreciation charges, and partly because some of the potential increase in depreciation will accrue to firms with zero or negative taxable income.

The new guideline lives represent a reduction of more than 30 percent from existing Bulletin F suggested lives. They average approximately 15 percent lower than lives now actually being used in manufacturing industries. The reduction varies considerably from industry to industry, depending upon present practices, prospective technological change, and various economic factors affecting prospective economic lives of depreciable assets.

Revision of tax lives and procedures for depreciable property has long been desirable as a matter of equity to reflect more accurately the influence of obsolescence on economic lives of capital assets. Bulletin F guidelines were established 20 years ago on the basis of replacement practices of the depressed prewar years. Depreciation, designed to reflect the loss in value of plant and equipment over time, is a function not alone of "wear and tear", but also of technological progress, changes in relative costs of economic inputs, competitive conditions, and consumer taste and demand.

The Treasury is confident that through its favorable effects on cash flow, expected rates of return, and the period for which funds are placed at risk through investment in capital equipment, liberalized depreciation will stimulate increased productive investment. Coupled with the investment credit, which it complements closely, the new approach to depreciation will provide a strong and lasting stimulus to the high rate of investment that is a major requirement for accelerated economic growth. In combination they will provide incentives to invest comparable to those available in the rapidly growing industrial nations of Western Europe and Japan.

Further Goals of Tax Policy

This audience surely does not need to be reminded that taxes importantly influence a wide variety of economic decisions and play a significant role in determining the level of economic activity, the distribution of income, and competitive business relationships. Tax policies also affect the value of our currency, our balance of payments, and the rate at which our economy grows.

A fundamental objective of our tax policy must be the maintenance of a tax system that permits us to meet our growing public needs. Adequate revenues are required to maintain our defenses, support our international commitments, provide the domestic public services demanded of the Federal Government, and to finance these activities in a manner that maintains confidence in the management of our overall fiscal affairs.

Adequacy does not mean that revenues must always equal expenditures. It refers, rather, to the capacity of the tax system to supply revenues in the amounts necessary to finance expenditures without adverse economic consequences. In some circumstances revenues should exceed expenditures to produce a budgetary surplus; in others, a deficit is appropriate.

Experience in the past three economic recoveries, including the current one, suggests that in recovery our tax system tends to result in the Government sector imposing an excessively strong dampening influence on the economy. This influence contributed substantially to the abortive character of the 1958-1960 recovery. It may be responsible as well for the slowing-down of the current recovery over the past nine months. In pursuing a more rapid rate of economic growth the tax system should be so adjusted as to reduce the fraction of the increased income generated by recovery that is absorbed by taxes, in order to ensure that a recovery's momentum is not lost before full employment and full utilization of industrial capacity can be achieved.

Depreciation reform and the investment credit will certainly contribute to a higher rate of growth in the economy. But more must be done if this objective is to be fully realized. The rate at which the economy can be expected to grow depends, at least in part, on the rewards offered at the margin for personal effort, saving, risk-taking, and productive investment. At the present time our tax system, with individual income tax rates ranging from 20 to 91 percent, and a corporate rate of 52 percent, reduces these marginal rewards excessively and thus weakens incentives. At the same time, since opportunities are afforded to some to avoid these rates, the tax system also diverts resources into activities which, while far less productive than others when measured on a pre-tax basis, provide a much higher after-tax return. Thus our rate of growth is hampered because the tax system distorts the free flow of capital and diverts the energies and ingenuity of individuals from productive enterprise and activity to the intensive search for tax shelters of various kinds.

This kind of diversion, while attractive to many individual taxpayers and corporations, by definition reduces the efficiency with which the economy operates. Maximum growth can be achieved only if the fetters that now dull initiative and incentives and that tend to discourage risk-taking and mobility are substantially loosened, if not removed.

Opinions vary as to what constitutes fairness or equity in the application of particular taxes. But, with due recognition for variations in taxpayers' circumstances, the standard of horizontal equity, under which persons with equal incomes and similar circumstances should pay equal taxes, finds general acceptance as a guiding principle.

A second criterion of equity -- "vertical" equity -- requires that as income increases the proportion of that income that is paid in taxes should rise. The effectiveness and efficiency of our income tax laws, under which we rely so heavily upon our traditional system of voluntary compliance, depend upon a general belief that each individual's share of the tax burden is just, and that others are not escaping their fair share.

In some instances departures from uniformity and neutrality interpreted in the "pure" sense may be appropriate means of achieving important public purposes. They are justified only when real and significant differences exist between taxpayers' situations, or when there is no better way of attaining a compelling national objective than by the tax route. Beyond this, the tax system should apply uniformly and without discrimination between individuals, between businesses, and between the ways in which similarly situated individuals choose to conduct their economic affairs.

Finally, simplicity is also a basic objective of tax policy. In our complex modern society simplicity may frequently conflict with other objectives. In evaluating our tax policies, however, simplicity must always be near the head of the list. Unless it is, the tax system may become virtually incomprehensible, and compliance increasingly burdensome.

In accordance with the directive issued by the President in his Tax Message of April 1961, the Treasury is presently engaged in preparing a comprehensive tax reform program. Studies are underway on the manner in which existing tax provisions operate, their effects on the economy, and on the distribution of tax liabilities. These studies are designed to provide a factual and analytical basis for tax reduction and tax reform proposals that will be consistent with the Administration's general economic policy objectives.

One purpose of the present studies is to determine where and in what manner the income tax base may properly be broadened and unwarranted special preferences eliminated. A more inclusive tax base, together with the desired reduction in the proportion of total income generated in the economy absorbed by the Federal tax system, will permit significant tax rate reductions. Various possible changes in the tax structure are being carefully evaluated in terms of their prospective contribution to more rapid economic growth, more efficient operation of our free enterprise economic system, tax equity, neutrality, and simplification.

In addition, continuing study is being given to the most feasible means of strengthening the contribution of the tax system to the avoidance of recurrent recessions and the unemployment and tragic waste and suffering that accompany them. Only if we can succeed in preventing the periodic interruption of our economic growth and progress will we succeed in achieving our full economic potential as a Nation. To this end the President's proposal that he be given discretionary authority to adjust income tax rates, within prescribed limits and subject to Congressional veto, is worthy of far more serious study and careful consideration than it has thus far been accorded.

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TREASURY DEPARTMENT
Washington

FOR RELEASE ON DELIVERY

REMARKS BY RICHARD E. SLITOR
CHIEF, BUSINESS TAXATION STAFF, OFFICE OF TAX ANALYSIS
AT THE ANNUAL CONFERENCE ON TAXATION OF THE
NATIONAL TAX ASSOCIATION
MIAMI BEACH, FLORIDA
THURSDAY, SEPTEMBER 6, 1962
2:30 P.M., E.S.T.

FEDERAL TAX TREATMENT OF DEPRECIATION AND OBSOLESCENCE

Introduction

In a discussion devoted to various fields of tax reform, I enjoy an advantage over most of my fellow panelists. Whereas they are dealing primarily with aspirations, in the depreciation area one can speak of tangible accomplishment.

Revenue Procedure 62-21, announced by the Treasury early in July, is one of the most significant documents ever issued on the subject of tax depreciation.

This administrative reform provides new, shorter guideline lives which supplant Bulletin "F" and new rules for their application. The new Procedure is the outgrowth of decades of criticism and dissatisfaction with tax allowances for depreciation. We can discount some of these expressions of discontent as mere reflections of a wholly understandable -- but disguised -- desire for tax reduction. Nevertheless, until the recent revision, there remained a solid basis for questioning the realism and even-handedness of the tax depreciation system.

Tax Depreciation and the Investment Decision

Tax depreciation policy derives its major importance from the magnitude of the depreciation deduction and its impact on investment decisions. Depreciation is, of course, only one of many deductions used in determining taxable income. In 1959, corporate depreciation deductions (exclusive of amortization) amounted to about $20-1/2 billion or less than 3 percent of total compiled deductions of over $769 billion. But since tax depreciation directly affects the rate of recovery of capital invested in productive facilities, it plays a key role in the tax environment as it bears on the flow of investment required for modernization, growth, and a vigorous free enterprise system.

Although it is a relatively small percentage of total deductions, depreciation looms large in relation to net earnings. In 1959, depreciation (exclusive of amortization) claimed on corporate tax returns was about 44 percent of corporate net income and 86 percent of net income after tax.

For 1962, corporate depreciation will be nearly 3 times the amount of retained corporate earnings. The tax effect of depreciation alone will exceed retained earnings as an internal source of funds. The leverage which depreciation charges exert on tax liabilities and the cash flow that is a major factor in investment decisions is therefore apparent.

Inadequate depreciation slows the rate of capital recovery, thus influencing the decision to take investment risks. It also has the practical effect of raising the effective rate of tax on business earnings since it imposes a tax on what is in reality capital, not income. Since even relatively small changes in the rate of investment mean much in terms of net growth, adjustments in depreciation rules have an important impact on the economy.

Basic Concepts

In simplest terms, depreciation is a method of recognizing costs arising from the erosion of fixed assets by spreading the cost of long-lived assets over their useful lives. Or, as a well-known economist has put it, the manufacturer knows that his machinery wears out, and that if his capital is to remain unimpaired he must set aside something annually to replace it. Not only does his machinery wear out; in a period of rapid improvement and invention like our own, it fast becomes antiquated and he must be prepared to discard it even before it has ceased to be workable. 1/ The "something" the manufacturer -- or any other businessman -- sets aside is depreciation.

1/ F. W. Taussig, Principles of Economics, Vol. I, 3rd ed. revised, page 77.

This is a simple enough concept, but one which has involved difficult problems of public policy. Computing depreciation involves three basic aspects: the depreciable basis or amount to be written off, the useful life, and the time pattern for allocating cost over the service life. All have been matters of controversy over the years.

If depreciation were not involved in tax computations (or in the determination of utility rates) it would be purely a matter of private concern to business firms and their investors in determining their operating results and financial position. In the absence of tax considerations, it is demonstrable that depreciation, as such, has no effect on a rational investment or replacement policy. As one expert put it in 1941 before tax considerations became as important as they are today, "Calculations of depreciation, on the other hand, are mere figures entered into books. They do not affect either the machine or its owner's financial position in any way, unless he thinks they do and lets them affect his judgment...A good slogan to remember is that, if one wishes to make a machine as profitable as possible, one must do something to the machine and not to the books..."1/

But tax deductibility for depreciation changes this picture. The cash flow to the business from depreciable investments is the sum of the net revenue from the asset after taxes plus depreciation. This may also be expressed as the sum of the net revenue computed without regard to depreciation, less taxes on that amount, plus the tax value of the depreciation deductions. At a 52 percent corporate tax rate, a dollar of depreciation deductions produces more current cash flow to the corporation than a dollar of net income.

1/ Gabriel A. D. Preinreich, "The Theory and General Principles of Depreciation," a paper presented at the 88th Annual Meeting of the American Society of Civil Engineers, New York, January 16, 1941, Waverly Press, Baltimore, page 1.

Historical Background

From the inception of the modern income tax under the Sixteenth Amendment in 1913, provision has always been made for the deduction of a reasonable allowance for depreciation. 1/ The basic statute merely provides that there shall be allowed as a depreciation deduction a reasonable allowance for the exhaustion, wear and tear (including a reasonable allowance for obsolescence) of property used in the trade or business or held for the production of income. 2/ However, the administrative approach under the statute has undergone redirections from time to time.

While business accounting for the erosion of fixed assets prior to the present century was varied and on the whole primitive, there is no doubt that the availability of depreciation deductions for income tax purposes had a marked effect in improving and rationalizing the accounting practices of industry with respect to depreciation.

Pre-1934 Treatment

For a considerable period prior to 1934 taxpayers had enjoyed a certain *de facto* freedom in the rate at which they could write off assets. Depreciation deductions were generally permitted to stand undisturbed. Through most of this period, tax rates were relatively low -- a top of about 12-1/2 percent for corporations and 25 percent for individuals.

In the search for revenues to cope with the Great Depression, a subcommittee of the Ways and Means Committee in 1933 recommended as a means of increasing tax revenues that for the next 3 years depreciation allowances be reduced by a flat 25 percent.

1/ In the Civil War Income Tax in effect from 1861 to 1872, depreciation was not mentioned. In the Income Tax Act of 1894, declared unconstitutional in the famous *Pollock* decision of 1895, "all estimated depreciation of values" was expressly disallowed. With the adoption in 1909 of a 1 percent corporate excise tax measured by net income, the need for capital recovery allowances was recognized. The 1909 Act permitted a "reasonable allowance for the depreciation of property." See historical summary in Eugene L. Grant and Paul T. Norton, Jr., *Depreciation*, The Ronald Press, New York, 1949, Chapter 11, and George Terborgh, *Realistic Depreciation Policy*, Machinery and Allied Products Institute, 1954, pages 2-3, and 12.

2/ Specific language indicating that depreciation included a reasonable allowance for obsolescence was introduced by the Revenue Act of 1918.

Post-1934 Developments

This countersuggestion was accepted by the Congressional Committees and the Treasury proceeded to issue its well-known T.D. 4422 and Mimeograph 4170. The major effect of these steps was to place a greater burden of proof of the reasonableness of depreciation deductions on the taxpayer. The administration of depreciation was considerably tightened, more detailed records and schedules were required of the taxpayer, and depreciation accounts and tax lives were re-examined and adjusted.

A Bulletin "F" with detailed schedules of suggested useful lives which were to survive until recently was issued in 1942. The 1942 Bulletin "F" lives represented an expansion and frequently a lengthening of useful life schedules contained in a document entitled Depreciation Studies issued in January 1931 as a companion to the 1931 Edition of Bulletin "F". The 1931 and previous 1920 editions of Bulletin "F" had not actually contained useful lives but had outlined rules and principles for computing tax depreciation and obsolescence.

Reform Proposals

In the following years, the administrative and legislative treatment of depreciation became a constant target of criticism. There was persistent pressure for liberalization to correct what was regarded as underdepreciation, as a source of needless administrative friction, as failure to take advantage of the incentive potentialities of more accelerated tax write-offs -- or all these things.

Remedial proposals took various forms:

1. Proposals to correct underdepreciation by sanctioning new formulas, such as a more liberal declining-balance method to concentrate more capital recovery in the early years.

2. Proposals to shorten service life estimates as compared with Bulletin "F" and current practices.

3. Proposals to stimulate investment through outright acceleration beyond realistic depreciation cost concepts, such as 5-year amortization or initial allowances.

4. Proposals for greater flexibility in the administration of depreciation, to give the taxpayer greater discretion, provide a zone of administrative tolerance, attach greater weight to management decisions, minimize controversies over moderate differences -- and incidentally to liberalize timing of allowances.

5. Replacement cost proposals, generated by the substantial rise in prices during and after World War II, intended to close the gap between the erosion of productive equipment measured in current dollars and historic cost depreciation.

The beneficial incentive effects of acceleration were seen in various lights. Stress was alternatively placed on:

1. Increasing the internal supply of capital funds.

2. Shortening the payout period.

3. Reducing risk.

4. Giving greater assurance of tax benefit from depreciation.

5. Removing the mesmeric influence of residual book value in delaying obsolete asset retirements.

6. Providing the equivalent of an interest-free loan by Government to businesses investing in equipment.

7. Increasing participation by the Treasury in the capital requirements and risks of investment, in line with the tax share of net earnings.

8. Inducing a preference for new, modern equipment over expenditures for repairs and refurbishing to eke out the life of the old.

The temporary increase in capital recovery allowances resulting from the accelerated amortization programs of World War II and the Korean period eased the stringency. But the termination of these programs and the run-off of allowances under existing certificates were to create new pressures which left their mark on depreciation policy.

New Liberalized Methods and Administrative Treatment

On the eve of the 1954 Code changes, a more liberal administrative attitude was formalized in Revenue Rulings 90 and 91. The tendency of these rulings was to lighten the compliance burden on the taxpayer by indicating that the Internal Revenue Service would generally not disturb depreciation nor propose adjustments unless there was a clear and convincing basis for a change.

The Internal Revenue Code of 1954 specifically authorized the use of the double-declining balance and the sum of the years digits methods for computing depreciation with respect to new property acquired after December 31, 1953. The 1954 Code did not, however, make any changes with respect to the determination of useful lives nor, of course, in the historic cost basis of depreciation.

Reaction to the 1954 Code Changes

What was achieved by the 1954 Code liberalization in the way of meeting persistent criticisms of chronic underdepreciation and in the form of increased investment and modernization? In spite of glowing expectations, business reaction was somewhat reserved. The general attitude seemed to be that the new methods were a step in the right direction but inadequate. On the other hand, some academic critics labeled them as outrageous giveaways and others damned them with the faint praise that they were a mild incentive with substantial revenue cost.

Adoption of the new methods by business progressed slowly and there was considerable doubt and speculation for several years as to exactly what was happening in this area and why adoption was not 100 percent. The Treasury Depreciation Survey questionnaire disclosed that as late as 1960 only 70 percent of the large corporation respondents and 57 percent of the smaller firms were using one or more of the new methods for any significant portion of their property accounts. However, in manufacturing industries, a substantial portion -- about 75 percent -- of new property acquisitions since 1953 were being depreciated under the new methods.

Looking at the reaction of the economy in terms of plant and equipment expenditures, the results were not immediate and dramatic. But business capital expenditures for new plant and equipment acquired additional momentum year by year -- whether because of the depreciation changes or because of the overall strong level of demand in the economy beginning in 1955 is still a matter of dispute. In any event, business capital outlays in 1957 reached a record of about $37 billion, a rate subsequently unequalled even in dollar terms until 1962. Even in 1962 business capital expenditures as now projected will fall short in real terms of the 1957 level.

But investment fell sharply in the recession of 1958, and as the decade of the 1950's wore on, business capital expenditures continued to lag behind the levels required for vigorous growth. The signs of lethargy that are a major challenge to a free economy were evident. Criticisms of the depreciation provisions were renewed.

Attempts to revise Bulletin "F"

Following the 1954 Code liberalization, the Treasury in the years 1956-58 undertook studies looking towards the modernization of Bulletin "F". Submissions from taxpayers were invited and a study team of Internal Revenue Service personnel and outside experts was assigned to the task of developing new suggested lives. However, these studies did not come to a successful fruition.

The general approach of the study and the limited information available did not support a meaningful revision of depreciable lives which gave adequate recognition to obsolescence. As indicated by Treasury officials at the time, another reason for the decision not to reissue Bulletin "F" was that many taxpayers had succeeded in negotiating shorter lives and the reissuance of a new Bulletin "F", even with somewhat more up-to-date service lives, might lead to an unfortunate renewal of emphasis on the prescribed schedules. Moreover, it was apparent that the availability of capital gain treatment on profits from the disposition of overdepreciated property constituted a major stumbling-block in the path of real depreciation reform.

Depreciation provisions and the competitive position of U. S. business

As the rest of the world experimented widely and successfully with more liberal depreciation and investment incentive provisions, the United States allowances came to be regarded as the most limited in the world. It was increasingly borne in upon Americans that the United States economy does not operate in isolation and that our depreciation and investment incentive provisions have a direct bearing upon the competitive position of U. S. producers in markets both at home and abroad.

Treasury studies the basis of new reforms

The spirit of reform was in the wind. After considerable planning and testing, the Treasury in July 1960 launched a survey of tax lives, depreciation practices, and opinions covering some 2,700 large corporations and as part of the same study sought views on depreciation reform of some 7,600 smaller businesses. The survey produced usable data on service lives and practices from nearly 2,000 large corporations holding about half the corporate depreciable property in the country.

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This survey was supplemented with statistical data from a sample of 50,000 corporation tax returns for 1959, and engineering studies of 6 basic industries (aircraft, automobiles, electrical machinery and equipment, machine tools, railroads, and steel) as well as a special study of the textile industry.

A revision of suggested depreciable lives in the various branches of the textile industry was announced in the fall of 1961 and spring of 1962 in advance of general depreciation reform. Bulletin "F" lives for this industry were shortened by about 40 percent and actual tax lives in use were shortened by some 12 to 15 percent from generally prevailing practice. Following the textile revisions, work then went forward with all possible speed on the general reform of both guideline lives and practices for all of American business.

Basic reform of 1962: New guideline lives and rules

Revenue Procedure 62-21, made effective July 12, 1962, provided a basic, historic reform in both guideline lives and the administration of depreciation for tax purposes.

The fundamental concept underlying the new Procedure is that the depreciation claimed by a taxpayer will not be disturbed if there is an overall consistency between the depreciation schedule he uses and his actual practice in retiring and replacing his machinery and equipment. Demonstration of this overall consistency will be based upon the application of an objective test -- the reserve ratio -- used in conjunction with broad classes of assets.

Guideline lives are established for each of these classes -- in all cases shorter than those previously suggested for the guideline class as a whole 1/ -- to assist in the determination of appropriate depreciation. The broad class approach is designed to achieve reasonable overall results, simplify administration and compliance, and minimize controversy over specific items or narrow classes of assets.

Transitional provisions permit the use of the new guidelines without challenge for a period of at least 3 years.

1/ Lives for buildings, with the exception of farm buildings, were not significantly changed from Bulletin "F" levels.

A central objective of the new Procedure is to facilitate the adoption of depreciable lives even shorter than those set forth in the new guidelines -- and shorter than those currently in use, even where current usage is already below the guidelines -- provided only that certain standards are met and that subsequent replacement practices are reasonably consistent with the tax lives claimed.

The Procedure applies to all returns due on or after the July 12 effective date. This means that it is applicable to taxable years of corporations beginning on or after May 1, 1961 and taxable years of individuals and partnerships beginning on or after April 1, 1961. The new guideline lives and procedures are applicable to all existing assets as well as future acquisitions.

The new Procedure not only shortens previously suggested guideline lives by some 30 to 40 percent, but also provides a simplified administrative framework based on objective rules. However, the new administrative rules do not supersede existing practices for those taxpayers who wish to follow the older methods.

Treasury estimates indicate that the new guidelines will permit more rapid depreciation than is now being taken on 70 to 80 percent of the machinery and equipment of American business and agriculture. They will increase potential depreciation deductions by $4.7 billion and expected actual deductions by $3.4 billion in the first full year. Over-all, this represents a potential increase of 17 percent in depreciation deductions on machinery and equipment and an over-all increase of 13 percent in depreciation deductions on all property, including buildings.

Shorter Lives

The new shorter lives provide a significant speed-up in the rate of write-off of productive equipment.

In the aerospace industry, for example, manufacturing equipment may be written off under a new guideline life of 8 years, as compared with 15 years under Bulletin "F" and 10 years under actual previous practice. An electronics producer also may use an 8-year life, for which there is no Bulletin "F" counterpart.

A manufacturer of chemicals and allied products may depreciate his production machinery and related equipment over a guideline life of 11 years, as against 15 to 22 under Bulletin "F" and 13 years under recently prevailing practice.

The equipment of manufacturers of metal working machinery may be depreciated over 12 years, compared with 17 to 20 years under Bulletin "F" and 16 years in prior practice.

For the manufacturing industries as a whole, the new guidelines on production machinery and equipment average 13 years, compared with 19 years in Bulletin "F" and 15 years in previous practice.

Greater Recognition of Obsolescence and Economic as Distinguished from Engineering Lives

The new lives give greater recognition to obsolescence. They represent the current practice of the most progressive segment of industry. Therefore, they more closely represent economic lives under present conditions, as distinguished from physical or engineering lives. In this sense they are a foward-looking measure of the depreciation period rather than a backward-looking reflection of the historic past.

Fresh Start to Escape the Vicious Circle of Long Historic Lives

The new guidelines coupled with the transition rule permit a firm beleaguered with excessively long lives to escape from its past and the vicious circle which results when slow tax write-offs delay replacement and slow replacement in turn builds up a record of long physical lives. A fresh start for all companies is encompassed in the three-year transitional rule which will permit unchallenged use of the new guidelines for three years and continued use thereafter providing only that continuous progress is made in bringing replacement practice into line with the depreciation taken.

Guideline Lives Based on Broad Asset Classes

The new Procedure abandons the old Bulletin "F" approach with its emphasis on detailed asset lives. The 1942 edition of Bulletin "F" contained some 5,000 item lives. Instead, the new Procedure sets forth four major groups of guidelines. The first applies to assets such as office equipment, cars and trucks, and buildings that cut across industry lines. The other three cover, respectively, the broad classes of productive equipment of the non-manufacturing industries, manufacturing,

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and transportation, communications, and public utilities. These four groups together comprise 54 guideline classifications and, counting additional classes in some industries, prescribe approximately 99 guideline lives. This simplified, compressed system of guideline lives is contained within 10 pages of the booklet Depreciation Guidelines and Rules, as compared with the 66 pages which Bulletin "F" required to accomplish this task.

