U.S. Treasury Dept.

Press Releases

United States Savings Bonds Issued and Redeemed Through September 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	$ 15	.30 %
Series F & G-1941 - 1949	26,082	25,903	179	.69
UNMATURED				
Series E: 3/				
1941	1,816	1,513	303	16.69
1942	8,025	6,682	1,343	16.74
1943	12,917	10,775	2,142	16.58
1944	15,038	12,449	2,589	17.22
1945	11,768	9,528	2,240	19.03
1946	5,282	4,044	1,238	23.44
1947	4,970	3,615	1,354	27.24
1948	5,117	3,608	1,510	29.51
1949	5,030	3,452	1,578	31.37
1950	4,380	2,910	1,470	33.56
1951	3,793	2,489	1,304	34.38
1952	3,969	2,480	1,489	37.52
1953	4,485	2,652	1,833	40.87
1954	4,531	2,620	1,911	42.18
1955	4,697	2,671	2,026	43.13
1956	4,515	2,568	1,947	43.12
1957	4,233	2,297	1,936	45.74
1958	4,085	2,058	2,027	49.62
1959	3,814	1,838	1,976	51.81
1960	3,788	1,635	2,153	56.84
1961	3,793	1,309	2,485	65.52
1962	1,989	345	1,644	82.65
Unclassified	430	555	-125	-
Total Series E	122,467	84,094	38,373	31.33
Series H-1952 - 1962 3/	8,546	1,736	6,811	79.70
Total Series E and H	131,014	85,830	45,184	34.49
Series F and G:				
1950	2,429	2,081	4/ 348	14.33
1951	793	422	371	46.78
1952	212	105	106	50.00
Unclassified	-	65	-65	-
Total Series F and G	3,433	2,672	761	22.17
Series J and K-1952 - 1957	3,685	1,913	1,773	48.11
Total Series F, G, J and K	7,119	4,585	2,534	35.59
All Series — Total matured	31,085	30,891	194	.62
All Series — Total unmatured	138,132	90,415	47,717	34.54
All Series — Grand Total	169,218	121,306	47,912	28.31

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

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, October 2, 1962.

October 1, 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 July 5, 1962, and the other series to be dated October 4, 1962, which were offered on September 26, were opened at the Federal Reserve Banks on October 1. 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 January 3, 1963		:	182-day Treasury bills maturing April 4, 1963	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.310	2.730%	:	98.537	2.894%
Low	99.300	2.769%	:	98.530	2.908%
Average	99.304	2.752% 1/	:	98.533	2.902% 1/

75 percent of the amount of 91-day bills bid for at the low price was accepted
36 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	$ 23,946,000	$ 13,821,000	:	$ 3,936,000	$ 2,872,000
New York	1,516,857,000	935,357,000	:	1,211,264,000	577,360,000
Philadelphia	26,425,000	11,425,000	:	12,822,000	5,672,000
Cleveland	29,714,000	29,714,000	:	24,279,000	10,636,000
Richmond	12,878,000	12,878,000	:	2,265,000	2,087,000
Atlanta	20,343,000	19,093,000	:	6,612,000	5,012,000
Chicago	191,527,000	121,777,000	:	129,255,000	44,325,000
St. Louis	27,111,000	23,111,000	:	9,496,000	7,910,000
Minneapolis	22,848,000	19,348,000	:	7,179,000	4,277,000
Kansas City	29,176,000	28,876,000	:	17,118,000	8,314,000
Dallas	23,947,000	17,672,000	:	11,779,000	7,814,000
San Francisco	85,824,000	67,324,000	:	69,061,000	24,583,000
TOTALS	$2,010,596,000	$1,300,396,000 a/	:	$1,505,066,000	$700,862,000 b/

a/ Includes $210,730,000 noncompetitive tenders accepted at the average price of 99.304
b/ Includes $57,501,000 noncompetitive tenders accepted at the average price of 98.533
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 2.99%, 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,
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and rates abroad which would have encouraged substantial outflows of short-term capital. At the same time, the availability of funds and long-term interest rates have remained at levels consistent with the promotion of a large domestic flow of investment capital.

While the rate of increase in corporate investment has not been up to our hopes and expectations this year, it does not appear that the flow of corporate investment is being constrained by the level of money rates or the availability of long-term funds. So far as Government is concerned, it is probably in the area of tax policy that we must look for further means to stimulate corporate investment.

In pursuing the various economic policy objectives, the Treasury has not sacrificed its longer-term interest in a balanced maturity structure. The maturity structure of the debt is, in fact, despite a rise of $10 billion in the outstanding debt, in better balance than it was twenty months ago -- a result largely attributable to carrying forward the creative innovations in debt management introduced by the preceding Treasury administration.

Looking to the future, the only generalization that can be made with absolute certainty is that debt management policy, like monetary policy, must adapt to changing circumstances. It must continually evolve in response to changes in the liquidity needs and the investment requirements of our domestic economy, changes in our balance of payments position, and modifications in the over-all policy mix through which the Governmental part of the solutions to our economic problems may be sought.

From time to time, new debt management procedures may be needed to meet both our economic policy objectives and our "housekeeping" objectives. In recent months, we have tentatively introduced borrowing arrangements with governmental bodies abroad. We have already announced our intention to test another new procedure in the capital market here -- the sale of long-term bonds on the basis of competitive bidding. And as our experience grows, as conditions alter, and experts such as those gathered here supply us with further suggestions, there will be further changes in the techniques and the policies that guide debt management and its relationship to the money and capital markets in the United States.

reflected in an increase of six months in the average maturity of the debt, from four years and six months in January, 1961, to five years at the present time, the highest level in four years.

The developments in ownership of the Government debt have been equally interesting. While the total debt has gone up by $10 billion, and the marketable part by $9 billion, commercial bank holdings have risen by only $1-1/2 billion. The Federal Reserve has, to be sure, added about $3-1/2 billion to its holdings of Government securities. This means that $5 billion, or one-half of the total increase in the debt, has been financed outside the banking system.

The subject of financing deficits through the banking system has been much discussed in recent weeks. That is as it should be. But some of the public discussion has seemed to me to proceed in oversimplified terms. The issue is not simply whether the Treasury sells securities to the banking system or not, but whether the amount of securities that remains in the banking system becomes so excessively large that the credit base is expanded well beyond the needs of the economy and an inflationary potential is, thereby, created. This, I can assure you, is a situation which both the Treasury and the Federal Reserve are able and determined to prevent. The relatively sparing use which we have made of the commercial banking system in financing the deficit of the past twenty months testifies, I would suggest, both to our intent and our ability to finance any future deficits in a manner which does not generate an inflationary potential.

It is important to remember, too, that the distinction between financing a deficit through the banking system and financing it through savings is not a sufficiently clear-cut basis for evaluation. For, in addition to their demand deposit function, the commercial banks are one of the most important financial intermediaries engaged in attracting and investing the savings of the public. Since January, 1961, time and savings deposits at commercial banks have grown by about $21 billion. The $1.5 billion increase in commercial bank holdings of Government securities represents only about 7% of this increase in time and savings deposits.

And so far as Federal Reserve acquisitions of Government securities are concerned, these have all been an incidental by-product of providing an adequate, but non-inflationary, reserve base for the commercial banking system. I would indeed suggest that there is no evidence -- in terms of the expanding money supply, the over-all growth of bank credit, or in the broader context of price behavior in the economy -- that Federal Reserve credit has grown too much.

V.

To sum up the record of the past twenty months, though there is obviously much more we would like to have done, we believe that we have had some success in working toward both our economic policy and "housekeeping" objectives. Throughout the period, we have managed to avoid the sort of persistent, sizable gaps between short-term interest rates in the United States

For a period that has consisted mainly of sustained economic expansion, the interest rate behavior of the past twenty months has been most unusual. Since January, 1961, short-term interest rates have been moving within an upward-rising range, while long-term rates have remained stable or moved lower. The yield on 3-month Treasury bills, for example, has gone up from 2-¼% to the recent range of 2-3/4% to 3%. Yet corporate bond yields are now at about the same level as in January, 1961, when we were close to the bottom of the recession, and rates on municipal bonds and mortgages are actually lower than they were then. Just how much of this unusual behavior of interest rates should be attributed to the influence of monetary and debt management policies and how much would have occurred in any event, I would not venture to say. However, one thing is clear: this is precisely the sort of interest rate behavior that should have been expected to occur if the economic policy aspects of the monetary and debt management programs of the past twenty months were to be fulfilled.

The favorable climate in the capital markets during the past twenty months has been reflected, as you know, in a record combined flow of long-term capital into corporate securities, State and local government bonds, and mortgages. The corporate sector alone has not set new records, so far as market borrowing is concerned, but both of the others have expanded remarkably. New record highs have been reached in the first half of 1962, with $5 billion flowing into State and local government bonds and more than $10 billion flowing into mortgages.