The emphasis in this broad class approach is on achieving a reasonable overall result rather than item-by-item accuracy.

For most taxpayers, all equipment and facilities will be covered by four or five guideline classes. Office furniture and equipment would be depreciated in Group One, Class 1, subject to a 10-year life. Automobiles and trucks would be covered by Group One, Class 2, with lives of 3 and 4 to 6 years, respectively. Buildings would be covered by Group One, Class 4. All other assets would, in most cases, especially in manufacturing, be covered by just one or two additional guideline classes.

While the broad class approach has similarities to the Canadian system, it is more flexibly tailored to the requirements of particular industries. Moreover -- in contrast with the Canadian system -- it does not impose the guideline class lives as rigid minimums. It rewards the taxpayer with a more dynamic equipment policy for whom hard and fast guidelines would be unfair and discouraging.

Reserve Ratio Test

In many situations under Revenue Procedure 62-21, the use of an objective standard for determing the appropriateness of the depreciation taken comes into play. This standard is the reserve ratio, which is computed by dividing the depreciation reserve for a particular class of assets by the original cost (or other basis) of these assets.

The reserve ratio test measures the relationship between tax lives and replacement practice. The reserve ratio test is based on the elementary fact that for a taxpayer with a stabilized account with no growth, in which assets are depreciated, for example, over 10 years and replaced in each instance after 10 years, the accumulated reserve on the straight-line basis will be 50 percent of the gross property account. Thus, a 50 percent reserve reflects consistency between tax life and retirement practice in that case. This percentage norm will vary with the rate of growth (or average elapsed age) of the account, the life used, and the depreciation method. A higher percentage than the norm indicates slower replacement than the tax life used; a lower percentage, a faster replacement practice.

Use of the reserve ratio test and its application to broad classes of assets will compare tax lives and replacement practice on a comprehensive basis with the objective of achieving a reasonable overall result. It will therefore end preoccupation with the determination of specific item lives, which has burdened both taxpayers and the Internal Revenue Service without necessarily achieving meaningful improvement in the fairness or realism of depreciation allowances.

The reserve ratio test may be used by the taxpayer as a means of automatically justifying his right to follow the depreciation practices he is using. It will, however, be used only in conjunction with established standards as a basis for imposing longer lives than those the taxpayer considers appropriate. Where the reserve ratio test is not met, the taxpayer will always be allowed, as at present, to demonstrate the reasonableness of the depreciation claimed on the basis of all the pertinent facts and circumstances.

The reserve ratio test embodied in Revenue Procedure 62-21 differs significantly from the rough rules of thumb which have in the past sometimes been used. It is more carefully designed than former tests based on the same general concept. It is also more flexible. It takes into account the inevitable deviations from a theoretical norm by providing a range within which the reserve ratio may vary, for example, because of retention of fully depreciated standby capacity, without signalling a possible need for adjustment of tax lives.

The margin of tolerance contained in the Reserve Ratio Table encompasses rates of replacement as much as 20 percent slower than the tax life used but only 10 percent faster. Thus the reserve ratio will more quickly indicate a taxpayer's right to faster depreciation writeoffs than the possibility that longer tax lives should be used.

Another factor making for liberality in the reserve ratio test is the fact that the percentages in the Reserve Ratio Table set forth in the Procedure assume no dispersion in item or component lives around the average tax life used. As those who are familiar with depreciation accounting know, dispersion with the consequent offset against the reserve account of retirement losses on items with below average lives, results in a lowering of the reserve ratio. Disregard of this factor automatically yields a larger tolerance in the upper limit of the reasonable reserve ratio range.

Transition Rule

As previously indicated, the Procedure provides a transition rule which comprises two aspects.

3-Year Moratorium

The first, which we may call the 3-year moratorium, is the rule that for taxpayers using lives at least as long as the guideline life (and also taxpayers using previously established shorter lives) 1/ the reserve ratio test is presumed to be met for the first 3 years under the new Procedure. This permits unquestioned use of these lives for the 3 years.

Period Equal to Guideline Life Allowed to Align Replacement Practice with Tax Life

The second, which we may call the replacement cycle transition, provides that use of the guideline life or equivalent -- automatically allowed at the outset -- will continue to be accepted unless there are clear indications that the taxpayer's replacement practices do not conform with the depreciation claimed and are not even showing a trend in that direction. Thus, even after the 3-year moratorium, the taxpayer will be given a period of years equal to the guideline life, commencing with the first year to which the new Procedure applies, to bring his reserve ratio within the designated reasonable range, provided the ratio is moving towards the appropriate limit during this period. Consequently, in the fourth year the taxpayer's depreciation deductions will not be disturbed provided only that his reserve ratio is either within the designated range or the gap between his ratio and the upper limit is lower than it was in at least one of the three preceding years. This rule will continue to apply until a period equal to the guideline life has elapsed. For example, if a taxpayer is using a 12-year guideline life, he would be allowed a period of 12 years, beginning with the first year under Revenue

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1/ Either by prior usage or by acceptance on audit by the Internal Revenue Service

Procedure 62-21, to reduce his reserve ratio to within the range. Thereafter, the taxpayer will be expected to have demonstrated consistency between his tax life and his replacement practice by a reserve ratio within the upper limit of the designated reasonable range for his circumstances.

Guideline Lives not Minimums

The guideline lives are not minimums. Shorter lives which have been established or which may in the future be justified will be permitted.

A taxpayer who wishes to move for the first time below the guideline life or to reduce further an already below guideline life may do so automatically if his reserve ratio for the preceding taxable year is below the lower limit of the reserve ratio range and he has been using the life he wishes to reduce for at least one-half a replacement cycle. The new life to which he can move must, of course, be the life indicated as appropriate by the Adjustment Table which is provided as part of the new Procedure. The transition and reserve ratio rules applicable in other situations are similarly available to this taxpayer.

Reserve Ratio Test Not Exclusive

The reserve ratio test may be used to justify the tax lives in use. But it will be used only in conjunction with established standards. If the reserve ratio test is not met, the taxpayer will always be allowed, as at present, to demonstrate the reasonableness of his depreciation on the basis of all the pertinent facts and circumstances.

Taxpayers who do not meet the prescribed reserve ratio tests for moving to a new shorter life below the guideline life may also demonstrate that they are entitled to the shorter lives on the basis of all the relevant facts and circumstances.

Key facts, among others, are: (1) that the taxpayer (other than a public utility) is using the same depreciable life he is claiming for tax purposes on his own books and (2) that the taxpayer has a history of following replacement practices consistent with the depreciation allowances claimed.

Abolition of Penalty Rates

The new Procedure provides specifically for adjusting depreciable lives which prove to be substantially out of line with the actual replacement practice of the taxpayer. Adjustment tables are provided which indicate how much adjustment upward or downward is called for.

In general, these adjustments lengthen or shorten the class life where the reserve ratio is excessive or deficient -- as the case may be -- to a life approximately consistent with the replacement practice which the taxpayer's reserve ratio indicates he has been following.

"Penalty rates" which in the past have been applied to correct accumulated past errors over a brief span will no longer be imposed.

Continuing Revision

The Treasury has indicated that the experience under the new lives and rules will be watched carefully, and periodically revised to maintain tax treatment of depreciation and obsolescence in close keeping with current conditions. The "lag" which developed under the old Bulletin "F"will not be repeated.

Benefits for Small Businesses

The new guideline system will be of important benefit to new businesses and to newly established guideline classes of older businesses. It has frequently been said that the small, new business, more than any other, has been subject to the Bulletin "F" straitjacket.

Since the very structure of the reserve ratio will mean that starting reserve ratios will be low and will remain low for a period of years, new businesses in effect will be permitted generally to use the new guidelines for the first replacement cycle.

The tangible help to small businesses is shown by the estimates of $80 million tax reduction in the first year under the new Procedure for the service industries, $150 million for whoesale and retail trade, and $90 million for agriculture.

Benefits to Sellers of Capital Goods

Sellers of machinery and equipment will find that the new shorter guidelines are an important factor in increasing their orders for new equipment. The fact that a machine tool, for example, may generally be written off over 12 years instead of 15 or 20, will be a real factor in the sales potential.

Other Developments

A discussion of the tax treatment of depreciation would not be complete without reference to important corrective and simplifying provisions of the Revenue Act of 1962.

One is a provision removing capital gain treatment on profit from the sale of depreciable property (other than buildings) to the extent of depreciation deductions on the property for the period since December 31, 1961. This change is designed to deal with situations where depreciation exceeds the actual decline in value of the property and has the effect of creating an artificial gain on resale. Such overdepreciation has the result, familiar to experts in the tax field, of converting ordinary income into capital gain for tax purposes. The correction contained in the Revenue Act of 1962 is of great importance to the recent liberalization of depreciation since, in the absence of this safeguard, faster depreciation might lead in many instances to greater conversion of ordinary into capital gain, handicapping efforts towards a flexible administration of depreciation.

The other deals with the problem of salvage value which has long plagued depreciation policy. Under this provision, salvage to the extent of 10 percent of the cost may be disregarded in computing depreciation on personal property, effective for taxable years beginning after 1961. This will simplify compliance and facilitate the administration of the new depreciation guidelines and rules.

Conclusion

Decades ago, Alfred Marshall, one of the wisest economists of the 19th Century, summed up the substance of depreciation problems in a few sentences which have well withstood the test of time.

"Almost every trade", he wrote, "has its own difficulties and its own customs connected with the task...of allowing for the depreciation which...capital has undergone from wear-and-tear, from the influence of the elements, from new inventions, and from changes in the course of trade....And people whose minds are cast in different moulds or whose interests in the matter point in different directions, will often differ widely on the question what part of the expenditure required for adapting buildings and plant to changing conditions of trade may be regarded as an investment of new capital; and what ought to be set down as charges incurred to balance depreciation, and treated as expenditure deducted from the current receipts, before determining the net profits or true income earned by the business." 1/

In his General Theory in 1936 Keynes had occasion to comment on depreciation in the United States. He stressed a point which we may well be reminded of now. That is the fact that depreciation allowances are not automatically matched by investment but are actually a form of business saving. If real investment does not keep pace with these financial provisions for replacement, they may constitute a heavy drag on the economy, its early recovery from a slump, and its long-term growth.

Checkered as it is, the history of Federal tax treatment of depreciation as a whole discloses a creative process. Today we have liberal up-to-date lives, combined with methods which permit recovery of two-thirds of the cost within the first half of a realistic life estimate. We also have objective rules which, among other advantages, give an initial liberal presumption in favor of the slow replacer but apply a bit of spur to the laggard firm.

The investment credit provided by the Revenue Act of 1962 is in substance an extention of tax depreciation policy. This credit permits a firm to deduct from its taxes 7 percent of the cost of its machinery and equipment purchases. In combination with the investment credit, which it complements, the new approach to depreciation will provide a strong and lasting stimulus to investment that is needed to speed up

1/ Alfred Marshall, Principle of Economics, Eighth Edition page 354, n.

economic growth. These two aspects of depreciation reform together will provide rates of capital recovery and incentive to invest comparable to these available in the rapidly growing industrial nations of Western Europe and Japan.

While realistic depreciation will make a great contribution to the economy, it should not, in my opinion, be regarded as a panacea for our tax and economic problems. Economists and businessmen have only begun to scratch the surface of the economics of the investment decision and how it is influenced by the interplay of taxation and capital recovery allowances. Moreover, beyond this, there remains a whole chapter to be written on the interaction of tax depreciation and investment incentive measures with fiscal and monetary policies designed to assist the free economy not only to survive and prosper, but to outdistance competitors. We will need to continue every effort to restructure the tax system to encourage modernization and growth. The program of tax reduction and reform to be recommended next year has that as a basic aim.

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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 (current revision) 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.

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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.

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. 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 (XIX) or less for the additional bills dated June 14, 1962 (XX), (91 (XIX) days remaining until maturity date on December 13, 1962 (XIX)) and noncompetitive tenders for $100,000 (20) or less for the 182 (XXI) -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 Banks on September 13, 1962 (22), in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 13, 1962 (23). Cash

~~Exhibit 2-A~~

~~BETA MODIFIED~~

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, September 5, 1962

~~XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX~~
(1)

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 $ 2,000,000,000 (2), or thereabouts, for cash and in exchange for Treasury bills maturing September 13, 1962 (3), in the amount of $ 1,900,696,000 (4), as follows:

91 (5) -day bills (to maturity date) to be issued September 13, 1962 (6), in the amount of $ 1,300,000,000 (7), or thereabouts, representing an additional amount of bills dated June 14, 1962 (8), and to mature December 13, 1962 (9), originally issued in the amount of $ 700,118,000 (10), the additional and original bills to be freely interchangeable.

182 (11) -day bills, for $ 700,000,000 (12), or thereabouts, to be dated September 13, 1962 (13), and to mature March 14, 1963 (14).

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, $50,000, $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 p.m., Eastern Daylight Saving ~~Standard~~ time, Monday, September 10, 1962 (15). 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

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TREASURY DEPARTMENT

WASHINGTON, D.C.

September 5, 1962

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 $ 2,000,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing September 13,1962, in the amount of $ 1,900,696,000, as follows:

91-day bills (to maturity date) to be issued September 13, 1962, in the amount of $1,300,000,000, or thereabouts, representing an additional amount of bills dated June 14, 1962, and to mature December 13,1962, originally issued in the amount of $700,118,000, the additional and original bills to be freely interchangeable.

182-day bills, for $700,000,000, or thereabouts, to be dated September 13, 1962,and to mature March 14, 1963.

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, $50,000, $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 p.m., Eastern Daylight Saving time, Monday, September 10, 1962. 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.

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. 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.

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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 14, 1962, (91-days remaining until maturity date on December 13, 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 Banks on September 13, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 13,1962. 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 (current revision) 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.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR IMMEDIATE RELEASE September 5, 1962

ADVANCE REFUNDING OFFER

The Treasury is offering holders of $26.8 billion of certificates and notes maturing February 15, 1963 and May 15, 1963 the right to exchange them for either or both of the following new securities:

3-3/4% notes due August 15, 1967

4% bonds due August 15, 1972

The issues eligible for exchange are considerably closer to maturity than the eligible issues in earlier advance refundings. The Treasury's objective in making this offer is to reduce the extremely congested maturity schedules of February and May 1963 and to improve the structure of the outstanding debt. By refunding these maturing securities in two stages, the Treasury will also assist the smooth functioning of the money and capital markets.

In February 1963, three issues totalling $13.3 billion mature, $9.4 billion of which is held by the public and the remaining $3.9 billion by the Federal Reserve and Government Investment Accounts. In May 1963, three issues totalling $13.5 billion mature, $9.8 billion of which is held by the public and the remaining $3.7 billion by the Federal Reserve and Government Accounts.

The offering is designed to be attractive to investors. Market yields on the new issues, as summarized in paragraph 11 below, compare favorably with those on outstanding issues of comparable maturities on the date of this offering. After giving effect to the difference between the present and the offered coupon rates, and to the payments that will be made by the Treasury to subscribers in further adjustment of interest differences, the effective yields on the new notes will range between 3.80 and 3.83%; the effective yields on the new bonds will range between 4.05 and 4.07%.

The reinvestment return to holders for the period of the extension would also appear to compare favorably with prospective yields that might be obtained on reinvestment at the time these six outstanding securities are scheduled to mature. The new 4 year 11 month notes will provide yields for the extension period of 3.89% or 3.90% for holders of February maturities and 3.94% to 3.97% for May holders. The new 9 year 11 month bond will provide a yield for the extra period of holding equivalent to 4.11% or 4.12% for the subscribers who turn in February maturities and 4.15% or 4.16% for those who turn in May maturities.

The transfer of old for new securities will not be treated as a sale and purchase for tax purposes, thereby avoiding immediate charging of book losses on the securities being accepted by the Treasury in exchange for the new issues.

Terms and Conditions of the Advance Refunding Offer

1. To all holders of the following outstanding Treasury securities:

Description of securities	Issue date	Final maturity date	Remaining term to maturity (Months)	Amount outstanding (in billions)
3-1/2% certificate A-1963	Feb. 15, 1962	Feb. 15, 1963	5	$6.9
2-5/8% note A-1963	April 15, 1958	Feb. 15, 1963	5	2.8
3-1/4% note E-1963	Nov. 15, 1961	Feb. 15, 1963	5	3.6
3-1/4% certificate B-1963	May 15, 1962	May 15, 1963	8	6.7
3-1/4% note D-1963	May 15, 1961	May 15, 1963	8	5.0
4% note B-1963	April 1, 1959	May 15, 1963	8	1.7

2. New securities to be issued:

Description of securities	Issue date	Interest starts[1/]	Interest payable
3-3/4% note of Aug. 15, 1967	Sept. 15, 1962	Sept. 15, 1962	Feb. 15 & Aug. 15
4% bond of Aug. 15, 1972	Sept. 15, 1962	Sept. 15, 1962	Feb. 15 & Aug. 15

1/ Interest on the securities surrendered stops on September 15, 1962.

3. Terms of the exchange:

Exchanges will be made on the basis of equal face amounts, with payments by the Treasury and with adjustments of accrued interest to September 15, 1962, on the securities surrendered (per $100 face amount), as indicated below:

Securities to be exchanged	Amounts to be paid to subscribers: On account of purchase price of securities to be issued	Amounts to be paid to subscribers: On account of accrued interest to Sept. 15, 1962 on securities to be exchanged	Amounts to be paid to subscribers: Total	Extension of maturity Yrs.-Mos.
		FOR THE NEW NOTES		
3-1/2% certificate A-1963	$ .50	$ .294837	$ .794837	4 - 6
2-5/8% note A-1963	.10	.221128	.321128	4 - 6
3-1/4% note E-1963	.40	.273777	.673777	4 - 6
3-1/4% certificate B-1963	.40	1.086277	1.486277	4 - 3
3-1/4% note D-1963	.40	1.086277	1.486277	4 - 3
4% note B-1963	1.00	1.336957	2.336957	4 - 3
		FOR THE NEW BONDS		
3-1/2% certificate A-1963	$ .70	$ .294837	$ .994837	9 - 6
2-5/8% note A-1963	.30	.221128	.521128	9 - 6
3-1/4% note E-1963	.60	.273777	.873777	9 - 6
3-1/4% certificate B-1963	.60	1.086277	1.686277	9 - 3
3-1/4% note D-1963	.60	1.086277	1.686277	9 - 3
4% note B-1963	1.20	1.336957	2.536957	9 - 3

The following coupons should be attached to the securities in bearer form when they are surrendered:

Securities	Coupons to be attached
/2% ctf. A-1963, 2-5/8% note A-1963, 3-1/4% note E-1963	Feb. 15, 1963
/4% ctf. B-1963, 4% note B-1963, 3-1/4% note D-1963	Nov. 15, 1962 & May 15, 1963

Accrued interest to September 15, 1962, will be paid to subscribers, in the case of bearer securities following their acceptance, and in the case of registered notes following discharge of registration in accordance with the assignments on the notes surrendered.

Limitation on amount of securities to be issued:

While it is not practicable to estimate the extent of investor acceptance, the Treasury is placing an outside limit of $6 billion, or thereabouts, on the aggregate amount of notes, and $3 billion, or thereabouts, on the aggregate amount of bonds to be issued to the public. In the event the limit on either issue is exceeded, subscriptions to the respective issue will be subject to allotment. In addition, exchange subscriptions for the notes and bonds from Government Investment Accounts will be allotted in full.

Books open for subscription for the new securities:

The books will be open for the receipt of subscriptions from Monday, September 10, through Wednesday, September 12, 1962. Subscriptions placed in the mail by midnight of September 12, 1962, 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 security holders' protection in submitting securities to be exchanged.

Requirements applicable to subscriptions:

Subscriptions will be received at the 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.

Subscriptions from banking institutions for their own account, Federally-insured savings and loan associations, States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, Federal Reserve Banks, and Government Investment Accounts will be received without deposit. Subscriptions from all others must be accompanied by deposit of eligible securities in an amount equal to 10% of the securities applied for.

Denominations and other charactertistics of new securities:

The notes will be issued in denominations of $1,000, $5,000, $10,000, $100,000, $1,000,000, $100,000,000 and $500,000,000 in coupon and registered forms. The bonds will be issued in denominations of $500, $1,000, $5,000, $10,000, $100,000 and $1,000,000 in coupon and registered forms. The notes and bonds will be acceptable to secure deposits of public moneys. They will not be acceptable in payment of taxes.

8. Nonrecognition of gain or loss for Federal income tax purposes solely on account of exchange of old for new securities:

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 solely on account of the exchange of the securities; 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 security holder in connection with the exchange. Accordingly, if the fair market value 1/ of the 3-3/4% notes or 4% bonds plus the amount paid to the investor (discount) exceeds the cost basis of the old securities to the investor, the 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 new securities on his books at the same amount as he is now carrying the old securities 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 new securities plus the amount of the payment does not exceed the cost basis of the old securities, the basis in the new securities will be the cost basis in the old securities reduced by the amount of the payment.

Gain to the extent not recognized (or loss), if any, upon the securities surrendered in exchange will be taken into account upon the disposition or redemption of the new notes or bonds.

1/ The mean of the bid and asked quotations on date subscriptions are submitted.

9. Book value of new securities 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 notes and bonds received in exchange on their books at the amount at which the eligible securities 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. They will so advise their examiners.

10. Computation of reinvestment rate for the extension of maturity:

A holder of the outstanding eligible certificates and notes has the option of accepting the Treasury's exchange offer or of holding them 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 eligible securities at maturity.

The interest income before tax for making the extension now through exchange will be the coupon rates on the new issues. If a holder of the eligible certificates and notes does not make the exchange he would receive the coupon rates on the eligible issues to their maturity and would have to reinvest at that time at a rate equal to that indicated in paragraph 11 below for the remaining terms of the issues now offered, in order to equal the interest he would receive by accepting the exchange offer. For example, if the 3-1/4% certificates or notes of 5/15/63 are exchanged for the 4% bonds of 8/15/72, the rate for the entire nine years and eleven months will be 4%. If the exchange is not made, a 3-1/4% rate will be received until May 15, 1963, requiring reinvestment of the proceeds of the 3-1/4's at that time at a rate of at least 4.15% for the remaining nine years and three months, all at compound interest, to average out to a 4% rate for nine years and eleven months. This minimum reinvestment rate for the extension period is shown in the table under paragraph 11. The minimum reinvestment rates for the other issues included in the exchange are also shown in the table under paragraph 11.

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11. Investment rates on the new notes and bonds offered in exchange to holders of the eligible securities:

Eligible securities	3-1/2% C/Is 2/15/63	2-5/8% Notes 2/15/63	3-1/4% Notes 2/15/63	3-1/4% C/Is 5/15/63	3-1/4% Notes 5/15/63	4% Notes 5/15/63
FOR THE NEW 3-3/4% NOTES OF AUGUST 15, 1967						
Payments on account of $100 issue price to subscriber --	$0.50	$0.10	$0.40	$0.40	$0.40	$1.00
Approximate investment yield from exchange date (9/15/62) to maturity of notes offered in exchange based on price of securities eligible for exchange 1/ ----------------	3.81%	3.80%	3.81%	3.81%	3.81%	3.83%
Approximate minimum reinvestment rate for the extension period 2/ -----------------	3.90	3.89	3.90	3.94	3.94	3.97
FOR THE NEW 4% BONDS OF AUGUST 15, 1972						
Payments on account of $100 issue price to subscriber --	$0.70	$0.30	$0.60	$0.60	$0.60	$1.20
Approximate investment yield from exchange date (9/15/62) to maturity of bonds offered in exchange based on price of securities eligible for exchange 1/ ----------------	4.06%	4.05%	4.06%	4.06%	4.06%	4.07%
Approximate minimum reinvestment rate for the extension period 2/ -----------------	4.12	4.11	4.12	4.15	4.15	4.16

1/ Yield to nontaxable holder or before tax. Based on mean of bid and asked prices (adjusted for payments on account of issue price) at noon on September 4, 1962.
2/ Rate for nontaxable holder or before tax. For explanation see paragraph 10 above.

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, September 11, 1962.