Meanwhile, the total outstanding public debt has grown by $10 billion over the full course of the twenty months from the end of January, 1961, through September, 1962. Of this, $9 billion has been in marketable issues and $1 billion in non-marketables, such as Savings Bonds. What has happened in the maturity composition of these marketable issues? The total outstanding in the under-one-year category has risen by almost $9 billion, the debt in the one-to-five year maturity area has declined by almost $13 billion, and the debt maturing beyond five years has risen by almost $13 billion. But note that, while the rise in very short debt has been about equal to the rise in total debt, the increase in the over-five-year debt has been 40% greater than the $9 billion total increase in the marketable debt during this period.

The decline of roughly $13 billion in the one-to-five year debt is very significant from the standpoint of the maturity structure of the debt. The under-one-year debt can increase in two ways: it can be increased by deliberate action, as we have done in order to maintain upward pressures on the bill rate, or it can increase automatically as, with the passage of time, more debt falls within the one-year area. The substantial reduction in the quantity of debt maturing in one-to-five years means that the short-term debt is under better control, since the potential for automatic increases in the very short debt has been substantially reduced.

We are convinced that the shifting of $13 billion of debt from the one-to-five year area out beyond five years has produced a significant improvement in the over-all maturity structure of the debt. Statistically, this has been

sacrificing our balance of payments objectives. Moreover, from the standpoint of the liquidity position of the domestic economy, there was a positive need for an expansion in the quantity of liquid assets to support a further increase in economic activity. In statistical terms, the economy had apparently grown up to the excess liquidity created during World War II, and the relationship between the money supply and the gross national product had returned to the level which had generally prevailed during the first thirty years of this century. In practical terms, a number of financial and business firms were actively seeking more short-term investments.

And at the same time, by concentrating its own cash borrowings in the short-term area, the Treasury in effect was reserving the flow of new long-term savings for the use of private investment in housing, industrial and commercial plant and equipment, and for State and local public facilities.

Of course, no matter what we think we are trying to do, for "housekeeping" purposes or in the interest of broad economic policy, we also have the bedrock problem of designing issues that will sell, will hold their place in the market, and will make participation in the distribution of Government securities a reasonably rewarding as well as a patriotic undertaking. The fine art of tailoring our issues to the prevailing market has no formulas. Each actual offering is always a combined product of the advice we receive in many ways from the market itself (notably our splendid advisory committees), the technical expertise of our career staffs, the lessons of recent experience, and a pinch or two of hunch and intuition.

IV.

In appraising the results of our efforts during the past twenty months, I should start with a word on Savings Bonds. They account now for almost one-sixth of the entire outstanding debt. They provide, without exposure to market risk, a convenient opportunity for every individual to have some part in the debt financing of Government. And they pay rates of interest that are, year in and year out, better than any alternative savings instrument that has other investment attributes of even rough comparability. Since the continued success of this program is a vital part of the whole debt management effort, and since it depends so heavily on the support of a volunteer program, it is gratifying that Savings Bonds have kept their place in our debt structure during these recent months when the competitive pressure from higher rates on bank deposits and savings and loan shares, in particular, has been of unusual intensity.

In turning to the marketable debt, perhaps I can best sketch the outlines of most of the significant developments if I focus on three visible indicators: the behavior of interest rates, the change in the maturity structure of the Federal debt, and the change in the ownership of the debt.

In developing a policy framework which would embrace all of these problems, we placed the central focus of our policies on encouraging and raising the level of private investment. Increased private investment would help pull us out of the recession. At the same time, more investment could be the key to quickening our growth rate and reducing the continuing high rate of unemployment. And, in a longer-range sense, through increasing the productivity of American industry, more investment would also make the most fundamental and long-lasting contribution toward strengthening our national competitive position in the world and thereby righting our balance of payments.

All of our policies, then -- fiscal policy, tax policy, and debt management, as well as monetary policy in its coordinate role -- were oriented toward this common goal. The joint evolution of monetary policy and debt management, which had been under way since the Summer of 1960, had two major aspects: to help create conditions in the capital markets which would promote a large flow of long-term capital into productive investment while, at the same time, averting any changes in the short-term interest rate structure which would set off significant outflows of short-term capital seeking interest rate advantages abroad. To achieve both of these objectives simultaneously required new operating techniques and new kinds of emphasis in the decision-making processes of both the Federal Reserve and the Treasury.