September 10, 1962

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 14, 1962, and the other series to be dated September 13, 1962, which were offered on September 5, were opened at the Federal Reserve Banks on September 10. Tenders were invited for $1,300,000,000, or thereabouts, of 91-day bills and for $700,000,000, 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 13, 1962		182-day Treasury bills maturing March 14, 1963	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.298	2.777%	98.538	2.892%
Low	99.292	2.801%	98.521	2.925%
Average	99.295	2.789% 1/	98.528	2.911% 1/

2 percent of the amount of 91-day bills bid for at the low price was accepted
25 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	$ 67,974,000	$ 46,892,000	$ 12,978,000	$ 6,578,000
New York	1,842,666,000	948,366,000	1,087,498,000	574,498,000
Philadelphia	37,152,000	18,902,000	8,462,000	3,462,000
Cleveland	30,798,000	25,644,000	13,654,000	13,654,000
Richmond	22,599,000	22,599,000	9,080,000	9,080,000
Atlanta	34,095,000	31,495,000	8,048,000	8,048,000
Chicago	194,707,000	100,555,000	106,785,000	47,685,000
St. Louis	31,737,000	26,737,000	8,806,000	7,556,000
Minneapolis	29,714,000	21,714,000	10,407,000	10,407,000
Kansas City	39,481,000	26,285,000	10,249,000	10,049,000
Dallas	27,845,000	17,845,000	9,381,000	4,381,000
San Francisco	17,667,000	13,147,000	4,812,000	4,812,000
TOTALS	$2,376,435,000	$1,300,181,000 a/	$1,290,160,000	$700,210,000 b/

a/ Includes $271,217,000 noncompetitive tenders accepted at the average price of 99.295
b/ Includes $69,915,000 noncompetitive tenders accepted at the average price of 98.528
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.85%, for the 91-day bills, and 3.00%, 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.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, September 11, 1962.

September 10, 1962

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 14, 1962, and the other series to be dated September 13, 1962, which were offered on September 5, were opened at the Federal Reserve Banks on September 10. Tenders were invited for $1,300,000,000, or thereabouts, of 91-day bills and for $700,000,000, 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 13, 1962		182-day Treasury bills maturing March 14, 1963	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.298	2.777%	98.538	2.892%
Low	99.292	2.801%	98.521	2.925%
Average	99.295	2.789% 1/	98.528	2.911% 1/

2 percent of the amount of 91-day bills bid for at the low price was accepted
25 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	$ 67,974,000	$ 46,892,000	$ 12,978,000	$ 6,578,000
New York	1,842,666,000	948,366,000	1,087,498,000	574,498,000
Philadelphia	37,152,000	18,902,000	8,462,000	3,462,000
Cleveland	30,798,000	25,644,000	13,654,000	13,654,000
Richmond	22,599,000	22,599,000	9,080,000	9,080,000
Atlanta	34,095,000	31,495,000	8,048,000	8,048,000
Chicago	194,707,000	100,555,000	106,785,000	47,685,000
St. Louis	31,737,000	26,737,000	8,806,000	7,556,000
Minneapolis	29,714,000	21,714,000	10,407,000	10,407,000
Kansas City	39,481,000	26,285,000	10,249,000	10,049,000
Dallas	27,845,000	17,845,000	9,381,000	4,381,000
San Francisco	17,667,000	13,147,000	4,812,000	4,812,000
TOTALS	$2,376,435,000	$1,300,181,000 a/	$1,290,160,000	$700,210,000 b/

a/ Includes $271,217,000 noncompetitive tenders accepted at the average price of 99.295
b/ Includes $69,915,000 noncompetitive tenders accepted at the average price of 98.528
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.85%, for the 91-day bills, and 3.00%, 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.

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up to as much as 500 million in savings
bonds could be sold

Savings bonds issued under the new procedure will be inscribed in the name of the taxpayer or taxpayers either as single ownership bonds in the case of the single taxpayer or as co-owner bonds in the case of a joint return.

The suggestion that tax refunds be available in the form of savings bonds has been made by a number of people over the years. However, until the advent of automatic data processing equipment for the handling of individual income tax returns, it has not been administratively feasible to proceed with such a program. Sufficient progress has now been achieved in the Treasury's automatic data processing program to use this technique in the payment of refunds owed to individuals.

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Complete details will be spelled out in the instructions to accompany the 1962 tax forms. Any taxpayer who chooses to take his refund in the form of Savings Bonds will receive the largest amount of bonds consistent with the size of his refund, provided that the check to be issued for the cash portion of the refund is not less than $1.00. For example, a refund of $20.00 would take the form of a $25.00 bond, the purchase price of which is $18.75, and a check for $1.25. However, a refund of $19.00 would be paid only in the form of a check, since the issuance of even the smallest denomination savings bond would leave a balance of only $0.25 to be paid by check.

This action makes a third option available to recipients of refunds. Taxpayers will, of course, continue to have the options of receiving their refunds in the form of a check issued by the Treasury Department or applying their refunds toward the following year's tax liability.

FOR RELEASE:
AM Papers,
Wednesday, Sept. 12, 1962

Treasury Offers Option of Taking
Tax Refunds in Savings Bonds

Treasury Secretary Douglas Dillon today announced that taxpayers will have the option of receiving tax refunds for 1962 in the form of Savings Bonds.

The new individual income tax forms for 1962 will include space for each taxpayer to indicate whether his refund should be made payable in Series E Savings Bonds. Bonds will subsequently be issued in the customary multiples of $18.75 and sent to the taxpayer with a check for any remaining balance due.

The decision to arrange for the optional payment of tax refunds in the form of Series E Savings Bonds reflects the favorable responses received from a recent sample survey of some 3,800 taxpayers who received refunds on their payments of 1961 income taxes. THE RESPONSES INDICATED A POTENTIAL ~~The responses suggested that, through this new procedure, up to $500 million in Savings Bonds might be sold next year.~~ DEMAND IN THE MAGNITUDE OF ONE-HALF BILLION DOLLARS FOR SAVINGS BONDS OFFERED IN THIS W

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TREASURY DEPARTMENT

WASHINGTON, D.C.

September 11, 1962

FOR RELEASE A.M. NEWSPAPERS
WEDNESDAY, SEPTEMBER 12, 1962

TREASURY OFFERS OPTION OF TAKING TAX REFUNDS IN SAVINGS BONDS

Treasury Secretary Douglas Dillon today announced that taxpayers will have the option of receiving tax refunds for 1962 in the form of Savings Bonds.

The new individual income tax forms for 1962 will include space for each taxpayer to indicate whether his refund should be made payable in Series E Savings Bonds. Bonds will subsequently be issued in the customary multiples of $18.75 and sent to the taxpayer with a check for any remaining balance due.

The decision to arrange for the optional payment of tax refunds in the form of Series E Savings Bonds reflects the favorable responses received from a recent sample survey of some 3,800 taxpayers who received refunds on their payments of 1961 income taxes. The responses indicated a potential demand in the magnitude of one-half billion dollars for Savings Bonds offered in this way.

Complete details will be spelled out in the instructions to accompany the 1962 tax forms. Any taxpayer who chooses to take his refund in the form of Savings Bonds will receive the largest amount of bonds consistent with the size of his refund, provided that the check to be issued for the cash portion of the refund is not less than $1.00. For example, a refund of $20.00 could take the form of a $25.00 bond, the purchase price of which is $18.75, and a check for $1.25. However, a refund of $19.00 would be paid only in the form of a check, since the issuance of even the smallest denomination savings bond would leave a balance of only $0.25 to be paid by check.

This action makes a third option available to recipients of refunds. Taxpayers will, of course, continue to have the options of receiving their refunds in the form of a check issued by the Treasury Department or applying their refunds toward the following year's tax liability.

Savings bonds issued under the new procedure will be inscribed in the name of the taxpayer or taxpayers either as single ownership bonds in the case of the single taxpayer or as co-owner bonds in the case of a joint return.

The suggestion that tax refunds be available in the form of savings bonds has been made by a number of people over the years. However, until the advent of automatic data processing equipment for the handling of individual income tax returns, it has not been administratively feasible to proceed with such a program. Sufficient progress has now been achieved in the Treasury's automatic data processing program to use this technique in the payment of refunds owed to individuals.

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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 (current revision) 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.

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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.

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. 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 ~~(16)~~ or less for the additional bills dated June 21, 1962 ~~(17)~~, (91 ~~(18)~~ days remaining until maturity date on December 20, 1962 ~~(19)~~) and noncompetitive tenders for $100,000 ~~(20)~~ or less for the 182 ~~(21)~~ -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 Banks on September 20, 1962 ~~(22)~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 20, 1962 ~~(23)~~. Cash

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, September 12, 1962

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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 $2,000,000,000 (2), or thereabouts, for cash and in exchange for Treasury bills maturing September 20, 1962 (3), in the amount of $1,900,824,000 (4), as follows:

91 (5) -day bills (to maturity date) to be issued September 20, 1962 (6), in the amount of $1,300,000,000 (7), or thereabouts, representing an additional amount of bills dated June 21, 1962 (8), and to mature December 20, 1962 (9), originally issued in the amount of $700,552,000 (10), the additional and original bills to be freely interchangeable.

182 (11) -day bills, for $ 700,000,000 (12), or thereabouts, to be dated September 20, 1962 (13), and to mature March 21, 1963 (14).

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, $50,000, $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 p.m., Eastern Daylight Saving ~~Standard~~ time, Monday, September 17, 1962 (15). 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

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TREASURY DEPARTMENT

WASHINGTON, D.C.

September 12,1962

FOR IMMEDIATE RELEASE

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91 -day bills (to maturity date) to be issued September 20, 1962, in the amount of \$1,300,000,000, or thereabouts, representing an additional amount of bills dated June 21, 1962, and to mature December 20,1962, originally issued in the amount of \$700,552,000, the additional and original bills to be freely interchangeable.

182-day bills, for \$700,000,000, or thereabouts, to be dated September 20,1962, and to mature March 21, 1963.

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, \$50,000, \$100,000, \$500,000 and \$1,000,000 (maturity value).

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Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. 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.

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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 21, 1962, (91-days remaining until maturity date on December 20,1962) 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 Banks on September 20, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 20,1962.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 (current revision) and this notice prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained fro any Federal Reserve Bank or Branch.

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TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, SEPTEMBER 13, 1962

D-601

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 - September 30, 1962

IMPORTS - July 1 - September 7, 1962 (or as noted)

Country of Production	ITEM 391 Lead-bearing ores, flue dust, and mattes: Quarterly Quota Dutiable Lead (Pounds)	ITEM 391 Imports (Pounds)	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.: Quarterly Quota Dutiable Lead (Pounds)	ITEM 392 Imports (Pounds)	ITEM 393 Zinc-bearing ores of all kinds, except pyrites containing not over 3% of zinc: Quarterly Quota Dutiable Zinc (Pounds)	ITEM 393 Imports (Pounds)	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 By Weight (Pounds)	ITEM 394 Imports (Pounds)
Australia	10,080,000	10,080,000	23,680,000	16,378,616	-	-	-	-
Belgian Congo	-	-	-	-	-	--	5,440,000	3,747,888*
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	7,520,000
Bolivia	5,040,000	1,120,513*	-	-	-	-	-	-
Canada	13,440,000	13,440,000	15,920,000	14,632,979*	66,480,000	66,480,000	37,840,000	29,193,242
Italy	-	-	-	-	-	-	3,600,000	-
Mexico	-	-	36,880,000	30,215,410	70,480,000	50,925,835	6,320,000	2,009,591
Peru	16,160,000	2,796,892	12,880,000	6,910,472	35,120,000	23,600,761	3,760,000	2,850,230
Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	12,893,518*	-	-	-	-
All other foreign countries (total)	6,560,000	6,560,000	6,080,000	-	17,840,000	17,840,000	6,080,000	6,080,000

*Imports as of September 10, 1962.

The above country designations are those specified in Presidential Proclamation No. 3257 of September 22, 1958. Since that date the names of certain countries have been changed.

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TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, SEPTEMBER 13, 1962

D-601

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IMPORTS - July 1 - September 7, 1962 (or as noted)

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	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	16,378,616	-	-	-	-
Belgian Congo	-	-	-	-	-	--	5,440,000	3,747,888*
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	7,520,000
Bolivia	5,040,000	1,120,513*	-	-	-	-	-	-
Canada	13,440,000	13,440,000	15,920,000	14,632,979*	66,480,000	66,480,000	37,840,000	29,193,242
Italy	-	-	-	-	-	-	3,600,000	-
Mexico	-	-	36,880,000	30,215,410	70,480,000	50,925,835	6,320,000	2,009,591
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All other foreign countries (total)	6,560,000	6,560,000	6,080,000	-	17,840,000	17,840,000	6,080,000	6,080,000

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PREPARED IN THE BUREAU OF CUSTOMS

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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, 1961, to Sept. 10, 1962	Established 33-1/3% of Total Quota	Imports Sept. 20, 1961, to Sept. 10, 1962 1/
United Kingdom	4,323,457	1,892,083	1,441,152	1,441,152
Canada	239,690	239,690	-	-
France	227,420	179,155	75,807	75,807
British India	69,627	69,627	-	-
Netherlands	68,240	67,447	22,747	22,747
Switzerland	44,388	42,019	14,796	12,505
Belgium	38,559	22,062	12,853	-
Japan	341,535	341,500	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany	76,329	76,329	25,443	25,443
Italy	21,263	-	7,088	-
	5,482,509	2,929,912	1,599,886	1,577,654

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

The country designations listed in this press release are those specified in Presidential Proclamation No. 2351 of September 5, 1939. Since that date the names of certain countries have been changed.

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, SEPTEMBER 13, 1962

D-602

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, 1961 to September 10, 1962

Country of Origin	Established Quota	Imports
Egypt and the Anglo-Egyptian Sudan	783,816	783,816
Peru	247,952	245,483
British India	2,003,483	2,003,483
China	1,370,791	-
Mexico	8,883,259	8,883,259
Brazil	618,723	618,723
Union of Soviet Socialist Republics ...	475,124	114,908
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	-
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, 1962 to September 10, 1962

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	122,857
1-1/8" or more and under 1-3/8"	4,565,642	4,565,642

TREASURY DEPARTMENT
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IMMEDIATE RELEASE
THURSDAY, SEPTEMBER 13, 1962

D-602

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

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Peru	247,952	245,483	Paraguay	871	-
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China	1,370,791	-	Iraq	195	-
Mexico	8,883,259	8,883,259	British East Africa ...	2,240	-
Brazil	618,723	618,723	Netherlands E. Indies .	71,388	-
Union of Soviet Socialist Republics ...	475,124	114,908	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, 1962 to September 10, 1962

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	122,857
1-1/8" or more and under 1-3/8"	4,565,642	4,565,642

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, 1961, to Sept. 10, 1962	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1961, to Sept. 10, 1962
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Canada	239,690	239,690	-	-
France	227,420	179,155	75,807	75,807
British India	69,627	69,627	-	-
Netherlands	68,240	67,447	22,747	22,747
Switzerland	44,388	42,019	14,796	12,505
Belgium	38,559	22,062	12,853	-
Japan	341,535	341,500	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany	76,329	76,329	25,443	25,443
Italy	21,263	-	7,088	-
	5,482,509	2,929,912	1,599,886	1,577,654

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

The country designations listed in this press release are those specified in Presidential Proclamation No. 2351 of September 5, 1939. Since that date the names of certain countries have been changed.

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Commodity	Period and Quantity		Unit of Quantity	Imports as of September 1, 1[illegible]
Absolute Quotas:				
Butter substitutes, including butter oil, containing 45% or more butter fat................	Calendar Year 1962	1,200,000	Pound	Quota Filled
Cotton products, except cotton wastes, produced in any stage preceding the spinning into yarn............................	12 mos. from Sept. 11, 1961	1,000	Pound	Quota Filled
Peanuts, shelled, unshelled, blanched, salted, prepared or preserved (incl. roasted peanuts but not peanut butter).......	12 mos. from August 1, 1962	1,709,000	Pound	215,317

1/ Imports through September 7, 1962.

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TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
THURSDAY, SEPTEMBER 13,1962 D-603

The Bureau of Customs has announced preliminary figures on imports for consumption of the following quota commodities from the beginning of the respective quota periods through September 1, 1962:

Commodity	Period and Quantity		Unit of Quantity	Imports as of September 1, 196
Tariff-Rate Quotas:				
Cream, fresh or sour.............	Calendar Year	1,500,000	Gallon	89
Whole Milk, fresh or sour........	Calendar Year	3,000,000	Gallon	277
Cattle, 700 lbs. or more each (other than dairy cows).........	July 1, 1962- Sept. 30, 1962	120,000	Head	7,410
Cattle less than 200 lbs. each...	12 mos. from April 1, 1962	200,000	Head	42,265
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish.........	Calendar Year	28,571,433	Pound	Quota Filled 1/
Tuna Fish........................	Calendar Year	59,059,014	Pound	37,272,804
White or Irish potatoes:				
Certified seed...................	12 mos. from	114,000,000	Pound	52,233,560
Other............................	Sept. 15, 1961	36,000,000	Pound	Quota Filled
Walnuts..........................	Calendar Year	5,000,000	Pound	2,325,455
Stainless steel table flatware (table knives, table forks, table spoons..................	Nov. 1, 1961- Oct. 31, 1962	69,000,000	Pieces	68,371,290

1/ Imports for consumption at the quota rate are limited to 21,428,574 pounds during the first nine months of the calendar year.

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IMMEDIATE RELEASE
THURSDAY, SEPTEMBER 13, 1962

D-603

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Commodity	Period and Quantity		Unit of Quantity	Imports as of September 1, 1962
Tariff-Rate Quotas:				
Cream, fresh or sour	Calendar Year	1,500,000	Gallon	89
Whole Milk, fresh or sour	Calendar Year	3,000,000	Gallon	277
Cattle, 700 lbs. or more each (other than dairy cows)	July 1, 1962-Sept. 30, 1962	120,000	Head	7,410
Cattle less than 200 lbs. each	12 mos. from April 1, 1962	200,000	Head	42,265
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish	Calendar Year	28,571,433	Pound	Quota Filled 1/
Tuna Fish	Calendar Year	59,059,014	Pound	37,272,804
White or Irish potatoes:				
Certified seed	12 mos. from Sept. 15, 1961	114,000,000	Pound	52,233,560
Other		36,000,000	Pound	Quota Filled
Walnuts	Calendar Year	5,000,000	Pound	2,325,455
Stainless steel table flatware (table knives, table forks, table spoons	Nov. 1, 1961-Oct. 31, 1962	69,000,000	Pieces	68,371,290

1/ Imports for consumption at the quota rate are limited to 21,428,574 pounds during the first nine months of the calendar year.

Commodity	Period and Quantity		Unit of Quantity	Imports as of September 1, 196
Absolute Quotas:				
Butter substitutes, including butter oil, containing 45% or more butter fat................	Calendar Year 1962	1,200,000	Pound	Quota Filled
Cotton products, except cotton wastes, produced in any stage preceding the spinning into yarn..............................	12 mos. from Sept. 11, 1961	1,000	Pound	Quota Filled
Peanuts, shelled, unshelled, blanched, salted, prepared or preserved (incl. roasted peanuts but not peanut butter).......	12 mos. from August 1, 1962	1,709,000	Pound	1 215,317

1/ Imports through September 7, 1962.

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TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE

THURSDAY, SEPTEMBER 13, 1962

D-604

The Bureau of Customs has announced the following preliminary figures showing the imports for consumption from January 1, 1962, to September 1, 1962, inclusive, of commodities under quotas established pursuant to the Philippine Trade Agreement Revision Act of 1955:

Commodity	Established Annual Quota Quantity	Unit of Quantity	Imports as of September 1, 1962
Buttons............	680,000	Gross	178,007
Cigars.............	160,000,000	Number	7,503,253
Coconut oil........	358,400,000	Pound	119,106,347
Cordage............	6,000,000	Pound	3,078,826
Tobacco............	5,200,000	Pound	4,475,376

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TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE

THURSDAY, SEPTEMBER 13, 1962 D-604

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TREASURY DEPARTMENT

WASHINGTON, D.C.

September 12, 1962

FOR IMMEDIATE RELEASE

WITHHOLDING OF APPRAISEMENT ON ACRYLIC STAPLE FIBER

The Treasury Department is instructing customs field officers to withhold appraisement of acrylic staple fiber manufactured in West Germany and sold by Textiel Fabriek Huizen, Huizen, Netherlands, 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 July 18, 1962. The dollar value of imports received from March 1962 to date was approximately $1,500,000.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

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addressed to:

Office of Debt Analysis
U. S. Treasury Department
Room 3036, Main Treasury Building
15th and Pennsylvania Avenue, N.W.,
Washington 25, D. C.

A public meeting with Treasury officials for discussion of questions and suggestions will be held in the auditorium of the Federal Reserve Bank of New York on Wednesday, October 17, at 3:30 PM. In making the announcement at this time, the Treasury hopes to give all interested parties adequate time for preliminary consideration, prior to the October 17 meeting, of all of the procedural and other problems which might be encountered in initiating this new borrowing technique.

It is not presently contemplated that offerings of long-term bonds at competitive bidding will be made on a regularly-scheduled basis. If this first trial should prove successful, subsequent applications of this technique for selling long-term bonds will be made, with appropriate notice to the market, whenever the general economic environment and capital market conditions seem appropriate for such an offering.

Recognizing that many problems will have to be resolved before this new type of borrowing operation can be initiated, the Treasury wishes to obtain the views of members of the financial community and any other interested persons on the procedural and other aspects of selling long-term Government securities through competitive bidding. Written comments should be

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The basic procedures to be followed will be similar to those which have been widely used for many years in selling most issues of State and local government securities and corporate publicly utility bonds.
the bonds of privately-owned public utilities.
It is anticipated that potential underwriters will wish to form bidding groups. The bonds will be awarded to the group offering the highest bid (the lowest interest cost) for bonds bearing a given coupon, and maturity and call provision (if any). The Secretary of the Treasury will reserve the right to reject all bids.

The Treasury's objective is to explore the practicability of this technique for occasionally placing moderate amounts of marketable long-term Government bonds in the hands of the public, at the lowest possible interest cost to the taxpayers and without adverse effects on the markets for other long-term securities.

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~~Press Release~~

For Release A.M. newspapers Friday, September 14, 1962

FOR RELEASE - FRIDAY ~~A.M.'s~~
~~Thursday, September 13, 1962 - AFTER 4:00 PM~~
~~For Friday, September 14, 1962, papers~~

TREASURY PLANS TO SELL LONG-TERM
BONDS THROUGH COMPETITIVE BIDDING

The Treasury announced today its intention to test a new technique in borrowing operations - - the sale of long-term bonds through an underwriting syndicate, on the basis of competitive bidding.

The experiment will be made at some time during the next six months, after there has been full opportunity for comment and appraisal both by investors and by the banks and other financial institutions which might wish to participate in bidding for and distributing the bonds. The amount to be offered will be in the order of magnitude of one-quarter of a billion dollars.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

September 13, 1962

FOR RELEASE AM NEWSPAPERS
FRIDAY, SEPTEMBER 14, 1962

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The basic procedures to be followed will be similar to those which have been widely used for many years in selling State and local government securities and the bonds of privately-owned public utilities. It is anticipated that potential underwriters will form bidding groups. The bonds will be awarded to the group offering the highest bid (the lowest interest cost) for bonds bearing a given coupon and maturity and call provision, if any. The Secretary of the Treasury will reserve the right to reject all bids.

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Recognizing that many problems will have to be resolved before this new type of borrowing operation can be initiated, the Treasury wishes to obtain the views of members of the financial community and any other interested persons on the procedural and other aspects of selling long-term Government securities through competitive bidding. Written comments should be addressed to:

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U. S. Treasury Department
Room 3036, Main Treasury Building
15th and Pennsylvania Avenue, N. W.
Washington 25, D. C.

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SEP 6 1962

MEMORANDUM TO OFFICE OF FISCAL ASSISTANT SECRETARY:

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

Sales	\$362,321,000.00
Purchases	57,943,700.00
Net Sales	\$304,377,300.00

CORRECTED COPY 8/21/62

TREASURY DEPARTMENT

WASHINGTON, D.C.

Sept 14, 1962

~~August 15, 1962~~

FOR IMMEDIATE RELEASE

TREASURY MARKET TRANSACTIONS IN ~~JULY~~ August

During ~~July~~ August 1962, market transactions in direct and guaranteed securities of the government for Treasury investment and other accounts resulted in net ~~(sales)~~ PURCHASES by the Treasury Department of $304,377,300 $61,901,000.

Sales

oOo

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~~D-576~~

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TREASURY DEPARTMENT

WASHINGTON, D.C.

September 14, 1962

FOR IMMEDIATE RELEASE

TREASURY MARKET TRANSACTIONS IN AUGUST

During August 1962, market transactions in direct and guaranteed securities of the government for Treasury investment and other accounts resulted in net sales by the Treasury Department of $304,377,300.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR IMMEDIATE RELEASE September 14, 1962

TREASURY'S ADVANCE REFUNDING RESULTS ~~LATEST REFUNDING A SUCCESS~~

The Treasury Department today announced that preliminary reports from the Federal Reserve Banks show that total subscriptions of about $7,830 million have been received for the 3-3/4% notes and 4% bonds included in the Department's latest advance refunding operation. These subscriptions included $7,489 million from public holders and $341 million from Government Investment Accounts. Subscription books for the offering were open from September 10 through September 12. All subscriptions will be allotted in full. Delivery of and payment for the new notes and bonds will be made on September 20, 1962.

Subscriptions are as follows (in millions):

New Issue	From Public Holders	From Government Investment Accounts	Total
3-3/4% note of Series A-1967	$5,240	$ 21	$5,261
4% bonds of 1972	2,249	320	2,569
Total	$7,489	$341	$7,830

~~Taking into account the effect of the advance refunding, the average length of the presently outstanding debt at the end of this month will be exactly 5 years, an increase of 5 months in length since the beginning of 1962 and the highest level in four years.~~

Details by Federal Reserve Bank Districts as to subscriptions will be announced when final reports are received.

2-607

TREASURY DEPARTMENT

WASHINGTON, D.C.

September 14, 1962

FOR IMMEDIATE RELEASE

TREASURY'S ADVANCE REFUNDING RESULTS

The Treasury Department today announced that preliminary reports from the Federal Reserve Banks show that total subscriptions of about $7,830 million have been received for the 3-3/4% notes and 4% bonds included in the Department's latest advance refunding operation. These subscriptions included $7,489 million from public holders and $341 million from Government Investment Accounts. Subscription books for the offering were open from September 10 through September 12. All subscriptions will be allotted in full. Delivery of and payment for the new notes and bonds will be made on September 20, 1962.

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STATUTORY DEBT LIMITATION

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As of August 31, 1962

Washington, ~~Sept. 17, 1962~~

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 July 1, 1962 (P.L. 87-512 87th Congress) provides that the above limitation shall be temporarily increased (1) during the period beginning on July 1, 1962, and ending on March 31, 1963, to $308,000,000,000, (2) during the period beginning on April 1, 1963, and ending on June 24, 1963, to $305,000,000,000, and (3) during the period beginning on June 25, 1963, and ending on June 30, 1963, to $300,000,000,000.

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			$308,000,000,0
Outstanding -			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$43,636,749,000		
Certificates of indebtedness	20,398,711,000		
Treasury notes	58,062,137,000	$122,097,597,000	
Bonds -			
Treasury	77,197,077,050		
*Savings (current redemption value)	47,696,967,163		
Depositary	115,903,500		
R. E. A. series	24,490,000		
Investment series	4,645,663,000	129,680,100,713	
Certificates of Indebtedness -			
Foreign series	550,000,000		
Foreign Currency series	149,877,250	699,877,250	
Special Funds -			
Certificates of indebtedness	7,316,763,000		
Treasury notes	6,614,626,000		
Treasury bonds	31,495,174,000	45,426,563,000	
Total interest-bearing		297,904,137,963	
Matured, interest-ceased		339,666,239	
Bearing no interest:			
United States Savings Stamps	51,147,000		
Excess profits tax refund bonds	724,560		
Special notes of the United States:			
Internat'l Monetary Fund series	3,002,000,000		
Internat'l Develop. Ass'n. series	115,304,400		
Inter-American Develop. Bank series	55,000,000	3,224,175,960	
Total		301,467,980,162	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F. H. A. & DC Stad. Bds.	468,233,350		
Matured, interest-ceased	1,596,750	469,830,100	
Grand total outstanding			301,937,810,2
Balance face amount of obligations issuable under above authority			6,062,189,7

Reconcilement with Statement of the Public Debt August 31, 1962
(Date)

(Daily Statement of the United States Treasury, August 31, 1962)
(Date)

Outstanding -	
Total gross public debt	301,841,941,50
Guaranteed obligations not owned by the Treasury	469,830,10
Total gross public debt and guaranteed obligations	302,311,771,60
Deduct - other outstanding public debt obligations not subject to debt limitation	373,961,34
	301,937,810,26

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377

STATUTORY DEBT LIMITATION

As of August 31, 1962

Washington, ~~Sept.~~ 17, ~~1962~~

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 July 1, 1962 (P.L. 87-512 87th Congress) provides that the above limitation shall be temporarily increased (1) during the period beginning on July 1, 1962, and ending on March 31, 1963, to $308,000,000,000, (2) during the period beginning on April 1, 1963, and ending on June 24, 1963, to $305,000,000,000, and (3) during the period beginning on June 25, 1963, and ending on June 30, 1963, to $300,000,000,000.

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Total face amount that may be outstanding at any one time			$308,000,000,000
Outstanding -			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$43,636,749,000		
Certificates of indebtedness	20,398,711,000		
Treasury notes	58,062,137,000	$122,097,597,000	
Bonds -			
Treasury	77,197,077,050		
*Savings (current redemption value)	47,696,967,163		
Depositary	115,903,500		
R. E. A. series	24,490,000		
Investment series	4,645,663,000	129,680,100,713	
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Treasury bonds	31,495,174,000	45,426,563,000	
Total interest-bearing		297,904,137,963	
Matured, interest-ceased		339,666,239	
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Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F. H. A. & DC Stad. Bds.	468,233,350		
Matured, interest-ceased	1,596,750	469,830,100	
Grand total outstanding			301,937,810,262
Balance face amount of obligations issuable under above authority			6,062,189,738

Reconcilement with Statement of the Public Debt August 31, 1962
(Date)

(Daily Statement of the United States Treasury, August 31, 1962)
(Date)

Outstanding -	
Total gross public debt	301,841,941,507
Guaranteed obligations not owned by the Treasury	469,830,100
Total gross public debt and guaranteed obligations	302,311,771,607
Deduct - other outstanding public debt obligations not subject to debt limitation	373,961,345
	301,937,810,262

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FOR RELEASE A. M. NEWSPAPERS,
Tuesday, September 18, 1962.

September 17, 1962

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 21, 1962, and the other series to be dated September 20, 1962, which were offered on September 12 were opened at the Federal Reserve Banks on September 17. Tenders were invited for $1,300,000,000, or thereabouts, of 91-day bills and for $700,000,000, or thereabouts, o 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing December 20, 1962		182-day Treasury bills maturing March 21, 1963	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equi Annual Rate
High	99.300	2.769%	98.509 a/	2.949%
Low	99.292	2.801%	98.498	2.971%
Average	99.293	2.796% 1/	98.503	2.962% 1/

a/ Excepting three tenders totaling $400,000
81 percent of the amount of 91-day bills bid for at the low price was accepted
12 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	$ 40,839,000	$ 40,554,000	$ 12,320,000	$ 6,320,000
New York	1,611,098,000	851,280,000	1,053,406,000	521,811,000
Philadelphia	32,487,000	17,126,000	8,793,000	3,793,000
Cleveland	31,433,000	30,947,000	38,611,000	13,611,000
Richmond	25,174,000	22,794,000	10,283,000	4,523,000
Atlanta	25,263,000	22,953,000	7,285,000	7,285,000
Chicago	238,982,000	149,711,000	113,960,000	36,260,000
St. Louis	34,596,000	28,406,000	10,410,000	8,470,000
Minneapolis	27,370,000	20,180,000	10,320,000	8,320,000
Kansas City	41,993,000	36,813,000	16,157,000	15,969,000
Dallas	38,150,000	28,150,000	11,217,000	6,217,000
San Francisco	117,621,000	52,480,000	82,096,000	67,526,000
TOTALS	$2,265,006,000	$1,301,394,000 b/	$1,374,858,000	$700,105,000 c/

b/ Includes $284,619,000 noncompetitive tenders accepted at the average price of 99.293
c/ Includes $78,154,000 noncompetitive tenders accepted at the average price of 98.503
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.85%, for the 91-day bills, and 3.05%, 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.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, September 18, 1962.

September 17, 1962

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Cleveland	31,433,000	30,947,000	38,611,000	13,611,000
Richmond	25,174,000	22,794,000	10,283,000	4,523,000
Atlanta	25,263,000	22,953,000	7,285,000	7,285,000
Chicago	238,982,000	149,711,000	113,960,000	36,260,000
St. Louis	34,596,000	28,406,000	10,410,000	8,470,000
Minneapolis	27,370,000	20,180,000	10,320,000	8,320,000
Kansas City	41,993,000	36,813,000	16,157,000	15,969,000
Dallas	38,150,000	28,150,000	11,217,000	6,217,000
San Francisco	117,621,000	52,480,000	82,096,000	67,526,000
TOTALS	$2,265,006,000	$1,301,394,000 b/	$1,374,858,000	$700,105,000 c/

b/ Includes $284,619,000 noncompetitive tenders accepted at the average price of 99.293
c/ Includes $78,154,000 noncompetitive tenders accepted at the average price of 98.503
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.85%, for the 91-day bills, and 3.05%, 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.

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STATEMENT BY THE HONORABLE ROBERT V. ROOSA
UNDER SECRETARY OF THE TREASURY FOR MONETARY AFFAIRS
BEFORE THE SENATE COMMITTEE ON BANKING AND CURRENCY
ON S. 1413
TUESDAY, SEPTEMBER 18, 1962 -- 10:00 A.M.

Mr. Chairman and Members of the Committee:

I am pleased to appear before you today in support of S.1413. This bill would exempt from Federal regulation the rates of interest that may be paid by commercial banks on time deposits of foreign governments, their central banks or other monetary authorities, and international financial institutions of which the United States is a member. The bill implements a recommendation in the President's message to the Congress on the Balance of Payments of February 6, 1961, and is identical with a bill passed by the House of Representatives on September 11 of this year.

The broad objective of this bill is to permit our commercial banks to adapt more effectively to the changing demands upon the dollar, and thus support more fully its role as the principal international reserve currency. Specifically, by permitting banks to compete freely for the dollar balances of foreign governments and certain international institutions - and by encouraging them to undertake more aggressively the broader

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range of services that could be supported by a growing volume of such deposits - the alternative attractiveness to these foreign institutions of purchasing or holding gold will be reduced. The provisions of the bill cover, of course, all foreign bodies authorized to purchase gold from the United States.

The existing difficulty which this bill would eliminate arises because the language of the Federal Reserve Act and the Federal Deposit Insurance Act has been carefully interpreted to mean that the interest rate ceilings on commercial bank time and savings deposits must be applied to domestic and foreign depositors alike (including foreign governments and international institutions). Distinctions are possible, under present law, between deposits of various maturities or types, or by reason of the location of the deposit itself - but no distinction can be based on the location or nature of the depositor. As a result, the regulatory ceilings - contained in the familiar Regulation Q of the Federal Reserve Board - have necessarily been set on the basis of broad domestic considerations that importantly affect banks throughout the country.

These domestic considerations cannot be neglected. However, in today's world of convertible currencies and expanding world trade, a mold cast for thousands of banks engaged solely in domestic business no longer fits that part of our banking activity that involves the servicing of international reserves - the dollars that, alongside gold, stand behind the currencies of other countries of the world. The United States has special responsibilities and opportunities at the center of the world's monetary system. To discharge these responsibilities with full effectiveness, it is appropriate that we permit the free interplay of competitive market forces to determine the rates paid on those foreign time deposits that are a part of the reserve funds of foreign countries.

Interest rates alone are only one element - and by no means the most important - in the complex of interrelated factors that determine a decision on the part of a foreign country to hold dollars as part of its international reserves. They cannot be a substitute for confidence in the willingness and ability of the United States to buy gold from, and sell it to, all responsible monetary authorities upon demand at the established price of $35 an ounce. Our ability to meet that commitment must rest, in turn, on the enormous productive capacity of this country, and the ability of our industry to compete effectively in world markets. But, the value of the dollar as an international reserve and trading currency is also bulwarked by the efficient facilities and wide variety of services provided foreigners by American banking and other financial institutions.

This bill has a direct bearing on one of the kinds of services that help to maintain the versatility and universal acceptability of the dollar - the ability of our financial system to provide a broad range of suitable investment media for foreign funds, including particularly funds for which no immediate disbursement is contemplated but which must be placed in investment media of unquestioned safety and ready availability in time of need. Time deposits with our leading commercial banks have traditionally provided to foreigners a desirable short-term investment vehicle of this sort. These deposits provide a direct return in the form of interest, and their maturity and other terms can be flexibly adjusted to the needs of the foreign investors. Moreover, they have the additional advantage of encouraging close customer-banker relationships, helping to support or assure lines of credit when needed and broadening access to a host of other banking services.

For these reasons, some foreign governments and international institutions prefer to hold at least a portion of their short-term dollar holdings in the form of time deposits rather than in other, more impersonal, short-term investment media. Thus, our leading commercial banks are sometimes able to attract into time deposits funds that might otherwise be transferred to other countries or exchanged for gold. Today, over $2 billion of the funds of foreign governments and international institutions are held in this form.

In recent years, however, the interest rate ceilings applied to all time and savings deposits have sometimes inhibited competition in this area - preventing commercial banks from providing a return to foreign depositors as high as they themselves would be willing to pay. To this extent, our commercial banks have not been able to exercise their full potential for attracting and retaining funds of official foreign institutions in this country.

The decision which the competitive freedom permitted the banks by this bill will influence is the final - but critical - choice of foreign monetary authorities between holding dollars or gold - or perhaps another currency. Time deposits are only one of several forms in which dollars might earn interest, and more basic considerations than the rate of return on short-term investments lie behind most judgments of foreign governments to purchase - or to refrain from the purchase of - gold. Nevertheless, 84-P

the flexibility permitted by this bill will be a worthwhile addition to our total effort to achieve a pattern of financial arrangements equal to the task of supporting the position of the dollar - and with it, the whole international monetary system based upon the use of the dollar, side by side with gold, as a reserve currency.

I should emphasize that this bill does not represent any new departure in policy, but rather supplements and parallels other measures that have been and are being taken by our Government to provide attractive facilities for the investment of funds of official foreign institutions in the American market. For instance, the Treasury during the past year has, on several occasions, used its authority to provide official foreign institutions with special non-marketable issuesof U. S. Government debt especially tailored to their maturity requirements. The Congress last year granted to all foreign central banks tax exemption on interest earned on their holdings of U. S. Government securities -- an exemption formerly limited to foreign governments, to certain types of central banks, or to countries where exemption was provided by terms of a specific tax treaty. And the bill would complement our efforts to keep the general level of short-term rates in this country reasonably attractive in comparison to those available abroad.

These devices have been helpful, but they cannot supplant the efforts of commercial banks. Within the basic framework of free, competitive markets, both Government and private finance have a role to play in achieving as diversified and attractive facilities for the investment of foreign official funds as we can.

In our judgment, the narrow exemption from regulation provided by this bill will create no danger that intense competition between banks for these deposits could in any way undermine the safety and stability of the banking system. Competition for these deposits is virtually confined to the larger commercial banks able to maintain a full range of costly facilities required to service foreign accounts. These banks are in a position to make informed judgments concerning the risks and returns involved in this business and, in fact, have had long experience in competing for such deposits at home and abroad. Moreover, deposits of this type will, at best, account for but a small portion of their total resources.

I should emphasize, too, that this bill would make no distinctions among private depositors - domestic or foreign. Wherever located, private depositors would remain subject to the same ceiling rates of interest, and their own decisions in holding dollars or another currency here or abroad will not be influenced. The only distinction made is that between, on the one hand, the time deposits of foreign governments and monetary authorities and international institutions and, on the other hand, those of all others - a distinction that recognizes the special conditions and problems inherent in our evolving international monetary arrangements and related to our long-established policies in buying and selling gold.

It would be a mistake to think of this bill as a major part of our attack on our gold and balance of payments problem. It will have no direct effect on our balance of payments deficit, as such, because it will not reduce the supply of dollars passing into the hands of foreigners. It will not permit us to create for ourselves a domestic island of easy money and low interest rates for borrowers at home, while at the same time attracting funds from abroad with very high interest rates -- for no bank will be prepared to offer uniquely high rates to foreign depositors when it, itself, cannot lend or invest those funds profitably in this country. But the bill will help strengthen our ability, in a limited but nonetheless significant area, to discharge effectively our responsibilities as custodian of a reserve currency, and to remove one possible barrier to the holding of dollars by foreign official institutions in preference to gold.

I urge your speedy approval in support of that worthwhile objective.

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Continued effort is also required by the surplus countries to open their markets to foreign products and borrowers, to minimize the foreign exchange costs of our defense deployments, and to assume a fairer share of the burden of economic assistance.

Those are the basic challenges of the day. They are challenges that can and must be met. They can, of course, be met most readily by cooperative action among nations. But we recognize that in the final analysis, each nation must accept the responsibility for taking the actions needed to maintain the soundness of its own currency in international markets. This we in the United States are fully prepared to do, in the knowledge that a sound dollar is essential not only for us at home, but also for the continued and healthy growth of trade and commerce throughout the entire free world.

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That is the significance of the special borrowing arrangements which are being established through the Fund by a number of the industrialized countries. We expect to receive final approval of these arrangements for the United States from our Congress before the end of the current legislative session. Thanks to earlier action by other participating countries, the agreements will then become effective. on among nations. But we recognize that in the

Meanwhile, we have initiated actions in other directions to reinforce the defenses of our monetary system, supplementing and complementing the facilities available through the Fund. These new initiatives started more than a year ago, when the United States for the first time in a generation began to intervene in the foreign exchange markets and to hold convertible foreign currencies as a part of its international reserves. Working closely with other countries, various techniques have been carefully tested in a wide

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from our overseas investments and the improved competitive position of our exports, underlie our goal of the early achievement of balance in our international payments.

Progress toward a basic equilibrium in the payments position of deficit and surplus countries alike is the true foundation for any lasting international monetary stability, but alone it is not enough. We must also be prepared to cope with those sudden, and potentially large, movements of short-term funds that can be set off, often with little or no warning, by a variety of influences. This is partly a matter of the amount of international liquidity that exists at a given time, which in turn rests on our joint ability to maintain the usefulness of key currencies, side by side with gold itself. But equally important, it is essential that we have the facilities for quickly mobilizing additional resources, when and as they are required, and applying them effectively at the point of need. a wide

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roughly $2.6 billion a year. Through our own economies, and arrangements for the procurement of additional American equipment and services by our allies, that figure will drop to about $1-3/4 billion in 1962. We firmly intend to bring about substantial further reductions over the next few years. Our intention reflects our conviction that a more equitable sharing of these defense burdens can and must be reached.

Our economic assistance programs total about $4 billion a year. We are aiming to provide 80 percent of that aid in the form of United States goods and services, as compared with an average of about 2/3 in recent years. Meanwhile, we look to other industrialized free nations to provide a fair share of the expanding needs for development assistance.

The reduction in dollar outflows that are being achieved by these and other Government actions, together with the growing returns

from our overseas

In all these ways, we are justified in looking back upon the past year as a period of striking progress in strengthening our international monetary system -- a system that, in the last analysis, rests firmly on the maintenance of the dollar at its present gold value as a key reserve and trading currency.

But, necessary as it has been to strengthen the defenses against temporary swings of short-term funds, we must not allow progress in this area to divert our attention from the fundamental need to achieve an overall equilibrium in basic trade and investment flows.

For the United States, this requires continued and vigorous effort in many directions. We must maintain and improve the competitive position of our exports through price stability at home and aggressive selling abroad. We must also continue to reduce the dollar flows associated with our defense effort overseas and with our widespread economic assistance programs.

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political and economic developments serve no legitimate interest. It is equally clear that it does not serve the interests of the official participants in the market to engage in transactions in sis, ignorance of their implications for each other. its present gold

That is why the authorities of a number of countries have begun to exchange information and to coordinate their operations in the gold market -- not on the basis of hard and fast rules, but in accordance with common understandings reached in frequent consultations. The object is to contain within a reasonable range those fluctuations which occur in response to passing influences -- to emphasize that the private purchase of gold is unlikely to yield speculative profits, and instead can be expected to be a costly and unrewarding use of funds.

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action to meet unusual pressures when and if they develop, and to contain and diffuse their impact.

The potential value of such cooperative arrangements was vividly demonstrated by the experience in 1961 when sterling was under heavy pressure. More recently the shock of the temporary Canadian difficulties and the potentially disturbing effects of the sharp break in the stock markets of the United States and other industrialized countries this spring were accommodated smoothly and effectively.

Responsible cooperation among monetary authorities has also borne fruit in new techniques for handling transactions on the London gold market so that it may better fulfill its basic purpose of providing a workable and flexible mechanism for distributing the supply of newly mined gold. It is clear that temporary and erratic fluctuations in the market price of gold in response to real or fancied

political and

variety of situations. Their usefulness for dealing with incipient disturbances in the exchange markets and unusual swings of short-term money has, I believe, now become clear to all.

The amounts of convertible currencies presently at the disposal of the United States, largely as a result of reciprocal currency agreements and direct Treasury borrowing, are not inconsequential. They amount to approximately $900 million in cash or standby facilities. Should large and potentially disruptive flows of funds actually develop, these facilities could be further enlarged. In addition, should the need arise, the United States is also prepared, in concert with other affected countries, to provide forward exchange to the market, thereby facilitating the holding by private parties abroad of dollars that have passed into their hands for what may prove euentually to have been a temporary period. In these ways, a pattern has been established for prompt and effective international

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$3.7 billion during the years 1958-60. These eight-month results were influenced both by a substantial inflow of Canadian funds during the first half of the year, and by a sharp reversal of these flows during July and August.

A particularly encouraging development for the longer run has been our ability to maintain a decidedly favorable balance of trade, even while domestic recovery was generating a sizeable increase in our imports. An important factor, of course, has been price stability which laid the foundation for the increase of 6-1/2 percent which we achieved in our exports during the first half of this year as compared to the same period a year ago. We intend to continue to strengthen th competitive capacity of our industry over the coming years. That is one of the chief reasons why our tax program has placed so much emphasis on improving the climate for productive investment.

In recent years, our military effort in defense of the free world has resulted in a net balance of payments outflow averaging

roughly $2.6 bill

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goods and services.

At the same time, in cooperation with some of the principal surplus countries, a reverse capital flow has developed in the form of prepayments of debt owed to the United States -- a flow that so far this year has totalled nearly $550 million from France, Italy, and Sweden. And it is also worth pointing out that the return flow of earnings from our rapidly growing private investments abroad, which now amount to nearly $60 billion, was running at an annual rate of $3.6 billion during the first half of this year -- $300 million higher than in 1961, and $1.1 billion higher than just four years ago in 1958.

So far as our overall balance of payments is concerned, further improvement has been apparent. The deficit for the first eight months of the year ran at an annual rate somewhat over $1-1/2 billion, in contrast to last year's $2-1/2 billion, and to the average of

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been striving for in freeing trade and payments between countries. It would not be in keeping with our special responsibilities as custodian of a reserve currency. And it would be contrary to our own long-run interest in ensuring that funds move to where they will be used most productively.

The magnitude of this type of portfolio investment, in relation to our balance of payments, should not be overstated. Foreign bonds and notes totalling just under $600 million were sold in our market during the first six months of this year. Of this amount as much as one-third was for the purpose of refunding other dollar obligations. Often a quarter -- and sometimes much more -- of the individual issues were taken up by investors abroad: one indication that it is market facilities as much as long-term rate differentials that tend to attract these issues to the New York market. Moreover, in some cases, the new funds raised have been used for investment in productive facilities in this country or for purchases of American the United States and quite futile in terms of our balance of payments.

It is true that a sizeable number of foreign securities have been floated in the New York market this year. However, such borrowing is attracted as much by our well-developed market facilities and by our complete freedom from controls as by relatively small differences in overall interest costs to borrowers -- costs that for many foreign offerings have run to 6 percent or more. I have suggested on other occasions that the fundamental, long-run solution to the anomaly apparent today -- with borrowers in some of the surplus countries seeking credit in a deficit country -- lies in the further development of the capital markets in Western Europe and the abandonment of outmoded controls and restrictions on the free flow of capital that still are far too prevalent.