In monetary policy, this new policy orientation was reflected in the decision by the Federal Open Market Committee to conduct open market operations wherever necessary over the full maturity range of Government securities. In debt management, the new emphasis was initially reflected in the development of the following key elements of policy:

> that the Treasury would conduct the great bulk of its cash borrowing operations in short-term securities, thereby exerting a maximum of pressure to sustain an appropriate international relationship for interest rates on Treasury bills and the constellation of surrounding money market instruments;
>
> that, in ordinary refunding operations, the Treasury would largely concentrate on short-term and intermediate-term securities in a maturity range out to around ten years;
>
> and that, to offset the deterioration in the maturity structure of the debt which would otherwise have occurred, the Treasury would seek, through the technique of advance refunding, to extend further out into the long-term area substantial quantities of long-term debt already in the hands of the public, but which the passage of time was moving steadily closer to the intermediate and short maturity range.

In concentrating its cash financing largely in the short-term area, the Treasury had, of course, several objectives. By placing upward pressure on short-term yields from the supply side of the market, debt management helped enable the Federal Reserve to expand the monetary base without

A third important area of economic policy concerns the impact of debt management and monetary policy on our balance of payments position. Over the past two years and more, this has meant that both debt operations and monetary actions have had to be directed, in part, toward keeping our short-term rate structure in reasonable competitive equilibrium with rates abroad. The purpose has not been to put a floor under rates at any particular level. Our concern is not with absolute rate levels, but with relative levels. The aim is to keep our short-term rates, if possible, in line with foreign short-term rates, after adjusting for the cost of covering the forward exchange risk. The result thus far, as many of you know, is that very little money has flowed out of this country for interest arbitrage over most of the past two years.

In addition, we have begun to use debt management itself as an active instrument of balance of payments control. In recent months, we have borrowed from official agencies at short term in two foreign currencies -- the Swiss franc and Italian lira. We have converted the proceeds into dollars at an over-all cost that compared favorably with the costs of borrowing here. The incidental result has also been a net absorption of excess dollars abroad that might otherwise have ultimately been used to purchase gold here. Though what we have done is still tentative and exploratory, we are increasingly impressed with this new dimension of debt management -- an approach originally foreseen by Russell Leffingwell, then Assistant Secretary of the Treasury, when he asked Congress for the necessary legislative authority before the close of World War I. To be sure, however, this is not an approach that would be relevant to a very sizable part of our total debt management program.

Every time a judgment is taken in debt management, however, some aspects of all three of these areas of economic policy, as well as our various "housekeeping" goals, must be weighed in the light of all known conditions, at that particular moment in time. Quite obviously, no single answer can produce the optimum result every time for each of these diverse objectives. The objectives themselves may even occasionally be in conflict. The best we can hope for, probably, is reasonably well-balanced progress toward meeting all of these objectives, over a period of time.

III.

Having thus briefly paraded the problems of debt management, I trust it is now safe for me to review what we have been trying to do in debt management during the past twenty months. Perhaps the best starting point is to examine the economic environment within which policies were initially formulated.

In January, 1961, we faced a conjuncture of a number of serious problems: a recession which had been under way for the past half year; an inadequate rate of growth which had been slackening for a number of years; and, as if these two problems were not enough, we were faced with a critical balance of payments problem, with world confidence in the dollar deteriorating.

We now have a debt of more than $300 billion, almost $90 billion of which will mature and have to be refunded during the year ahead. Apart from that, in recent years, the ordinary seasonal swings in the Treasury's cash borrowing requirements have been running around $10 billion.

Thus, with about $100 billion of indicated borrowing requirements, whether or not there are further budget deficits, the very magnitude and frequency of Treasury borrowing operations is necessarily such that Treasury operations can scarcely avoid having some impact on all of the other markets for fixed income securities -- the corporate bond market and the market for State and local Government securities, as well as the mortgage market. The challenge to debt management planning is, therefore, so to channel the influence of Treasury debt operations upon these various other markets and activities that it will, wherever possible, help to further the objectives of Government economic policy -- domestically and with respect to the balance of payments.