Imposition of capital controls by the United States would not be a satisfactory solution. It would be contrary to all that we have

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becoming available in the market. Some of those funds will come from the rapidly growing savings accounts in our commercial banks. Some will represent a prudent increase in the money supply, as our productive capacity increases. Meanwhile, the Treasury will continue to seek opportunities for placing longer-term bonds with individuals and with investment institutions.

That should not be interpreted as an intention to press ahead with long-term financing, or to constrict the money supply, to the point of impeding the availability of funds for business investment. Should the economic advance generate a growing and buoyant demand for funds for domestic investment, with consequent pressures on the supply of resources, a moderate rise in long-term interest rates would be a natural and appropriate response. But a blunt effort at this time to push long-term rates up, in an attempt to crowd out of our markets some marginal amount of foreign borrowing, seems to me both contrary to the needs of the free world for an expanding economy in

the United States

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of the outstanding Federal debt. The slow but steady shortening of the average maturity of the marketable debt that had proceeded throughout the 1950's has been reversed. After allowing for the effects of last week's advance refunding, the average length of the debt has been increased by 20 percent since January, 1960. The general public now has more of its funds in Government bonds of longer than 20-year maturity than at any time since the early fifties. We have not jeopardized prospects for price stability by monetizing excessive amounts of debt through the banking system. The money supply -- demand deposits and currency -- is today less than 2 percent larger than a year ago -- certainly no cause for inflationary concern during a period in which overall economic activity has risen by some 6 percent.

As we move ahead in financing the current budget deficit, we will continue to tap a cross section of the vast amount of funds

becoming available

supply of credit to support domestic expansion, while simultaneously maintaining a rough equality between the return available on short-term investments in the United States and in the leading money markets abroad. We have concentrated the bulk of new Treasury borrowing in the short-term area of the market, and, as a result, key short-term rates are now a full half of one percent higher than a year ago. Meanwhile funds for productive long-term investment have remained in ample supply. And long-term rates for corporate bonds, mortgages, and state and local government securities -- which have a far more important relationship to domestic investment -- have held at or below the levels to which they had declined in the recession months of 1961.

While concentrating our new cash borrowing in the short-term area, we have, at the same time, undertaken a significant restructuring

of the outstanding

countries. We intend to submit the remainder of the tax reform program to Congress in January at the start of its next session.

Although we had hoped for a balanced budget in the current fiscal year, ending next June 30, we now recognize that another moderate budget deficit appears likely. Because our business recovery has not moved as rapidly as we had anticipated, revenues will fall below projected levels. However, the currently envisaged deficit, accompanied by appropriate monetary and debt management policies, should not give rise to fears of inflation. For our problem is not excessive demand and scarce resources, but rather excess capacity, too much unemployment and a tax structure that has become a drag on productivity, new investment and growth.

With this in mind, the basic aim of our monetary and debt management policies over the past year has been to assure an ample

supply of

physical resources. To meet our obligations to ourselves and to other nations, we must put those idle resources to work -- and we must do so in ways that will add to our productive efficiency and reinforce the prospects for price stability.

Broad agreement has developed among our citizens that one of the keys to progress is tax reform -- reform designed to stimulate investment and to release the brakes on growth inherent in our present rate structure. A good beginning has already been made. The tax treatment of depreciation has been thoroughly modernized. A 7 percent tax credit -- similar to the investment allowances now used in many other countries -- has been approved by both Houses of our Congress and is expected to become law shortly. Together and for the first time in many years, these reforms will place investment in new equipment in the United States -- so far as taxes are a factor -- on a basis roughly comparable to that in the other industrialized

countries.

growth and sizable external deficits during the later 1950's. We are now attacking both of these problems with vigor, and the results are encouraging.

Since the end of the mild recession 18 months ago, the value of total output has expanded by more than $55 billion, or roughly 11 percent. Unemployment has been appreciably reduced. At the same time increases in average wage rates in manufacturing -- roughly 3 percent per year -- have been smaller than during other postwar recoveries, and have remained within the limits of rising productivity. Prices for manufactured goods are now slightly lower than during the recession months of 1961 -- and in fact have remained virtually stable for four years.

Although our economy continues to move steadily ahead unmarred by the excesses that characterized earlier periods of expansion, we are not satisfied. The rate of investment in new productive facilities has continued to lag, and we still have too many idle human and

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Cyprus, Kuwait, Liberia, Senegal, Sierra Leone, Somalia, Tanganyika, and Togo -- and to express my pleasure over the large number of pending applications for membership, of which many are on our agenda.

One basic function of our international monetary system is to assure the time and resources necessary to facilitate the adjustments that are an inevitable consequence of economic change and progress. But, no matter how soundly conceived and operated, no monetary arrangement can absolve a country of the responsibilities that go hand in hand with the benefits of participating in world trade and investment. That is why the first order of business for each of us must be the development of programs that combine external financial equilibrium with economic growth at home.

There are no simple prescriptions that can be readily utilized at all times and by every country. That is recognized by the United States, which experienced relatively slow

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HOLD FOR RELEASE UPON DELIVERY,
SCHEDULED FOR 10:30 A.M.

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REMARKS OF THE HONORABLE DOUGLAS DILLON,
SECRETARY OF THE TREASURY OF THE UNITED
STATES AND GOVERNOR OF THE INTERNATIONAL
MONETARY FUND
Before the
ANNUAL MEETING OF THE INTERNATIONAL
MONETARY FUND
10:30 A.M., EDT
SEPTEMBER 19, 1962

First of all I wish to pay tribute to our retiring Deputy Managing Director, Mr. Merle Cochran. His long diplomatic and financial experience has been an important element in the Fund's success, and his vigor and impartiality have enhanced its high standards.

The Annual Report makes clear that the International Monetary Fund has had an exceptionally active and successful year. That is evident from the statistical summary of the Fund's operations -- total drawings by 22 countries of $2.2 billion spread over 10 different currencies, and repurchases of $1.3 billion. It is also evident in the continued growth of the Fund's membership. I should like to welcome the new members who have joined since we met in Vienna --

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There are no simple prescriptions that can be readily utilized at all times and by every country. That is recognized by the United States, which experienced relatively slow growth and sizable external deficits during the later 1950's. We are now attacking both of these problems with vigor, and the results are encouraging.

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Although our economy continues to move steadily ahead unmarred by the excesses that characterized earlier periods of expansion, we are not satisfied. The rate of investment in new productive facilities has continued to lag, and we still have too many idle human and physical resources. To meet our obligations to ourselves and to other nations, we must put those idle recources to work -- and we must do so in ways that will add to our productive efficiency and reinforce the prospects for price stability.

Broad agreement has developed among our citizens that one of the keys to progress is tax reform -- reform designed to stimulate investment and to release the brakes on growth inherent in our present rate structure. A good beginning has already been made. The tax treatment of depreciation has been thoroughly modernized. A 7 percent tax credit -- similar to the investment allowances now used in many other countries -- has been approved by both Houses of our Congress and is expected to become law shortly. Together and for the first time in many years, these reforms will place investment in new equipment in the United States -- so far as taxes are a factor -- on a basis roughly comparable to that in the other industrialized countries. We intend to submit the remainder of the tax reform program to Congress in January at the start of its next session.

Although we had hoped for a balanced budget in the current fiscal year, ending next June 30, we now recognize that another moderate budget deficit appears likely. Because our business recovery has not moved as rapidly as we had anticipated, revenues will fall below projected levels. However, the currently envisaged deficit, accompanied by appropriate monetary and debt management policies, should not give rise to fears of inflation. For our problem is not excessive demand and scarce resources, but rather excess capacity, too much unemployment and a tax structure that has become a drag on productivity, new investment and growth.

With this in mind, the basic aim of our monetary and debt management policies over the past year has been to assure an ample supply of credit to support domestic expansion, while simultaneously maintaining a rough equality between the return available on short-term investments in the United States and in the leading money markets abroad. We have concentrated the bulk of new Treasury borrowing in the short-term area of the market, and, as a result, key short-term rates are now a full half of one percent higher than a year ago. Meanwhile funds for productive long-term investment have remained in ample supply. And long-term rates for corporate bonds, mortgages, and state and local government securities -- which have a far more important relationship to domestic investment -- have held at or below the levels to which they had declined in the recession months of 1961.

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As we move ahead in financing the current budget deficit, we will continue to tap a cross section of the vast amount of funds becoming available in the market. Some of those funds will come from the rapidly growing savings accounts in our commercial banks. Some will represent a prudent increase in the money supply, as our productive capacity increases. Meanwhile, the Treasury will continue to seek opportunities for placing longer-term bonds with individuals and with investment institutions.

That should not be interpreted as an intention to press ahead with long-term financing, or to constrict the money supply, to the point of impeding the availability of funds for business investment. Should the economic advance generate a growing and buoyant demand for funds for domestic investment, with consequent pressures on the supply of resources, a moderate rise in long-term interest rates would be a natural and appropriate response. But a blunt effort at this time to push long-term rates up, in an attempt to crowd out of our markets some marginal amount of foreign borrowing, seems to me both contrary to the needs of the free world for an expanding economy in the United States and quite futile in terms of our balance of payments.

It is true that a sizable number of foreign securities have been floated in the New York market this year. However, such borrowing is attracted as much by our well-developed market facilities and by our complete freedom from controls as by relatively small differences in overall interest costs to borrowers -- costs that for many foreign offerings have run to 6 percent or more. I have suggested on other occasions that the fundamental, long-run solution to the anomaly apparent today -- with borrowers in some of the surplus countries seeking credit in a deficit country -- lies in the further development of the capital markets in Western Europe and the abandonment of outmoded controls and restrictions on the free flow of capital that still are far too prevalent.

Imposition of capital controls by the United States would not be a satisfactory solution. It would be contrary to all that we have been striving for in freeing trade and payments between countries. It would not be in keeping with our special responsibilities as custodian of a reserve currency. And it would be contrary to our own long-run interest in ensuring that funds move to where they will be used most productively.

The magnitude of this type of portfolio investment, in relation to our balance of payments, should not be overstated. Foreign bonds and notes totalling just under $600 million were sold in our market during the first six months of this year. Of this amount as much as one-third was for the purpose of refunding other dollar obligations. Often a quarter -- and sometimes much more -- of the individual issues were taken up by investors abroad: one indication that it is market facilities as much as long-term rate differentials that tend to attract these issues to the New York market. Moreover, in some cases, the new funds raised have been used for investment in productive facilities in this country or for purchases of American goods and services.

At the same time, in cooperation with some of the principal surplus countries, a reverse capital flow has developed in the form of prepayments of debt owed to the United States -- a flow that so far this year has totalled nearly $550 million from France, Italy, and Sweden. And it is also worth pointing out that the return flow of earnings from our rapidly growing private investments abroad, which now amount to nearly $60 billion, was running at an annual rate of $3.6 billion during the first half of this year -- $300 million higher than in 1961, and $1.1 billion higher than just four years ago in 1958.

So far as our overall balance of payments is concerned, further improvement has been apparent. The deficit for the first eight months of the year ran at an annual rate somewhat over $1-1/2 billion, in contrast to last year's $2-1/2 billion, and to the average of $3.7 billion during the years 1958-60. These eight-month results were influenced both by a substantial inflow of Canadian funds during the first half of the year, and by a sharp reversal of these flows during July and August.

A particularly encouraging development for the longer run has been our ability to maintain a decidedly favorable balance of trade, even while domestic recovery was generating a sizable increase in our imports. An important factor, of course, has been price stability which laid the foundation for the increase of 6-1/2 percent which we achieved in our exports during the first half of this year as compared to the same period a year ago. We intend to continue to strengthen the competitive capacity of our industry over the coming years. That is one of the chief reasons why our tax program has placed so much emphasis on improving the climate for productive investment.

In recent years, our military effort in defense of the free world has resulted in a net balance of payments outflow averaging roughly $2.6 billion a year. Through our own economies, and arrangements for the procurement of additional American equipment and services by our allies, that figure will drop to about $1-3/4 billion in 1962. We firmly intend to bring about substantial further reductions over the next few years. Our intention reflects our conviction that a more equitable sharing of these defense burdens can and must be reached.

Our economic assistance programs total about $4 billion a year. We are aiming to provide 80 percent of that aid in the form of United States goods and services, as compared with an average of about 2/3 in recent years. Meanwhile, we look to other industrialized free nations to provide a fair share of the expanding needs for development assistance.

The reduction in dollar outflows that are being achieved by these and other Government actions, together with the growing returns from our overseas investments and the improved competitive position of our exports, underlie our goal of the early achievement of balance in our international payments.

Progress toward a basic equilibrium in the payments position of deficit and surplus countries alike is the true foundation for any lasting international monetary stability, but alone it is not enough. We must also be prepared to cope with those sudden, and potentially large, movements of short-term funds that can be set off, often with little or no warning, by a variety of influences. This is partly a matter of the amount of international liquidity that exists at a given time, which in turn rests on our joint ability to maintain the usefulness of key currencies, side by side with gold itself. But equally important, it is essential that we have the facilities for quickly mobilizing additional resources, when and as they are required, and applying them effectively at the point of need.

That is the significance of the special borrowing arrangements which are being established through the Fund by a number of the industrialized countries. We expect to receive final approval of these arrangements for the United States from our Congress before the end of the current legislative session. Thanks to earlier action by other participating countries, the agreements will then become effective.

Meanwhile, we have initiated actions in other directions to reinforce the defenses of our monetary system, supplementing and complementing the facilities available through the Fund. These new initiatives started more than a year ago, when the United States for the first time in a generation began to intervene in the foreign exchange markets and to hold convertible foreign currencies as a part of its international reserves. Working closely with other countries, various techniques have been carefully tested in a wide variety of situations. Their usefulness for dealing with incipient disturbances in the exchange markets and unusual swings of short-term money has, I believe, now become clear to all.

The amounts of convertible currencies presently at the disposal of the United States, largely as a result of reciprocal currency agreements and direct Treasury borrowing, are not inconsequential. They amount to approximately $900 million in cash or standby facilities. Should large and potentially disruptive flows of funds actually develop, these facilities could be further enlarged. In addition, should the need arise, the United States is also prepared, in concert with other affected countries, to provide forward exchange to the market, thereby facilitating the holding by private parties abroad of dollars that have passed into their hands for what may prove eventually to have been a temporary period. In these ways, a pattern has been established for prompt and effective international action to meet unusual pressures when and if they develop, and to contain and diffuse their impact.

The potential value of such cooperative arrangements was vividly demonstrated by the experience in 1961 when sterling was under heavy pressure. More recently the shock of the temporary Canadian difficulties and the potentially disturbing effects of the sharp break in the stock markets of the United States and other industrialized countries this spring were accommodated smoothly and effectively.

Responsible cooperation among monetary authorities has also borne fruit in new techniques for handling transactions on the London gold market so that it may better fulfill its basic purpose of providing a workable and flexible mechanism for distributing the supply of newly mined gold. It is clear that temporary and erratic fluctuations in the market price of gold in response to real or fancied political and economic developments serve no legitimate interest. It is equally clear that it does not serve the interests of the official participants in the market to engage in transactions in ignorance of their implications for each other.

That is why the authorities of a number of countries have begun to exchange information and to coordinate their operations in the gold market -- not on the basis of hard and fast rules, but in accordance with common understandings reached in frequent consultations. The object is to contain within a reasonable range those fluctuations which occur in response to passing influences -- to emphasize that the private purchase of gold is unlikely to yield speculative profits, and instead can be expected to be a costly and unrewarding use of funds.

In all these ways, we are justified in looking back upon the past year as a period of striking progress in strengthening our international monetary system -- a system that, in the last analysis, rests firmly on the maintenance of the dollar at its present gold value as a key reserve and trading currency.

But, necessary as it has been to strengthen the defenses against temporary swings of short-term funds, we must not allow progress in this area to divert our attention from the fundamental need to achieve an overall equilibrium in basic trade and investment flows.

For the United States, this requires continued and vigorous effort in many directions. We must maintain and improve the competitive position of our exports through price stability at home and aggressive selling abroad. We must also continue to reduce the dollar flows associated with our defense effort overseas and with our widespread economic assistance programs.

Continued effort is also required by the surplus countries to open their markets to foreign products and borrowers, to minimize the foreign exchange costs of our defense deployments, and to assume a fairer share of the burden of economic assistance.

Those are the basic challenges of the day. They are challenges that can and must be met. They can, of course, be met most readily by cooperative action among nations. But we recognize that in the final analysis, each nation must accept the responsibility for taking the actions needed to maintain the soundness of its own currency in international markets. This we in the United States are fully prepared to do, in the knowledge that a sound dollar is essential not only for us at home, but also for the continued and healthy growth of trade and commerce throughout the entire free world.

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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 (current revision) 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.

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MODIFIED

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.

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. 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 28, 1962, (91 days remaining until maturity date on December 27, 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 Banks on September 27, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 27, 1962. Cash

~~Exhibit 2-A~~

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, September 19, 1962

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 $ 2,000,000,000 (X2X), or thereabouts, for cash and in exchange for Treasury bills maturing September 27, 1962 (X3X), in the amount of $ 1,900,712,000 (X4X), as follows:

91 (X5X) -day bills (to maturity date) to be issued September 27, 1962 (X6X), in the amount of $ 1,300,000,000 (X7X), or thereabouts, representing an additional amount of bills dated June 28, 1962 (X8X), and to mature December 27, 1962 (X9X), originally issued in the amount of $ 700,197,000 (X10X), the additional and original bills to be freely interchangeable.

182 (X11X) -day bills, for $ 700,000,000 (X12X), or thereabouts, to be dated September 27, 1962 (X13X), and to mature March 28, 1963 (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, $50,000, $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 p.m., Eastern Daylight Saving ~~Standard~~ time, Monday, September 24, 1962 (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

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TREASURY DEPARTMENT

WASHINGTON, D.C.

September 19, 1962

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 \$ 2,000,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing September 27,1962, in the amount of \$ 1,900,712,000, as follows:

91 -day bills (to maturity date) to be issued September 27, 1962, in the amount of \$1,300,000,000, or thereabouts, representing an additional amount of bills dated June 28, 1962, and to mature December 27, 1962, originally issued in the amount of \$700,197,000, the additional and original bills to be freely interchangeable.

182-day bills, for \$700,000,000, or thereabouts, to be dated September 27, 1962, and to mature March 28, 1963.

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, \$50,000, \$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 p.m., Eastern Daylight Saving time, Monday, September 24, 1962. 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.

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. 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.

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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 28, 1962, (91-days remaining until maturity date on December 27,1962) 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 Banks on September 27, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 27,1962.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 (current revision) 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.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR IMMEDIATE RELEASE

September 19, 1962

REPORTS BY FEDERAL RESERVE DISTRICTS
OF SUBSCRIPTIONS TO CURRENT ADVANCE REFUNDING

The Treasury Department announced today the results of the current advance refunding offer of:

3-3/4% Treasury Notes of Series A-1967, due August 15, 1967, and
4% Treasury Bonds of 1972, due August 15, 1972,

in exchange for:

3-1/2% Ctfs. due Feb. 15, 1963	3-1/4% Ctfs. due May 15, 1963
2-5/8% Notes due Feb. 15, 1963	3-1/4% Notes due May 15, 1963
3-1/4% Notes due Feb. 15, 1963	4% Notes due May 15, 1963

Subscriptions were divided among the several Federal Reserve Districts and the Treasury as follows:

FEDERAL RESERVE DISTRICT	3-3/4% NOTES OF SERIES A-1967	4% BONDS OF 1972
Boston	$ 159,986,000	$ 153,549,000
New York	2,283,754,000	1,218,081,000
Philadelphia	154,717,000	49,237,000
Cleveland	446,497,000	46,277,000
Richmond	144,742,000	33,739,000
Atlanta	167,927,000	40,365,000
Chicago	804,461,000	281,959,000
St. Louis	170,457,000	54,689,000
Minneapolis	111,706,000	69,204,000
Kansas City	176,521,000	58,436,000
Dallas	129,250,000	54,491,000
San Francisco	500,474,000	190,718,000
Treasury	10,131,000	9,111,000
Govt. Inv. Accts.	21,000,000	320,150,000
Totals	$5,281,623,000	$2,580,006,000

SUMMARY OF AMOUNT AND NUMBER OF SUBSCRIPTIONS RECEIVED

	3-3/4% Notes Series A-1967		4% Bonds of 1972		Total	
	Amount	No. Sub.	Amount	No. Sub.	Amount	No. Sub.
Commercial Bks. (own account)	$3,587,627,000	7,423	$1,147,200,000	3,376	$4,734,827,000	10,799
All Other	1,672,996,000	5,450	1,112,656,000	7,004	2,785,652,000	12,454
	$5,260,623,000	12,873	$2,259,856,000	10,380	$7,520,479,000	23,253
Govt. Inv. Accts.	21,000,000		320,150,000		341,150,000	
GRAND TOTALS	$5,281,623,000		$2,580,006,000		$7,861,629,000	

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TREASURY DEPARTMENT

WASHINGTON, D.C.

September 20, 1962

FOR IMMEDIATE RELEASE

TREASURY OFFERS $3 BILLION IN MARCH TAX BILLS

As the first step in meeting its fourth quarter cash needs, the Treasury announced the offering of $3 billion in 170-day tax anticipation bills. The bills, which are to be dated October 3, 1962 and mature on March 22, 1963, will be accepted at face value in payment of income taxes due on March 15, 1963. The bills will be auctioned on Wednesday, September 26. The payment date is Wednesday, October 3. Any qualified depositary will be permitted to make payment by credit in its Treasury tax and loan account.

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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 pruchase, 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 (current revision) 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.

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Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. 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 p.m., Eastern Daylight Saving ~~Standard~~ time, Wednesday, September 26, 1962 .
x(xxxx)

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
x(xxxx)
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 October 3, 1962, provided, however, any qualified depositary will be permitted
x(xxxx)
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.

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

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, September 20, 1962

TREASURY OFFERS $3 BILLION IN MARCH TAX BILLS

The Treasury Department, by this public notice, invites tenders for $ 3,000,000,000, or thereabouts, of 170 -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 October 3, 1962 and they will mature March 22, 1963 . They will be accepted at face value in payment of income and profits taxes due on March 15, 1963 , 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 March 15, 1963 , 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 March 15, 1963 , 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 March 15, 1963 , 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, $50,000, $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 p.m., Eastern Daylight Saving ~~Standard~~ time, Wednesday, September 26,1962. 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.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

September 20, 1962

FOR IMMEDIATE RELEASE

TREASURY OFFERS $3 BILLION IN MARCH TAX BILLS

The Treasury Department, by this public notice, invites tenders for $3,000,000,000 or thereabouts, of 170-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 October 3, 1962, and they will mature March 22, 1963. They will be accepted at face value in payment of income and profits taxes due on March 15, 1963, 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 March 15, 1963, 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 March 15, 1963, 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 March 15, 1963, 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, $50,000, $100,000, $500,000 and $1,000,000 (maturity value).

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Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. 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.

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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 p.m., Eastern Daylight Saving time, Wednesday, September 26, 1962.

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, non-competitive 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 October 3, 1962, 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.

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.

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He was graduated with honors in economics from Stanford University, is a graduate of Harvard Law School, and attended Oxford University as a Rhodes Scholar. During World War II he was a Combat Naval Aviator. He holds the Navy Distinguished Flying Cross, the Navy Air Medal, and the Purple Heart.

In serving the Inter-American Development Bank at this time of crisis and decision, Tom Killefer can count on our wholehearted support.

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Thus, the job of United States Executive Director brings with it great demands upon the resources, the imagination, and the vigor of the man who holds it -- and this is one of those satisfying occasions when the job and the man are well met.

A brief look at Tom Killefer's background underlies our confidence in him: Inter-American Development Bank at the

As First Vice President and Vice Chairman of the Board of ted Directors of the Export-Import Bank, he has had first-hand experience in development tasks on a truly global scale.

Tom is a lawyer by trade. He was admitted to the California Bar in 1946. He served for many years with a prominent law firm with offices in California and here in Washington. He specialized in maritime law, and became Executive Director of the Committee of American Steamship Lines until he joined the Export-Import Bank. He was a member of the staff of the United States High Commission for Germany in 1951-52.

He was graduated

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REMARKS BY TREASURY SECRETARY DOUGLAS DILLON, AFTER ADMINISTERING THE OATH OF OFFICE AS EXECUTIVE DIRECTOR OF THE INTER-AMERICAN DEVELOPMENT BANK TO TOM KILLEFER, ROOM 4121, TREASURY BUILDING, 5:30 P.M., EDT, MONDAY, SEPTEMBER 24, 1962

I am happy to welcome Tom Killefer as the new United States Executive Director of the Inter-American Development Bank, and as my Special Assistant for this assignment.

From the moment the Bank was created in 1960, its doors were opened to great responsibilities and to great opportunities. Under the able direction of Mr. Felipe Herrera, the Bank's distinguished President, and with the aid of General Robert Cutler, the first United States Executive Director, those responsibilities have been met, and the Bank has matured rapidly to become a potent instrument for growth and development within the Americas.

We know now that the IADB appeared on the hemisphere scene not a moment too soon. The launching of the Alliance for Progress and the political events of the two intervening years have focussed a searching light on Latin America. The IADB must operate in that light, with its responsibilities vastly increased, and its problems greatly magnified.

Thus, the job

REMARKS BY TREASURY SECRETARY DOUGLAS DILLON, AFTER ADMINISTERING THE OATH OF OFFICE AS EXECUTIVE DIRECTOR OF THE INTER-AMERICAN DEVELOPMENT BANK TO TOM KILLEFER, ROOM 4121, TREASURY BUILDING, 5:30 P.M., EDT, MONDAY, SEPTEMBER 24, 1962

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A brief look at Tom Killefer's background underlies our confidence in him:

As First Vice President and Vice Chairman of the Board of Directors of the Export-Import Bank, he has had first-hand experience in development tasks on a truly global scale.

Tom is a lawyer by trade. He was admitted to the California Bar in 1946. He served for many years with a prominent law firm with offices in California and here in Washington. He specialized in maritime law, and became Executive Director of the Committee of American Steamship Lines until he joined the Export-Import Bank. He was a member of the staff of the United States High Commission for Germany in 1951-52.

He was graduated with honors in economics from Stanford University, is a graduate of Harvard Law School, and attended Oxford University as a Rhodes Scholar. During World War II he was a Combat Naval Aviator. He holds the Navy Distinguished Flying Cross, the Navy Air Medal, and the Purple Heart.

In serving the Inter-American Development Bank at this time of crisis and decision, Tom Killefer can count on our wholehearted support.

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FOR RELEASE A. M. NEWSPAPERS,
Tuesday, September 25, 1962.

September 24, 1962

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 28, 1962, and the other series to be dated September 27, 1962, which were offered on September 19, were opened at the Federal Reserve Banks on September 24. Tenders were invited for $1,300,000,000, or thereabouts, of 91-day bills and for $700,000,000, 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 27, 1962		182-day Treasury bills maturing March 28, 1963	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.310	2.730%	98.518	2.931%
Low	99.302	2.761%	98.514	2.939%
Average	99.305	2.749% 1/	98.515	2.938% 1/

21 percent of the amount of 91-day bills bid for at the low price was accepted
58 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	$ 38,957,000	$ 38,602,000	$ 11,139,000	$ 4,447,000
New York	1,513,133,000	803,723,000	1,384,401,000	505,632,000
Philadelphia	28,665,000	13,665,000	7,552,000	2,372,000
Cleveland	40,095,000	40,095,000	50,262,000	22,148,000
Richmond	22,192,000	14,257,000	3,519,000	3,519,000
Atlanta	34,181,000	31,891,000	11,167,000	4,536,000
Chicago	229,983,000	150,762,000	144,153,000	58,717,000
St. Louis	34,616,000	27,221,000	7,209,000	3,709,000
Minneapolis	28,081,000	22,501,000	7,868,000	4,268,000
Kansas City	40,943,000	32,209,000	13,501,000	5,571,000
Dallas	22,409,000	17,319,000	17,329,000	5,046,000
San Francisco	116,827,000	107,877,000	119,139,000	80,145,000
TOTALS	$2,150,082,000	$1,300,122,000 a/	$1,777,239,000	$700,110,000 b/

a/ Includes $240,049,000 noncompetitive tenders accepted at the average price of 99.305
b/ Includes $60,636,000 noncompetitive tenders accepted at the average price of 98.515
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.81%, for the 91-day bills, and 3.02%, 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.

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TREASURY DEPARTMENT

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, September 25, 1962.

WASHINGTON, D.C.

September 24, 1962

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future and turn our energies toward meeting them. In that process, the bankers of the Nation can play a vital and constructive role.

But I cite that only to introduce the more important conclusion: We must not claim too much. The emerging system presupposes -- as any workable arrangement must -- that the United States and other leading nations will pursue their expanding growth objectives and do so by methods that will also assure an equilibrium in their basic trade and investment accounts. That is why I have emphasized the priority of the measures for meeting our own balance of payments problem here today. And that is why it is so important -- as the President stressed last week -- that other countries now capable of doing so assume a fuller share of the burdens of defense and aid.

In attacking those real and difficult tasks, we should not be diverted either by false fears for the stability of our monetary system or by vain hopes that mere monetary reform can substitute for more basic measures. To sink back into complacency would be to undermine all our very real achievements to date. But we must also appreciate the progress that has been made, so that we can identify the real challenges of the

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But we have only made the beginning. The skills, energies and judgment of many men, in many countries, will be needed to fashion the changing shape of these and possibly other new measures as experience provides the needed tests.

The renewed and healthy confidence in the stability of our international monetary system so evident at the sessions of the world central bankers and finance ministers at the Fund meeting last week nonetheless reflects already an increased appreciation of the arrangements now in place -- arrangements that have necessarily been revealed only in bits and pieces as they have emerged over the past 18 months. It is worthwhile repeating the closing sentence in the appraisal contained in a communique issued last Wednesday (September 19) by the members of the ten countries in the Fund's special resources group:

> "The additional resources thus provided, together with present national reserves and the existing resources of the IMF, are large enough to provide the support that might be needed to assure the stability of the existing exchange rate system as based on present gold parities."

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Taken together, these new arrangements -- emerging from a mutual understanding of common problems and needs among the industrialized countries -- powerfully enlarge the defensive capabilities of our convertible gold-dollar system to withstand strains or shocks from any source. A little of their defensive potential can be glimpsed in the assistance that emerged so promptly and effectively at the time of the recent Canadian difficulties, and during the spring of 1961, when sterling was under heavy pressure. But it is clear that the emerging system is capable of much more, including both defending the dollar itself from any conceivable attack as well as contributing to the needs of the world for adequate international liquidity over the years ahead.

The United States decision to hold foreign currencies as part of its reserves -- taken in conjunction with the wide range of cooperative facilities being worked out with other leading countries -- can make a major contribution toward enlarging the usable means of international payments.

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Useful as these operations in the exchange markets have been, it is not their past or current size that is so significant -- although the United States does have today approximately $900 million of foreign currencies at its disposal, either in the form of cash or standby facilities. Rather, the significance lies in the pattern set for meeting future contingencies -- the technical feasibility of the arrangements, their expansibility in time of agreed need, and the ability to pinpoint the use of our resources at the point and time of need.

All of these new arrangements are, of course, reinforced by the enlarged capacity of the International Monetary Fund to provide assistance in time of need. As a result of the increase in subscriptions voted in 1958, the United States alone has a fund quota of over $4 billion. These facilities are being further supplemented by the new $6 billion standby credit pool agreed to by ten of the industrialized countries last December, a pool in which the United States share of $2 billion is now awaiting final approval by the Congress.

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of many of them. This point clearly emerges from the recent full report on Treasury-Federal Reserve operations prepared by Charles A. Coombs of the New York Federal Reserve Bank. The release of this report reflects our policy of making available to the public from time to time as much of the detail of our operations as we possibly can.

I should stress again, too, that it is no part of our intention to disguise the basic forces of supply and demand, or the various market evidences of changing needs and conditions in the international financial position of the United States or any other country. We want and need the sensitive signals of changes in fundamental forces that are reflected in price fluctuations in free markets. And as one of my foreign friends remarked to someone from another country, perhaps with a slight ulterior motive, the United States publishes and discloses its record so freely and frequently that it could not -- even if it were to try -- hide the facts of its balance of payments position from the intelligent observer.

With our own balance of payments in deficit, we have acquired foreign currencies to support these activities largely by means of so-called swap agreements arranged by the Federal Reserve with our principal trading partners. These agreements provide for a reciprocal exchange of currencies, usable by either party when needed to meet temporary shifts in the international flow of funds. In addition, we have on occasion acquired currencies from certain countries, so far in modest amounts, by outright purchase, by direct Treasury borrowing, or by accepting repayment of debts owed the United States Government in usable foreign currencies rather than dollars.

Thus far, the operations have been mainly in the nature of "pilot" projects, testing and probing the mechanical possibilities and their possible usefulness. But experience has, I believe, already demonstrated their value in meeting specific situations, involving marks, Swiss francs, lire, guilders, and Belgian francs. One encouraging characteristic of the operations already undertaken has been the early reversibility alternative to drawing on our own gold stock, if and when our dollar outflow might exceed the amounts that one or another of these foreign central banks and governments might wish to hold voluntarily. In a similar way, temporary disturbances in the exchange markets can be checked before setting off a massive speculative run as we alternatively acquire and then release holdings of the other major currencies. Moreover, our holdings of foreign currencies (or arrangements permitting us to borrow them on a limited standby basis) can support much larger sales of forward exchange. By participating in the forward markets to assure larger availabilities of "turn-around" facilities, we make it feasible, for example, for private parties abroad, who may wish to hold dollars passing into their hands for temporary periods, to go on holding them while assured of the availability of enough of their own currency to meet expected needs at some later date.

building on experience and existing institutions and supplementing and reinforcing the protection already implicit in the world's existing monetary reserves and in the International Monetary Fund.

The new initiatives have taken the form of a new set of arrangements under which the United States, for the first time in a generation, is dealing directly in the foreign exchange markets, in a great enlargement of the resources available through the IMF, and in the application of cooperative arrangements to the London gold market. Taken together, an entirely new dimension has been added to our international financial system.

One innovation is that the United States is now holding foreign exchange as part of its own reserves. These foreign currencies can be acquired when one or another of the leading industrial countries has a deficit with the United States. In turn, such holdings, once acquired, can be used, with the understanding of the other countries involved, to buy up dollars flowing into the hands of foreign official institutions, thus becoming an

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Convertibility brought with it a freer flow of short-term funds among nations. While this was a highly desirable addition to international liquidity, it also involved an increased risk of sudden and disruptive flows of short-term capital between nations. Funds were now free to move, at least on short-term, among all the leading countries, not only in response to differences in money market rates of interest but also in reflection of changing fears or hopes concerning the weakness or strength of each country's economic position. The balance of payments disciplines -- always present -- were even more clearly visible. The need was to develop new arrangements which, while never concealing the persisting force of those disciplines, would limit the scope for speculative aberrations which could so easily develop in the new environment.

This is why the United States, working step by step with the leading foreign nations, has taken the initiative over the past year and a half to build an enlarged set of defenses for the international monetary system, These are no small accomplishments. Yet progress has brought with it new problems. In meeting them, again in the spirit of neglecting nothing, of trying to cope with all the pieces of the problem, large or small, we have worked out in cooperation with the other leading countries a new system of defenses for the dollar. Little if any of this could have been done if the United States was not clearly determined to bring its balance of payments back into fundamental equilibrium, and to do this in a way that would be adapted to the progress already achieved in liberalizing trade as well as to the longer-run needs for convertibility, liquidity, and growth in the future. All that has been done has rested on the clear understanding -- among all of the participating countries -- that financial arrangements, essential as they are for the support of trade, cannot take the place of real correction in our underlying balance of payments position.

widespread use of the dollar as a supplement to gold in the international reserves of other nations and as a medium of international payments.

This convertible gold-dollar system, bulwarked by the resources of the International Monetary Fund, has served the world well. It has provided ample liquidity to support more than a doubling of world trade since 1950 -- a trend which is continuing with an increase of 6 percent in the first half of this year compared to the like period of 1961. It has permitted the industrialized countries to dismantle part of their exchange controls, to lessen their restrictions on capital movements (and in a few cases to remove them) and to restore the convertibility of their currencies for all ordinary payments. And it has, at the same time, allowed individual nations to work out their own economic destinies, free to develop along the lines of their own capacities and choices, but within a framework of ever-growing cooperation among nations to work out and achieve common objectives.

For the present, in the area of Governmental capital flows, we have been successful in developing a large reverse flow to the United States in the form of prepayments of long-term debt owed the United States Government by the surplus countries of Western Europe. Prepayments this year by France, Italy, and Sweden have already amounted to $550 million. We know that such prepayments do not "solve" our balance of payments needs, but they do reduce the outstanding supply of dollars abroad that our foreign deficit would have otherwise produced. They temporarily reduce strains while the slower, but more lasting, forces of market adjustment are bringing our trade and payments position back into equilibrium.

Cooperative efforts between nations have been the basis for most of our progress over the past 18 months toward developing and strengthening our international financial system. The backbone of that system, as it has evolved out of experience since World War II, rests on the

Those efforts extend also to the broader listing of American securities on European exchanges. They have resulted in sales of a significant proportion of recent security issues in New York to foreign investing institutions -- both directly and in secondary distribution. Pressures have consequently begun to mount within those countries which still maintain tight controls, as individuals seek the freedom to invest abroad and cite, in support of their desires, the currently strong balance of payments positions of their particular countries.

And there are ways in which American business and banking can also help in the financing of commercial requirements. Ingenuity in searching out sources of funds abroad for American businesses operating there, as well as imaginative extension of participation arrangements to more foreign lenders in the credits granted by American banks at home and abroad, can pay off in broadened contacts and a wider range of services for any customers engaged in foreign operations.

None will cut through the problems with a single, decisive thrust; each will seem minor in itself, but will gain decisive strength by being an incremental part of a comprehensive total effort.

We know, for example, that Europe will not be able overnight to transform its own capital markets in order to carry a larger part of the world's capital requirements. But there are many kinds of steps that can be taken, not only by the Europeans but by Americans as well, that will help somewhat in lessening the pressure for outflows of capital from the American markets while also contributing toward the evolution of needed new facilities in Europe. This kind of approach is symbolized by the work that the Export-Import Bank has been doing, for example, in placing some of its own paper with European investors. The investment banking community in New York is making a comparable contribution, not only in its own long-run competitive interests but also with short-run benefit to the American balance of payments, by making increasingly vigorous efforts to attract European funds.

At the same time, we have minimized the pressures of Governmental operations in the longer-term market so that constructive investment at home would be encouraged. These measures have been important in stemming outflows into money market instruments abroad and, at the same time, continuing a ready availability of funds for any form of productive new domestic investment -- not only during the recession which ended last year but also throughout the expansion phase we have enjoyed since that time.

To those who favor some administrative check on outflows of capital, or those who want some arbitrary forcing up of interest rates on bank loans and capital issues to thwart flows abroad, the answer must be essentially the same -- neither the public nor the private sectors can be expected to take action which might handicap the functioning of a competitive, market economy -- a capitalist economy. But there are many answers that can be sought short of that prescription.

between countries, but for immediate dollars-and-cents reasons -- they would cost us more than they could possibly save. Our own money and capital markets are the most highly organized, most efficiently diversified, of any in the world. To try to impose controls over outward capital movements in any one sector of these markets -- say bank loans -- would only invite capital flight through many others. And to try instead a comprehensive approach -- clamping the cold hand of capital issues controls, or credit rationing, over the entire sweep of the markets -- would literally congeal the bloodstream of American capitalism.

No, so far as the outflows of capital are concerned, there is no effective answer outside the forces of the markets themselves. That is why, so far as volatile short-term money flows are concerned, we have combined the influence of debt management and monetary policy for more than two years to exert some upward force on short-term money rates.

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issued policies to over one thousand exporters covering potential exports of one-half billion dollars before the end of the year.

This combination of Government support with private enterprise can now provide exporters in this country with credit facilities that are the equal of any industrialized country. I urge you to familiarize yourself with this program more closely by reading a little booklet published just last week by the Export-Import Bank entitled "From One Bank to Another." I understand that copies are available from the ABA office, here and in New York and Washington.

But our balance of payments problems include even more than the need to expand exports, both of goods and of services, and to curb the outflow of dollars through Government programs, for they also involve the flows of capital. This country rejects direct controls on the flow of capital, not only because they would be inconsistent with our traditional and fundamental objectives of freeing trade and payments

There is one particular area where your services and knowledge are absolutely essential -- the financing of exports. Financing for export, as you well know, presents special problems -- some technical and some attributable to the additional element of risk. The Export-Import Bank has long had programs for participating with banks in credits of this kind. The Export-Import Bank's commercial bank guarantee program, geared to the special political and exchange risks, has been streamlined and simplified to increase its usefulness, as many of you know. If any of you still find problems, the Bank's Chairman and President, Harold Linder, wants to know about them. In addition, the resources of private enterprise are now being utilized more effectively through the facilities of the Foreign Credit Insurance Association -- a cooperative effort of the Export-Import Bank and 72 insurance companies. The FCIA, operating successfully since February in the insurance of short-term credit, has now extended its activities into the medium-term field, and we expect that it will have actually

The Export Coordinator, Draper Daniels, acting within the Department of Commerce, setting goals industry by industry and region by region, is already depending heavily on the new National Export Council, which has 33 regional councils and the participation of 10,000 individual businessmen.

Many of you no doubt are aware of these activities in your own area. You are crucially situated in your own communities to provide the leadership necessary to make this program a success. I realize that you cannot all become experts in the special problems of foreign trade. But you do know the problems of the local businessman and you can help him find the assistance he needs. Within the banking community itself there are vast resources of knowledge and talent -- and it is a challenge to our correspondent banking system to tap these resources effectively and make them available to every American producer capable of reaching profitable outlets in foreign markets.

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Government itself is now providing American businessmen with more information in detail on foreign markets than ever before. And foreign businessmen are being exposed to many more American products -- through new trade centers abroad, through trade fairs, and through the determined day-to-day efforts of our foreign representatives. But these activities can reach their full potential only if the facts and opportunities of foreign trade become as familiar to the American businessman as they have long been to his foreign competitor -- who, by necessity, has had to depend for generations on foreign markets for his daily livelihood.

The challenge is clear. We look to a further expansion in exports, not in hundreds of millions but in billions, within the next two years to help accomplish balance in our payments. That is not unrealistic. During the first half of this year, our exports were 6-1/2 percent higher than a year earlier. But it will take sustained and energetic effort.

Essential as is this close attention to Government programs, all of us recognize that, in the end, American success must rest on the performance of the private economy -- its ability to find profitable opportunities for productive home investment, to reduce unemployment, to improve efficiency, to maintain price stability, and to seek out and penetrate export markets. This is the way, and the only way, we can expect to combine healthy growth at home with external balance. It is just such considerations that underlie so much of our emphasis on tax reform -- reform that will stimulate new incentives to work, to invest, and to cut costs. Such reform has already reached some distance by revising depreciation guidelines; will soon hopefully be enlarged by the 7 percent tax credit for investment; and must be furthered in the next Congress by an across-the-board realignment and reduction in the tax rate structure. We simply cannot afford to carry on indefinitely, in this competitive world, with a tax structure that dulls initiative and brakes the economy at levels well below its full potential.

though some cuts have proved possible, but mainly by persuading our allies that it would pay them to return to us the dollars they receive. How? By purchasing here, at lower costs, some of the military equipment which they need -- and achieving the ends of standardization at the same time.

We have been equally vigorous in limiting the balance of payments drains from our economic assistance programs. The balance of payments impact of the current $4 billion program is being reduced by providing more aid in the form of American goods and services. Eighty percent of the funds being committed under current directives will directly result in American exports -- and I can assure you that every significant outlay for aid that comes within that other twenty percent (that is, spent abroad) must be justified in terms of national priorities at the highest level of Government.

That is why we have a special Cabinet committee, headed by Secretary Dillon, which reports directly and frequently to the President, in order to speed decisions and assure continuous top-level leadership within all branches of the Federal Government. Out of that committee's work has come a new control system, covering all expenditures of funds overseas by every Federal agency. Every item must now be justified in terms of today's priorities. And the national export drive is receiving new impetus from the appointment last July of an Export Coordinator who will oversee and expedite all of the vastly expanded services for exporters throughout Government -- not passively, but actively, by working with individual companies and industry groups to establish goals for expanded sales around the world.

So far as Government's own part of the deficit is concerned, the large items have been military outlays and economic aid. Over the past 18 months, the Defense Department has cut roughly one-third from our net dollar spending abroad for defense -- not by cutting down on activities,

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certainly continue to play, a leading part in alerting America to its balance of payments problems and the new efforts needed to limit costs and raise productivity in order to promote both greater growth and more exports. Bankers know that the dimensions of the problem ahead are still large. To be sure, thus far in 1962, the over-all deficit has approximated an annual rate of $1-1/2 billion -- a striking contrast to the deficit of $2.5 billion in 1961, and to the much higher figure of $3.9 billion in 1960. While it is still not possible to sort out fully the influence of the recent Canadian difficulties from more lasting factors, the performance this year has been gratifying. But what this also means is that all of the more obvious, the "easier" measures to reduce the deficit have now been taken. That is why our approach in the Government is, and must be, to give continuing and direct attention, systematically and persistently, to every possible way -- large and small -- of helping our drive toward balance of payments equilibrium.

REMARKS OF THE HONORABLE ROBERT V. ROOSA,
UNDER SECRETARY OF THE TREASURY FOR MONETARY AFFAIRS,
AT THE ANNUAL CONVENTION OF THE AMERICAN BANKERS ASSOCIATION
AT ATLANTIC CITY, NEW JERSEY,
TUESDAY, SEPTEMBER 25, 1962, 11:00 A.M., EDT

BANKING AND THE BALANCE OF PAYMENTS

Your meetings have begun here in Atlantic City just as the annual meeting of the Free World's finance ministers and central bankers ended in Washington. There, the financial officials of the more than eighty countries renewed, indeed they reinforced, their expressions of confidence in us, and in our dollar. But, gratifying though this is, the reaffirmation of confidence must not be misinterpreted. It does not mean that any of us in the United States can slacken in any way the drive toward getting this country's international accounts into balance. It only means that enough has so far been accomplished to persuade the rest of the world that we will be able, if we try even harder, to finish the job.

That is why our discussion of the balance of payments here this morning is so timely. For the banking fraternity has played, and will

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TREASURY DEPARTMENT
Washington

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So far as Government's own part of the deficit is concerned, the large items have been military outlays and economic aid. Over the past 18 months, the Defense Department has cut roughly one-third from our net dollar spending abroad for defense -- not by cutting down on activities, though some cuts have proved possible, but mainly by persuading our allies that it would pay them to return to us the dollars they receive. How? By purchasing here, at lower costs, some of the military equipment which they need -- and achieving the ends of standardization at the same time.

We have been equally vigorous in limiting the balance of payments drains from our economic assistance programs. The balance of payments impact of the current $4 billion program is being reduced by providing more aid in the form of American goods and services. Eighty percent of the funds being committed under current directives will directly result in American exports -- and I can assure you that every significant outlay for aid that comes within that other twenty percent (that is, spent abroad) must be justified in terms of national priorities at the highest level of Government.

Essential as is this close attention to Government programs, all of us recognize that, in the end, American success must rest on the performance of the private economy -- its ability to find profitable opportunities for productive home investment, to reduce unemployment, to improve efficiency, to maintain price stability, and to seek out and penetrate export markets. This is the way, and the only way, we can expect to combine healthy growth at home with external balance. It is just such considerations that underlie so much of our emphasis on tax reform -- reform that will stimulate new incentives to work, to invest, and to cut costs. Such reform has already reached some distance by revising depreciation guidelines; will soon hopefully be enlarged by the 7 percent tax credit for investment; and must be furthered in the next Congress by an across-the-board realignment and reduction in the tax rate structure. We simply cannot afford to carry on indefinitely, in this competitive world, with a tax structure that dulls initiative and brakes the economy at levels well below its full potential.

Government itself is now providing American businessmen with more information in detail on foreign markets than ever before. And foreign businessmen are being exposed to many more American products -- through new trade centers abroad, through trade fairs, and through the determined day-to-day efforts of our foreign representatives. But these activities can reach their full potential only if the facts and opportunities of foreign trade become as familiar to the American businessman as they have long been to his foreign competitor -- who, by necessity, has had to depend for generations on foreign markets for his daily livelihood.

The challenge is clear. We look to a further expansion in exports, not in hundreds of millions but in billions, within the next two years to help accomplish balance in our payments. That is not unrealistic. During the first half of this year, our exports were 6-1/2 percent higher than a year earlier. But it will take sustained and energetic effort. The Export Coordinator, Draper Daniels, acting within the Department of Commerce, setting goals industry by industry and region by region, is already depending heavily on the new National Export Council, which has 33 regional councils and the participation of 10,000 individual businessmen.

Many of you no doubt are aware of these activities in your own area. You are crucially situated in your own communities to provide the leadership necessary to make this program a success. I realize that you cannot all become experts in the special problems of foreign trade. But you do know the problems of the local businessman and you can help him find the assistance he needs. Within the banking community itself there are vast resources of knowledge and talent -- and it is a challenge to our correspondent banking system to tap these resources effectively and make them available to every American producer capable of reaching profitable outlets in foreign markets.

There is one particular area where your services and knowledge are absolutely essential -- the financing of exports. Financing for export, as you well know, presents special problems -- some technical and some attributable to the additional element of risk. The Export-Import Bank has long had programs for participating with banks in credits of this kind. The Export-Import Bank's commercial bank guarantee program, geared to the special political and exchange risks, has been streamlined and simplified to increase its usefulness, as many of you know. If any of you still find problems, the Bank's Chairman and President, Harold Linder, wants to know about them. In addition, the resources of private enterprise are now being utilized more effectively through the facilities of the Foreign Credit Insurance Association -- a cooperative effort of the Export-Import Bank and 72 insurance companies. The FCIA, operating successfully since February in the insurance of short-term credit, has now extended its activities into the medium-term field, and we expect that it will have actually issued policies to over one thousand exporters covering potential exports of one-half billion dollars before the end of the year.

This combination of Government support with private enterprise can now provide exporters in this country with credit facilities that are the equal of any industrialized country. I urge you to familiarize yourself with this program more closely by reading a little booklet published just last week by the Export-Import Bank entitled "From One Bank to Another." I understand that copies are available from the ABA office, here and in New York and Washington.

But our balance of payments problems include even more than the need to expand exports, both of goods and of services, and to curb the outflow of dollars through Government programs, for they also involve the flows of capital. This country rejects direct controls on the flow of capital, not only because they would be inconsistent with our traditional and fundamental objectives of freeing trade and payments between countries, but for immediate dollars-and-cents reasons -- they would cost us more than they could possibly save. Our own money and capital markets are the most highly organized, most efficiently diversified, of any in the world. To try to impose controls over outward capital movements in any one sector of these markets -- say bank loans -- would only invite capital flight through many others. And to try instead a comprehensive approach -- clamping the cold hand of capital issues controls, or credit rationing, over the entire sweep of the markets -- would literally congeal the bloodstream of American capitalism.

No, so far as the outflows of capital are concerned, there is no effective answer outside the forces of the markets themselves. That is why, so far as volatile short-term money flows are concerned, we have combined the influence of debt management and monetary policy for more than two years to exert some upward force on short-term money rates. At the same time, we have minimized the pressures of Governmental operations in the longer-term market so that constructive investment at home would be encouraged. These measures have been important in stemming outflows into money market instruments abroad and, at the same time, continuing a ready availability of funds for any form of productive new domestic investment -- not only during the recession which ended last year but also throughout the expansion phase we have enjoyed since that time.

To those who favor some administrative check on outflows of capital, or those who want some arbitrary forcing up of interest rates on bank loans and capital issues to thwart flows abroad, the answer must be essentially the same -- neither the public nor the private sectors can be expected to take action which might handicap the functioning of a competitive, market economy -- a capitalist economy. But there are many answers that can be sought short of that prescription. None will cut through the problems with a single, decisive thrust; each will seem minor in itself, but will gain decisive stength by being an incremental part of a comprehensive total effort.

We know, for example, that Europe will not be able overnight to transform its own capital markets in order to carry a larger part of the world's capital requirements. But there are many kinds of steps that can be taken, not only by the Europeans but by Americans as well, that will help somewhat in lessening the pressure for outflows of capital from the American markets while also contributing toward the evolution of needed new facilities in Europe. This kind of approach is symbolized by the work that the Export-Import Bank has been doing, for example, in placing some of its own paper with European investors.

The investment banking community in New York is making a comparable contribution, not only in its own long-run competitive interests but also with short-run benefit to the American balance of payments, by making increasingly vigorous efforts to attract European funds. Those efforts extend also to the broader listing of American securities on European exchanges. They have resulted in sales of a significant proportion of recent security issues in New York to foreign investing institutions -- both directly and in secondary distribution. Pressures have consequently begun to mount within those countries which still maintain tight controls, as individuals seek the freedom to invest abroad and cite, in support of their desires, the currently strong balance of payments positions of their particular countries.

And there are ways in which American business and banking can also help in the financing of commercial requirements. Ingenuity in searching out sources of funds abroad for American businesses operating there, as well as imaginative extension of participation arrangements to more foreign lenders in the credits granted by American banks at home and abroad, can pay off in broadened contacts and a wider range of services for any customers engaged in foreign operations.

For the present, in the area of Governmental capital flows, we have been successful in developing a large reverse flow to the United States in the form of prepayments of long-term debt owed the United States Government by the surplus countries of Western Europe. Prepayments this year by France, Italy, and Sweden have already amounted to $550 million. We know that such prepayments do not "solve" our balance of payments needs, but they do reduce the outstanding supply of dollars abroad that our foreign deficit would have otherwise produced. They temporarily reduce strains while the slower, but more lasting, forces of market adjustment are bringing our trade and payments position back into equilibrium.

Cooperative efforts between nations have been the basis for most of our progress over the past 18 months toward developing and strengthening our international financial system. The backbone of that system, as it has evolved out of experience since World War II, rests on the widespread use of the dollar as a supplement to gold in the international reserves of other nations and as a medium of international payments.

This convertible gold-dollar system, bulwarked by the resources of the International Monetary Fund, has served the world well. It has provided ample liquidity to support more than a doubling of world trade since 1950 -- a trend which is continuing with an increase of 6 percent in the first half of this year compared to the like period of 1961. It has permitted the industrialized countries to dismantle part of their exchange controls, to lessen their restrictions on capital movements (and in a few cases to remove them) and to restore the convertibility of their currencies for all ordinary payments.

And it has, at the same time, allowed individual nations to work out their own economic destinies, free to develop along the lines of their own capacities and choices, but within a framework of ever-growing cooperation among nations to work out and achieve common objectives.

These are no small accomplishments. Yet progress has brought with it new problems. In meeting them, again in the spirit of neglecting nothing, of trying to cope with all the pieces of the problem, large or small, we have worked out in cooperation with the other leading countries a new system of defenses for the dollar. Little if any of this could have been done if the United States was not clearly determined to bring its balance of payments back into fundamental equilibrium, and to do this in a way that would be adapted to the progress already achieved in liberalizing trade as well as to the longer-run needs for convertibility, liquidity, and growth in the future. All that has been done has rested on the clear understanding -- among all of the participating countries -- that financial arrangements, essential as they are for the support of trade, cannot take the place of real correction in our underlying balance of payments position.

Convertibility brought with it a freer flow of short-term funds among nations. While this was a highly desirable addition to international liquidity, it also involved an increased risk of sudden and disruptive flows of short-term capital between nations. Funds were now free to move, at least on short-term, among all the leading countries, not only in response to differences in money market rates of interest but also in reflection of changing fears or hopes concerning the weakness or strength of each country's economic position. The balance of payments disciplines -- always present -- were even more clearly visible. The need was to develop new arrangements which, while never concealing the persisting force of those disciplines, would limit the scope for speculative aberrations which could so easily develop in the new environment.

This is why the United States, working step by step with the leading foreign nations, has taken the initiative over the past year and a half to build an enlarged set of defenses for the international monetary system, building on experience and existing institutions and supplementing and reinforcing the protection already implicit in the world's existing monetary reserves and in the International Monetary Fund.

The new initiatives have taken the form of a new set of arrangements under which the United States, for the first time in a generation, is dealing directly in the foreign exchange markets, in a great enlargement of the resources available through the IMF, and in the application of cooperative arrangements to the London gold market. Taken together, an entirely new dimension has been added to our international financial system.

One innovation is that the United States is now holding foreign exchange as part of its own reserves. These foreign currencies can be acquired when one or another of the leading industrial countries has a deficit with the United States. In turn, such holdings, once acquired, can be used, with the understanding of the other countries involved, to buy up dollars flowing into the hands of foreign official institutions, thus becoming an alternative to drawing on our own gold stock, if and when our dollar outflow might exceed the amounts that one or another of these foreign central banks and governments might wish to hold voluntarily. In a similar way, temporary disturbances in the exchange markets can be checked before setting off a massive speculative run as we alternatively acquire and then release holdings of the other major currencies. Moreover, our holdings of foreign currencies (or arrangements permitting us to borrow them on a limited standby basis) can support much larger sales of forward exchange. By participating in the forward markets to assure larger availabilities of "turn-around" facilities, we make it feasible, for example, for private parties abroad, who may wish to hold dollars passing into their hands for temporary periods, to go on holding them while assured of the availability of enough of their own currency to meet expected needs at some later date.

With our own balance of payments in deficit, we have acquired foreign currencies to support these activities largely by means of so-called swap agreements arranged by the Federal Reserve with our principal trading partners. These agreements provide for a reciprocal exchange of currencies, usable by either party when needed to meet temporary shifts in the international flow of funds. In addition, we have on occasion acquired currencies from certain countries, so far in modest amounts, by outright purchase, by direct Treasury borrowing, or by accepting repayment of debts owed the United States Government in usable foreign currencies rather than dollars.

Thus far, the operations have been mainly in the nature of "pilot" projects, testing and probing the mechanical possibilities and their possible usefulness. But experience has, I believe, already demonstrated their value in meeting specific situations, involving marks, Swiss francs, lire, guilders, and Belgian francs. One encouraging characteristic of the operations already undertaken has been the early reversibility of many of them. This point clearly emerges from the recent full report on Treasury-Federal Reserve operations prepared by Charles A. Coombs of the New York Federal Bank. The release of this report reflects our policy of making available to the public from time to time as much of the detail of our operations as we possibly can.

I should stress again, too, that it is no part of our intention to disguise the basic forces of supply and demand, or the various market evidences of changing needs and conditions in the international financial position of the United States or any other country. We want and need the sensitive signals of changes in fundamental forces that are reflected in price fluctuations in free markets. And as one of my foreign friends remarked to someone from another country, perhaps with a slight ulterior motive, the United States publishes and discloses its record so freely and frequently that it could not -- even if it were to try -- hide the facts of its balance of payments position from the intelligent observer.

Useful as these operations in the exchange markets have been, it is not their past or current size that is so significant -- although the United States does have today approximately $900 million of foreign currencies at its disposal, either in the form of cash or standby facilities. Rather, the significance lies in the pattern set for meeting future contingencies -- the technical feasibility of the arrangements, their expansibility in time of agreed need, and the ability to pinpoint the use of our resources at the point and time of need.

All of these new arrangements are, of course, reinforced by the enlarged capacity of the International Monetary Fund to provide assistance in time of need. As a result of the increase in subscriptions voted in 1958, the United States alone has a Fund quota of over $4 billion. These facilities are being further supplemented by the new $6 billion standby credit pool agreed to by ten of the industrialized countries last December, a pool in which the United States share of $2 billion is now awaiting final approval by the Congress.

Taken together, these new arrangements -- emerging from a mutual understanding of common problems and needs among the industrialized countries -- powerfully enlarge the defensive capabilities of our convertible gold-dollar system to withstand strains or shocks from any source. A little of their defensive potential can be glimpsed in the assistance that emerged so promptly and effectively at the time of the recent Canadian difficulties, and during the spring of 1961, when sterling was under heavy pressure. But it is clear that the emerging system is capable of much more, including both defending the dollar itself from any conceivable attack as well as contributing to the needs of the world for adequate international liquidity over the years ahead.

The United States decision to hold foreign currencies as part of its reserves -- taken in conjunction with the wide range of cooperative facilities being worked out with other leading countries -- can make a major contribution toward enlarging the usable means of international payments. But we have only made the beginning. The skills, energies and judgment of many men, in many countries, will be needed to fashion the changing shape of these and possibly other new measures as experience provides the needed tests.

The renewed and healthy confidence in the stability of our international monetary system so evident at the sessions of the world central bankers and finance ministers at the Fund meeting last week nonetheless reflects already an increased appreciation of the arrangements now in place -- arrangements that have necessarily been revealed only in bits and pieces as they have emerged over the past

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18 months. It is worthwhile repeating the closing sentence in the appraisal contained in a communique issued last Wednesday (September 19) by the members of the ten countries in the Fund's special resources group:

> "The additional resources thus provided, together with present national reserves and the existing resources of the IMF, are large enough to provide the support that might be needed to assure the stability of the existing exchange rate system as based on present gold parities."

But I cite that only to introduce the more important conclusion: We must not claim too much. The emerging system presupposes -- as any workable arrangement must -- that the United States and other leading nations will pursue their expanding growth objectives and do so by methods that will also assure an equilibrium in their basic trade and investment accounts. That is why I have emphasized the priority of the measures for meeting our own balance of payments problem here today. And that is why it is so important -- as the President stressed last week -- that other countries now capable of doing so assume a fuller share of the burdens of defense and aid.

In attacking those real and difficult tasks, we should not be diverted either by false fears for the stability of our monetary system or by vain hopes that mere monetary reform can substitute for more basic measures. To sink back into complacency would be to undermine all our very real achievements to date. But we must also appreciate the progress that has been made, so that we can identify the real challenges of the future and turn our energies toward meeting them. In that process, the bankers of the Nation can play a vital and constructive role.

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STATEMENT BY UNDER SECRETARY ROBERT V. ROOSA,
BEFORE
THE AMERICAN BANKERS ASSOCIATION CONVENTION,
ATLANTIC CITY, NEW JERSEY,
TUESDAY, SEPTEMBER 25, 1962.

First of all, I would like to thank the American Bankers Association's Savings Bonds Committee for the exceptionally good work its Chairman and members have done in behalf of the Savings Bonds program. Secondly, I would like to express our appreciation to each of you for your support of the Freedom Savings Bond Drive held last May and June.

Savings Bond sales this year will total in the neighborhood of some four billion, three hundred million dollars. This is less than the four billion, five hundred and thirty-five million dollars that was purchased in 1961, but it represents a magnificent achievement in light of the intense competitive market for savings that we are witnessing. The sale of smaller denomination Savings Bonds increased steadily this year, indicating successful achievements with payroll savers in industries and companies -- including many banks.

The partnership that exists between bankers and the Treasury Department in this remarkable thrift program is unique. Many of you are completing your 21st year of service as volunteer chairmen of the Savings Bonds program. Through your support you have rendered outstanding service to your Government and your country. We in the Treasury are deeply appreciative of this. We are grateful too for the help you have given us in sustaining the concept of systematic savings and fostering the habit of thrift among millions of Americans.

higher than that of last year. Our balance of payments deficit -- at an annual rate -- is now down to about $1.5 billion, compared to $2.5 in 1961, and $3.9 in 1960.

Added exports also mean added profits for American business. They are a clear signal that we are competing successfully for world business. To increase them is a most effective way to further buttress the strength of the dollar as the main reserve currency of the Free World.

The "E" Award is now held by 110 companies. This is an elite group and I welcome you into it.

REMARKS BY TREASURY SECRETARY DOUGLAS DILLON AFTER PRESENTATION OF "E" AWARDS FOR OUTSTANDING CONTRIBUTIONS TO THE U. S. EXPANSION DRIVE, 3:00 P.M., EDT, TUESDAY, SEPTEMBER 25, 1962

The blue-and-white "E" pennant, raised above factories and offices as a symbol of excellence in waging the production battle of World War II, today signifies outstanding achievement in the export of American goods and services to world markets. It is a mark of excellence in what President Kennedy calls "a new and constructive context of national urgency."

President Kennedy revived the "E" Award on December 5, 1961, at the suggestion of Secretary Hodges, as an incentive to American management and labor to put forth their best efforts in selling abroad.

It is clear that an increased level of exports is essential in our progress toward a balance in our international payments. I am glad to say that we have achieved significant gains, and that our export trade has been one of the reasons. In the first half of this year, our rate of exports moved to a level 6-1/2 percent

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IMMEDIATE RELEASE September 26, 1962

SUPPLEMENTAL REPORT OF SUBSCRIPTIONS FOR LATEST ADVANCE REFUNDING

The Treasury Department today announced a breakdown of the securities exchanged for the 3-3/4% Treasury Notes of Series A-1967, due August 15, 1967, and the 4% Treasury Bonds of 1972, due August 15, 1972, offered in the Department's latest refunding offer, together with total amounts eligible for exchange and remaining outstanding as of the close of business, Monday, September 24, 1962. This information (in millions of dollars is as follows:

SECURITIES & AMOUNTS ELIGIBLE FOR EXCHANGE		EXCHANGED FOR			Amount Remaining Outstanding
ISSUES	AMOUNTS	3-3/4% Notes Series A-1967	4% Bonds of 1972	Total	
Feb. 15, 1963, maturities					
3-1/2% Ctfs.	$ 6,861.6	$ 779.6	$ 375.2	$1,154.8	$ 5,706.8
2-5/8% Notes	2,839.4	1,072.4	260.8	1,333.2	1,506.2
3-1/4% Notes	3,642.5	993.2	404.3	1,397.5	2,245.0
Totals	$13,343.5	$2,845.2	$1,040.3	$3,885.5	$ 9,458.0
May 15, 1963, maturities					
3-1/4% Ctfs.	$ 6,685.7	$ 957.0	$ 448.7	$1,405.7	$ 5,280.0
3-1/4% Notes	5,047.5	1,304.9	720.0	2,024.9	3,022.6
4% Notes	1,743.0	173.9	370.3	544.2	1,198.8
Totals	$13,476.2	$2,435.8	$1,539.0	$3,974.8	$ 9,501.4
GRAND TOTALS	$26,819.7	$5,281.0	$2,579.3	$7,860.3	$18,959.4

This total of subscriptions, $7,860.3 million, includes $7,519.2 million, ~~[illegible]~~ of securities held by the public. Of the $7,519.2 million of publicly held securities exchanged, $3,833.5 million (40.8% of those eligible for exchange) consisted of February 15, 1963, maturities, and $3,685.7 million (37.6% of those eligible for exchange) consisted of May 15, 1963, maturities.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE

September 26, 1962

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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 (current revision) 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.

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. 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 July 5, 1962, (91 days remaining until maturity date on January 3, 1963) 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 Banks on October 4, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 4, 1962. Cash

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~~Exhibit 2-A~~

~~BETA MODIFIED~~

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE September 26, 1962

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 $2,000,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing October 4, 1962, in the amount of $1,901,097,000, as follows:

91-day bills (to maturity date) to be issued October 4, 1962, in the amount of $1,300,000,000, or thereabouts, representing an additional amount of bills dated July 5, 1962, and to mature January 3, 1963, originally issued in the amount of $700,181,000, the additional and original bills to be freely interchangeable.

182-day bills, for $700,000,000, or thereabouts, to be dated October 4, 1962, and to mature April 4, 1963.

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, $50,000, $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 p.m., Eastern Daylight Saving ~~Standard~~ time, Monday, October 1, 1962. 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

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TREASURY DEPARTMENT

WASHINGTON, D.C.

September 26, 1962

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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 $2,000,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing October 4, 1962, in the amount of $ 1,901,097,000, as follows:

91-day bills (to maturity date) to be issued October 4, 1962, in the amount of $1,300,000,000, or thereabouts, representing an additional amount of bills dated July 5, 1962, and to mature January 3, 1963, originally issued in the amount of $ 700,181,000, the additional and original bills to be freely interchangeable.

182-day bills, for $ 700,000,000, or thereabouts, to be dated October 4, 1962, and to mature April 4, 1963.

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, $50,000, $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 p.m., Eastern Daylight Saving time, Monday, October 1, 1962. 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.

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. 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.

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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 $ 200,000or less for the additional bills dated July 5, 1962, (91-days remaining until maturity date on January 3, 1963) 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 Banks on October 4, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 4, 1962. 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 (current revision) and this notice prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained fr any Federal Reserve Bank or Branch.

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September 26, 1962

FOR RELEASE A. M. NEWSPAPERS,
Thursday, September 27, 1962.

RESULT OF TREASURY'S $3 BILLION 170-DAY TAX ANTICIPATION BILL OFFERING

The Treasury Department announced last evening that the tenders for $3,000,000,000 or thereabouts, of Tax Anticipation Series 170-day Treasury bills to be dated October 1962, and to mature March 22, 1963, which were offered on September 20, were opened at the Federal Reserve Banks on September 26.

The details of this issue are as follows:

Total applied for - $5,941,541,000
Total accepted - 3,000,991,000 (includes $562,546,000 entered on a noncompetitive basis and accepted in full at the average price shown below)

Range of accepted competitive bids: (Excepting two tenders totaling $3,100,000)

High	- 98.820	Equivalent rate of discount approx. 2.499%	per annum
Low	- 98.757	" " " " " 2.632%	" "
Average	- 98.765	" " " " " 2.616%	" "

(25 percent of the amount bid for at the low price was accepted)

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 256,794,000	$ 96,619,000
New York	2,760,530,000	1,144,205,000
Philadelphia	236,515,000	111,515,000
Cleveland	503,373,000	296,873,000
Richmond	138,772,000	97,047,000
Atlanta	225,610,000	149,410,000
Chicago	690,665,000	449,265,000
St. Louis	153,490,000	85,390,000
Minneapolis	187,838,000	116,338,000
Kansas City	94,203,000	78,778,000
Dallas	290,880,000	219,330,000
San Francisco	402,871,000	156,221,000
TOTAL	$5,941,541,000	$3,000,991,000

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 2.69%. 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.

TREASURY DEPARTMENT

WASHINGTON, D.C.

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Administration is doing its part, through such efforts as the establishment of programs of ~~financial assistance~~ export insurance, ~~and~~ improved credit facilities ~~for~~ and information for exporters. The Congress has also made ~~the~~ an essential contribution ~~of approval~~ by approving, without major amendments, ~~of~~ the Trade Expansion Act, which ~~will assure entry of our products in~~ will make it possible to maintain our access to the key markets of the world. Much of the rest is up to American business.

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no grounds for complacency, for it has been achieved during a period of relatively high unemployment and underutilization of productive capacity. Nor should we relax our efforts because some of our major foreign competitors are now experiencing difficulty in holding down prices and in keeping wage increases in line with productivity gains. For our competitors, too, realize the stake they have in the maintenance of a stable price structure and of competitive prices of their export products. They will not, for long, permit any cost-price spiral to g unchecked.

Maintenance of a competitive price structure in this country is not, however, the only responsibility which American business has if we are to reach our goal of balance of payments equilibrium. The mere existence of a competitive price structure will not automatically expand our export sales. An increased ~~[illegible]~~ selling effort is necessary, ~~and~~ as well as initiative on the part of American firms to find ~~their~~ potential overseas markets and exploit them. The

Meanwhile, ~~your~~ the government will continue to take all steps possible to assure continuing reduction in our balance of payments deficit. But there is one overwhelming responsibility which rests not primarily on government at all but upon American business and labor. This is the responsibility for continuing price stability and a competitive cost structure. To be sure, governmental policies can help. The reform of the tax treatment of depreciation which we put into effect earlier this year and the proposed 7 percent tax credit on new investment -- now reaching the final stages of Congressional consideration -- were undertaken ~~with the objective~~ for the purpose of stimulating business investment in new, cost-cutting productive facilities, which will help keep our products competitively priced in world markets. But the ultimate decisions which will either stabilize or unstabilize our price structure rest, in this country, essentially in private hands. Our recent record of overall price stability should be

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supply of funds in the free world to finance the world's rapidly expanding trade -- without upsetting strains.

~~We are fully confident that the international financial arrangements we are now undertaking, based on consultation, cooperation and confidence, will demonstrate that~~ these ~~no radical cures or schemes are needed to restore and maintain international financial stability.~~

Cooperation with our allies has extended beyond the financial field, however. Progress is being made toward a more equitable sharing among the prosperous, industrialized nations of the world of the burden of their mutual defense and of the development of the underdeveloped world. Our allies understand clearly that it is no longer in their own interest to expect the United States to carry these burdens virtually unassisted. The shift toward a fully equitable distribution of the cost of mutual defense and of foreign aid will, however, take time.

for defense will -- through a variety of measures -- be reduced by about one-third by the end of this year -- down to $1 3/4 billion, compared with more than $2 1/2 billion in earlier years. This reduction will come about without impairment, in any way, of our military strength ~~and~~ or that of our allies.

Second, the balance of payments cost of our foreign aid program is being cut, without any diminution of overall aid itself. In recent years, about two-thirds of our foreign aid outlays have been in the form of exports of U. S. goods and services, with only the remaining one-third being actually spent abroad. We are now approaching our target of reducing ~~this overseas spending~~ the balance of payments cost of this program to one-fifth of the total.

Third, a broad array of financial measures based on international consultation and cooperation ~~have~~ has been undertaken aimed both at the immediate objective of preventing or minimizing speculative movements of funds from one country to another and at the longer-term objective of assuring a sufficient country has completely solved its balance of payments problems. We have not, and we do not claim to have done so. Rather, the present confidence in the dollar is based upon growing recognition of the fact that this country will continue to move ahead toward balance of payments equilibrium -- that we know how to achieve equilibrium and, even more importantly, that our resolve to do so is firm and unshakable, regardless of the difficulties that may lie in our path.

Much has been achieved already. Our overall balance of payments deficit -- the extent to which our expenditures around the world exceeded our income -- reached $3.9 billion in 1960. This was reduced to $2 1/2 billion in 1961 and the present prospect is that it will be reduced still further this year. During the first eight months of this year, the deficit ran at an annual rate of only a little over $1 1/2 billion.

This progress has been brought about in a variety of ways. First, the net dollar cost of our necessary overseas expenditures

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REMARKS OF THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
BEFORE THE
WHITE HOUSE CONFERENCE OF BUSINESS EDITORS AND PUBLISHERS
STATE DEPARTMENT AUDITORIUM
WEDNESDAY, SEPTEMBER 26, 1962, 5:00 P.M. EDT

Confidence in the stability of the American dollar has been restored. This important fact emerged clearly from last week's meeting here in Washington of the financial leaders of more than 80 nations of the free world. It has also been demonstrated by the recent behavior of the world's foreign exchange markets, which have showed remarkable stability -- in sharp contrast to the uncertainties and fluctuations which have usually occurred at the time of the annual meetings of the International Monetary Fund, the World Bank and their affiliated organizations.

These concrete manifestations of confidence, heartening as they are, should not be exaggerated, however, nor the reasons behind them misunderstood. The new feeling of assurance in world financial circles is not based on any belief that this

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FOR RELEASE ON DELIVERY

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TREASURY DEPARTMENT
Washington

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Much has been achieved already. Our overall balance of payments deficit -- the extent to which our expenditures around the world exceeded our income -- reached $3.9 billion in 1960. This was reduced to $2-1/2 billion in 1961 and the present prospect is that it will be reduced still further this year. During the first eight months of this year, the deficit ran at an annual rate of only a little over $1-1/2 billion.

This progress has been brought about in a variety of ways. First, the net dollar cost of our necessary overseas expenditures for defense will -- through a variety of measures -- be reduced by about one-third by the end of this year -- down to $1-3/4 billion, compared with more than $2-1/2 billion in earlier years. This reduction will come about without impairment, in any way, of our military strength or that of our allies.

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Third, a broad array of financial measures, based on international consultation and cooperation, has been undertaken aimed both at the immediate objective of preventing or minimizing speculative movements of funds from one country to another and at the longer-term objective of assuring a sufficient supply of funds in the free world to finance the world's rapidly expanding trade -- without upsetting strains.

Cooperation with our allies has extended beyond the financial field, however. Progress is being made toward a more equitable sharing among the prosperous, industrialized nations of the world of the burden of their mutual defense and of the development of the underdeveloped world. Our allies understand clearly that it is no longer in their own interest to expect the United States to carry these burdens virtually unassisted. The shift toward a fully equitable distribution of the cost of mutual defense and of foreign aid will, however, take time.

Meanwhile, the government will continue to take all steps possible to assure continuing reduction in our balance of payments deficit. But there is one overwhelming responsibility which rests not primarily on government at all but upon American business and labor. This is the responsibility for continuing price stability and a competitive cost structure. To be sure, governmental policies can help. The reform of the tax treatment of depreciation which we put into effect earlier this year and the proposed 7 percent tax credit on new investment -- now reaching the final stages of Congressional consideration -- were undertaken for the purpose of stimulating business investment in new, cost-cutting productive facilities, which will help keep our products competitively priced in world markets. But the ultimate decisions which will either stabilize or unstabilize our price structure rest, in this country, essentially in private hands. Our recent record of overall price stability should be no grounds for complacency, for it has been achieved during a period of relatively high unemployment and underutilization of productive capacity. Nor should we relax our efforts because some of our major foreign competitors are now experiencing difficulty in holding down prices and in keeping wage increases in line with productivity gains. For our competitors, too, realize the stake they have in the maintenance of a stable price structure and of competitive prices of their export products. They will not, for long, permit any cost-price spiral to go unchecked.

Maintenance of a competitive price structure in this country is not, however, the only responsibility which American business has if we are to reach our goal of balance of payments equilibrium. The mere existence of a competitive price structure will not automatically expand our export sales. An increased selling effort is necessary, as well as initiative on the part of American firms to find potential overseas markets and exploit them. The Administration is doing its part, through such efforts as the establishment of programs of export insurance, improved credit facilities and information for exporters. The Congress has also made an essential contribution by approving, without major amendments, the Trade Expansion Act, which will make it possible to maintain our access to the key markets of the world. Much of the rest is up to American business.

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I have every confidence that the work of this conference will be productive of very worthwhile results. We all desire to end this social evil.

With continued vigorous law enforcement working hand in hand with stepped-up scientific and medical research into the cause and cure of drug addiction, I am sure we can look forward to the eventual elimination of this monstrous traffic in human misery. I wish you a most successful conference.

oOo

forward-looking program could easily be offset by an increase in the volume and profitability of the illicit drug traffic.

And that is the thought I would like to leave with you -- that the Treasury and its Narcotics Bureau are part of any effort to solve the problem of drug addiction, and that effective enforcement is our contribution to that partnership. In turn, we hope that those responsible for determining new methods will not disregard the need for continued effective enforcement. There is no conflict in aims, and there need be no conflict in determining the most effective measures to achieve those aims. We are confident that we can work creatively with those who seek new solutions, and we are happy to make available what we have learned from our experience. We are also able to learn from others, and we are well aware that solving such a complex problem requires close cooperation.

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traffic. We have come far since that time, but we still have a long way to go. You will hear about the new programs and methods in effect in California and in New York, and I am sure you will give them your close attention.

As you examine possibilities and alternatives, I would like you to have Treasury's viewpoint clearly in mind:

Because of the Bureau of Narcotics' responsibilities in the enforcement area, and because we have opposed programs involving legal supplying of addicts, a number of people feel erroneously that the Treasury is not concerned with the human and social problems presented by drug addiction. That is simply not the case. We believe that there is much room for progress, and we also believe in keeping an open mind. Naturally, we are anxious that the importance of effective enforcement not be overlooked. If enforcement were ignored, the beneficial effects of any away from persons with an addiction potentiality.

Narcotics addiction is neither a normal, nor a socially acceptable practice. Whatever its cause, treatment and cure must be sought. There are many difficulties involved. It will be your job to consider and examine them. A constructive solution must and can be found. We must learn much more than we know now about the causes -- social, psychological, and physiological -- of addiction. At the same time, we must apply as effectively as possible the knowledge we already possess.

I am certain that this conference will mark a milestone on the road to eventual solution of the whole program of drug addiction and abuse. It was nearly half a century ago that the Congress adopted the Harrison Narcotic Act -- the first of a number of control measures seeking to suppress the illicit drug

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of allowing continued addiction by maintaining drug dosage, and this has contributed to some public misunderstanding. The Treasury Department and its Bureau of Narcotics do not favor the penitentiary confinement of addicts in preference to treatment and possible cure. We have never had such a policy. In keeping with the viewpoint of the American Medical Association we have consistently urged treatment and cure. But we have, along with the President's Ad Hoc Panel, joined the very respectable body of authorities opposed to the defeatist alternative of making narcotics legally available to addicts.

The Treasury Department and its Bureau of Narcotics have always pursued a policy of vigorous law enforcement. We have strongly advocated severe penalties for the illicit trafficker whose illegal activities undermine our efforts to keep narcotic drugs

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Treasury, and its Bureau of Narcotics, welcomes a conference such as this. You are here to examine all aspects of the problem of illicit narcotics, as well as the problem of drug abuse. You are undoubtedly already aware of the widespread public misconceptions concerning this problem. You will concern yourselves with what has been learned, and what needs to be learned, about root causes of narcotics addiction, and what can be done to provide treatment, rehabilitation, and cure.

The best cure is always prevention, and while we cannot hope to solve the problem solely by prevention, enforcement plays an important role in reducing the traffic. In that way, enforcement makes a contribution which is absolutely necessary to eventual solution of the problem.

The Treasury would be the last to suggest that enforcement is the whole solution. The Treasury has opposed the alternative

of allowing

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FOR RELEASE ON DELIVERY:

REMARKS OF THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
AT THE WHITE HOUSE CONFERENCE ON NARCOTIC AND DRUG ABUSE
STATE DEPARTMENT AUDITORIUM, WASHINGTON, D.C.
THURSDAY, SEPTEMBER 27, 1962, 10:15 A.M., EDT

I want to express the appreciation of the Treasury Department for your attendance at this conference. For many years the Treasury's Bureau of Narcotics has fought both the national and international traffic in illicit drugs. It has fought hard and well, and the drug traffic today is far less than it would be without the important work of narcotic agents, who not infrequently face serious danger and even risk their lives in line of duty. The need to reduce this traffic still further remains urgent, and the Bureau's enforcement activities will be just as important in the future as in the past.

Despite the great strides made in control of the narcotics traffic, the problem remains a serious one. That is why the

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TREASURY DEPARTMENT
Washington

FOR RELEASE ON DELIVERY

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And that is the thought I would like to leave with you -- that the Treasury and its Narcotics Bureau are part of any effort to solve the problem of drug addiction, and that effective enforcement is our contribution to that partnership. In turn, we hope that those responsible for determining new methods will not disregard the need for continued effective enforcement. There is no conflict in aims, and there need be no conflict in determining the most effective measures to achieve those aims. We are confident that we can work creatively with those who seek new solutions, and we are happy to make available what we have learned from our experience. We are also able to learn from others, and we are well aware that solving such a complex problem requires close cooperation.

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FOR IMMEDIATE RELEASE

TREASURY DECISION ON LIGNIN VANILLIN
UNDER THE ANTIDUMPING ACT

The Treasury Department has determined that lignin vanillin from Canada 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 Canada without regard to any question of dumping.

The dollar value of imports of the involved merchandise received during 1961 was approximately $770,000.

2cc: Mr. Hendrick
cc: Mr. Settel

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TREASURY DEPARTMENT

WASHINGTON, D.C.

September 27, 1962

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TREASURY DEPARTMENT
Washington

STATEMENT OF STANLEY S. SURREY
ASSISTANT SECRETARY OF THE TREASURY
BEFORE THE
SENATE FINANCE COMMITTEE
ON H. R. 6371
FRIDAY, SEPTEMBER 28, 1962, 9:00 A.M.

The Treasury welcomes this opportunity to present its views on H. R. 6371. This bill grants tax reduction to people retired on otherwise taxable income by increasing the retirement income credit. The Treasury is very much aware of the financial problems encountered by older people retired on limited incomes. We also recognize that the problem of equalizing the tax treatment of individuals retired on exempt social security benefits and individuals retired on other forms of retirement income is an important one. However, the liberalization in the tax credit for retirement income proposed by H. R. 6371 does not constitute an adequate solution to this problem. The bill will give little or no benefits to low income retired people. Instead the benefits would be concentrated heavily among those with highest retirement incomes. Moreover, the bill, as a practical matter, would not achieve equality of treatment among retired persons.

Legislative Background

Retirement benefits received under the social security program and the railroad retirement program are excluded from adjusted gross income under present law. The ruling which established this procedure with respect to social security benefits was issued in 1941 when benefits were smaller and personal exemptions for taxpayer and spouse considerably higher than they are today.

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In 1954 the Congress adopted the retirement income credit. The provisions of this credit were made to parallel in many important respects provisions applicable to benefits paid under the social security program. The Internal Revenue Code grants the retired individual a credit against his tax liability equal to the tax computed at the first bracket rate of 20 percent on the amount of his retirement income up to $1,200. In 1954 $1,200 was roughly equivalent to the maximum primary social security benefit. For persons aged 65 or over, retirement income is defined to include rent, interest, dividends, pensions and annuities. Government employees and military personnel, regardless of age, may apply the credit to income from public retirement systems.

In computing the credit, the amount of retirement income up to $1,200 received by an individual must be reduced by the amount of his social security or railroad retirement benefits. Congress also provided substantially the same retirement test for the credit as was then employed for social security purposes. 1/

1/ Under the original legislation, an individual was permitted to earn $900 a year as an employee or in self-employment without affecting his eligibility for the credit. However, the amount of income on which the credit is based was reduced by $1 for every $1 of earnings in excess of $900. An individual was not eligible for any credit, therefore, if his wages equaled or exceeded $2,100. The earnings test for retirement was waived in the original legislation for those who had reached 75 years of age.

Provisions of H. R. 6371

H. R. 6371 would amend the provisions of the retirement income credit to reflect changes made in recent years by amendments to the Social Security Act. The most important change would increase the maximum amount of income eligible for the credit from $1,200 to $1,524. The new figure is the annual equivalent of the maximum primary social security benefit ($127 a month) established in the 1958 amendments to the Social Security Act.

The bill would also change the present earnings test for retirement. Under present law, for people between 65 and 72, the base for the credit is reduced dollar for dollar for earnings in excess of $1,200. Under the bill, such retired persons would only lose $1 of their credit base for every $2 of earnings between $1,200 and $1,700. Earnings in excess of $1,700 would continue to reduce the income eligible for the credit on a dollar for dollar basis.

The test described above would apply to retired government employees 65 and over on the same basis as other retired individuals of this age. In addition, however, this test would apply to government employees between the ages of 62 and 65 who are retired on a pension received from a public retirement system. The present test for retired government employees under 65 years of age reduces the amount of retirement income eligible for the credit on a dollar for dollar basis for earned income in excess of $900.

Shortcomings of the Bill

The maximum primary social security benefit is not an adequate guideline

In its report accompanying H. R. 6371, the Committee on Ways and Means stated, "The retirement income credit under present law is designed to give those who have retirement income, but do not receive tax-exempt social security or similar types of tax-exempt benefit payments, a tax exemption of approximately the same size as that received by social security beneficiaries." In this regard, we do not feel that the maximum primary social security benefit is a proper benchmark for the retirement income credit. The maximum benefit is by no means representative of the general level of social security benefits. Virtually no one currently receives the maximum benefit. At present it is estimated that only about 25 retired individuals receive the maximum benefit of $1,524. At the end of 1960 the average annual social security benefit was only $959 for a retired man and $715 for a retired woman. These average benefits are far below the $1,524 base for the credit established by H. R. 6371. 1/ In fact the $1,524 base for the credit, which would be available under the bill to a single person, even exceeds the average social security benefits received by a retired worker and his wife. The latter benefits, which amount

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1/ Not only is the average level of social security benefits far below $1,524, but, under present law, it will remain so, for many years. To receive the maximum monthly benefit of $127 a retired worker must have received $4,800 in every year used to compute his average monthly earnings. Prior to 1958, however, the base for social security wage deductions was less than $4,800 a year. Thus only in exceptional cases can anyone receive the maximum primary benefit at the present time.

to 1-1/2 times the primary social security benefit, averaged $1,487 at the end of 1960. The bill would raise the base for the retirement income credit to $3,048 where both husband and wife are entitled to the tax credit. While this is the legal maximum for social security benefits for a husband and wife both entitled to the maximum primary benefit, we are aware of no couples actually receiving this amount.

The bill would benefit primarily persons with substantial retirement incomes

In evaluating H. R. 6371 it must be remembered that present tax law contains a number of provisions designed to meet the special needs of people living on retirement incomes. A person who has reached the age of 65 may claim an additional $600 exemption on his tax return. If the taxpayer's spouse is also 65, he may claim an additional exemption for her as well. Persons 65 and over receive a more liberal medical expense deduction than other taxpayers. Social security and railroad retirement benefits paid to retired persons are tax exempt.

As a result of these provisions, taxpayers 65 and over may now receive considerable amounts of income free of tax. Because of the additional exemption, the retirement income credit and the standard deduction, it is possible under present law for a single person 65 or over to receive $2,667 without paying tax. A person under 65 with the same income would have to pay a tax of $360. If H. R. 6371 were enacted, a single person 65 years of age would have no tax to pay on a retirement income of $3,027 ($3,500 if the income comes from dividends) while a younger person would have a tax bill of $425. These differentials are just as marked for married couples. A married couple both age 65 and both eligible for the retirement income credit can receive an income of $5,333 at present without paying tax. A younger married couple with the same income must pay a tax of $720. Under H. R. 6371, a retired couple would be able to receive $6,053 free of tax while a younger couple would have to pay tax of $855 on the same income. These examples indicate that existing provisions for retired taxpayers relieve most of those with low incomes of tax.

Liberalization of the retirement income credit as provided in H. R. 6371 would be of primary benefit to retired persons with relatively substantial incomes. A man and his wife both eligible for the retirement income credit could reduce their tax bill by $129 under this bill. If their income were entirely from dividends, this would raise to $7,000 the amount such a couple could receive free of tax. This implies that the individual's holdings of stock amounted to about $150,000. Few persons 65 or over have incomes and assets of these magnitudes. The median income in 1960 for families in which the head of the household had reached 65 was $2,897.

According to the 1960 Census of Population, there are 16.6 million persons in the 65 or over age group. Less than one-half of these persons, 7.7 million, filed 1960 income tax returns. Less than one-quarter, 3.9 million, filed taxable returns. Most persons in this age group -- 12.7 million out of 16.6 million -- are thus nontaxable under present law and would not benefit from further liberalizations. Furthermore, only a small part of those who now file taxable returns would be in position to take advantage of the provisions in H. R. 6371. In 1960 an estimated 452,000 persons 65 or over claimed a retirement income credit. This figure represents only 2.6 percent of those in the population who are 65 or more years of age.

Moreover, the bill would provide tax benefits to individuals who receive social security benefits in addition to their other retirement income. At present social security benefits must be subtracted from the $1,200 limit from which the credit is computed. If the limit were raised to $1,524, these persons would have a larger retirement income credit. This appears to be inconsistent with the basic purpose of the credit, which is to eliminate tax discrimination in favor of persons with social security or other nontaxable pension and annuity income.

Conclusion

The income and tax status of retired persons and aged persons generally has been affected in recent years by significant changes in social security, other public retirement programs, and private pension and retirement plans. In the case of social security alone there have been four major changes since 1954. The rapidity with which these changes have occurred suggests the desirability of a re-examination of the practice of linking provisions of the Internal Revenue Code to provisions of the Social Security Act.

H. R. 6371 would involve an estimated revenue loss of $40 million a year. The chief issue that the bill raises is why this tax reduction should be provided now to a relatively small group of retired people who already receive favorable tax treatment. Individuals generally are not receiving tax reductions at this time. The bill is advanced on the ground that the maximum amount of social security benefits has been increased. Actually, however, only about 25 individuals of the millions of social security beneficiaries receive the maximum social security benefits. Moreover, and this is a most significant fact, the change in social security benefits has not in any way altered the economic position of people eligible for the credit.

As you know, the Treasury, at the direction of the President, is preparing a comprehensive tax reform program for presentation to the next session of the Congress. Major aspects of this program will be a reduction of income tax rates and the development of a more equitable tax base. The Department recommends that legislation dealing with the retirement income credit be deferred until it can be considered in the perspective of the tax reform program. The Treasury Department is therefore opposed to the enactment of H. R. 6371.

Representatives of Treasury's Bureau of Customs, Bureau of Narcotics, Secret Service and Internal Revenue Service served as Delegates to Madrid. U. S. observers included representatives from the F.B.I., Department of Defense, and the Agency for International Development. The next General Assembly of Interpol -- the 32nd -- will be held in Helsenki, Finland, in September 1963.

Mr. Sagalyn, 44, has been active in criminal police work since 1939 and has held responsible positions in Federal and municipal police agencies. He has served as Chairman of the U. S. Delegation to the 1961 and 1962 General Assemblies of Interpol. ~~He is 44 years of age, married with four children and resides in Washington, D. C.~~

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Serving as delegates on the Executive Commitee are [redacted] Patrick Wiechmann, Chief of the Foreign Police Department, Chile; [redacted] Heide-Joergensen, Director General of Police of Denmark; [redacted] F. Franssen, Commissioner General, Judiciary Police, Belgium; [redacted] Bejra Napombejra, Chief of the Interpol Section, Foreign Affairs Division, Thailand; [redacted] Mohamed Zentuti, Director General of the Federal Police, Libya; and [redacted]. Hans Furst, Chief Prosecutor, Switzerland.

[redacted]As Director of Law Enforcement Coordination for the Treasury Department, he [redacted] oversees all criminal investigations involving narcotics, counterfeiting, smuggling, tax fraud, Federal regulations of firearms and the enforcement of port and shipping regulations. His responsibility includes the coordination of the criminal enforcement activities of U. S. Bureau of Narcotics, Bureau of Customs, Secret Service, Internal Revenue Service and the U.S. Coast Guard.

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amended its previous Act to authorize the Attorney General to designate the Treasury Department to serve as the United States representative.

Interpol is directed by an Executive Committee composed of a president, two vice presidents and six delegates, all of whom must come from different countries and must represent different geographical areas of the world. President of Interpol and representing Europe is Mr. R. L. Jackson, Assistant Commissioner of New Scotland Yard in charge of criminal investigations, whose term of office expires in 1964. Vice President for a one-year term and representing the Eastern Hemisphere is Arturo Xavier, who is Deputy Director of the National Bureau of Investigation, Republic of the Philippines.

Mr. Sagalyn was elected at this week's General Assembly in Madrid to a three-year term as Senior Vice President and representative of the Western Hemisphere.

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of and provided by the police of the countries concerned. Each country works through a national law enforcement agency designated as the National Central Bureau by the Government of each member country.

In the United States the Treasury serves as the Interpol representative and its Office of Law Enforcement Coordination acts as the National Central Bureau. This office receivs e and coordinates all requests for information which eminate to or from the United States from the Secretariat or the National Central Bureaus of the various 83 member countries.

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Because of [redacted] responsibilities [redacted] involve international criminal activities [redacted] as narcotics trafficking, counterfeiting, and smuggling, the Treasury Department had maintained a close interest in Interpol for many years. IN INTERPOL U. S. membership was authorized by Congress in 1938 [redacted] this function was first handled by the Federal Bureau of Investigation in the Department of Justice. In 1950, however, the U. S. withdrew from Interpol and maintained an unofficial status in the Organization until 1958 when Congress police matters. Through its Secretar~~y~~ IAT in Paris Interpol provides intelligence, records and communication services on criminal police matters for its 83 member countries. Except for Cuba, which has been a member for many years, but which has not actively participated in Interpol since Castro's assumption of power, no communist bloc countries are members of the organization.

Organized in 1923 by a small group of European countries who saw the need and advantages of TO promoti~~ng~~ E mutual assistance and cooperation between their criminal police authorities, Interpol first had its headquarters in Vienna. At the outbreak of World War II, its records were seized by the Germans and taken to Berlin, the organization became largely defunct. In 1946, Interpol was reactivated and its headquarters transferred to Paris where it ~~remains~~ IS today.

A centralized criminal records and information service is provided by the Secretariat which also maintains a control station for a world-wide radio communications network. All criminal investigation and enforcement functions are the responsibility

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FOR RELEASE SUNDAY NEWSPAPERS
SEPTEMBER 30, 1962

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SAYS TREASURY'S INTERPOL CHIEF

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TREASURY DEPARTMENT

WASHINGTON, D.C.

September 28, 1962

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