Much has been said in other countries about a presumed necessity for combining monetary control and debt management into a single policy instrument. And, in some countries, both are administered by a single agency. But in accordance with the principle of checks and balances, and the diffusion of power, which characterizes our political institutions generally, these functions have most appropriately been divided in the United States between the Federal Reserve and the Treasury. Two separate centers of responsibility appraise the needs of two interrelated spheres of action. And the results for each, given a full flow of intercommunications and a genuine desire for harmonious cooperation, are greater than any conceivable result of an enforced consolidation. Certainly there is no country in the world today in which the independence of these two functions is more clearly respected; yet I doubt if there is any in which the integration between monetary policy and debt management is more effective.

There are three areas of economic policy in which monetary policy and debt management come together. First, there is that of maintaining an appropriate level of liquidity -- not only for the routine needs of the domestic economy, but also to sustain a strong rate of economic growth -- without creating a potential inflationary hazard. The Treasury's decisions on the volume of short-term Government securities to be issued play a part in determining the volume of "near-money" liquidity in the economy. The influence exerted is necessarily similar to, although, of course, much less potent than that of the Federal Reserve in regulating the volume of bank reserves and thereby the quantity of money itself.

A second general policy area that is common to debt management and monetary management is that of helping to create conditions in the credit and capital markets which will be conducive to the most appropriate flow of funds into long-term private investment. I need not tell this group that not only the amount, but also the manner and the timing, of Treasury borrowing efforts in the longer-term market can have important effects on the flow of private investment funds. And as to the influence of Federal Reserve action -- even the significance of expectations as to what that action might be -- surely no elaboration is necessary.

in any part of the maturity range that is appropriate for its policy objectives, the quantity of outstanding securities in the various maturity areas must be adequate to provide an active and broadly-based market in which such transactions can actually be conducted.

It is particularly important, so far as the implementation of monetary policy is concerned, that the maturity composition of the Federal debt include a significant volume of long-term debt. For at times when monetary controls should be reaching through to the longer maturity areas -- influencing the supply of funds that may or may not be released to flow into mortgages, for example -- significant changes may be brought about in market expectations by relatively small changes in the daily flows of funds into or out of Government securities, and the related small changes in interest rates. If there were not an adequate supply of tradable Government securities, the effects of any needed monetary policy would have to be expected to work their way out toward the longer area by means of tentative and possibly erratic efforts at private arbitrage. The alternative for monetary policy, if there were no tradable volume of longer-term Government securities, would be a great lengthening of the time needed for monetary controls to take hold and a great intensification of the severity of the other actions that would actually have to be taken by the Federal Reserve to accomplish a given result. It can indeed be argued that a tradable quantity of outstanding Government debt in all maturity sectors is a precondition for any broadly effective monetary policy in the United States today. And that case is strong whether or not the Federal Reserve itself chooses to operate directly in all maturity sectors.

For very short periods, the objective of maintaining a balanced maturity structure for the debt may be subordinated to shorter-run economic policy considerations. But this is very much like deferred maintenance on a railroad or an industrial plant. If the practice is continued long enough, the basic structure may deteriorate to such an extent that it may be very difficult to restore a sound basic structure again. It is often said that there is never a time when the Treasury can freely place securities in the longer-term area of the capital market -- when business is slack, no diversion from private investment can be risked, and when business is booming, interest costs are too high. The debt manager must, nonetheless, place long-term debt into the market without being hung from either of the horns of this dilemma, and, if possible, while furthering all of the other housekeeping objectives we have just reviewed, and while also fulfilling the economic policy aims which I will now briefly describe.

II.

Debt management cannot escape involvement in economic policy. The present size of the debt alone virtually compels a continuous interrelationship between what is done to refund the steady stream of maturities and what the Federal Reserve is doing to influence the supply of money and credit.

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of liquid instruments will also grow. But this does not mean that all of the debt can be in short form. For the stock of liquid instruments can exceed the needs of the economy at going prices and practicable rates of output. And, to the extent that such an excess occurs, a threatening inflationary potential will have been created in the economy -- even an economy that is not, throughout its many sectors, fully employed.

Furthermore, it does not follow that, if the Treasury were to concentrate its financing solely in the short-term area, the interest cost on the Federal debt would be reduced. The level of interest rates for any given maturity area reflects not only the state of expectations, but also the quantity of securities supplied to the market in that maturity area. If the Treasury were to add to the supply of short-term securities well beyond the needs of the economy for this kind of instrument, short-term rates on Treasury securities would inevitably rise relative to long-term rates.

This sort of situation is illustrated by the actual experience of 1959 and early 1960, when the Treasury was forced to concentrate an excessive amount of its financing in the one-to-five year maturity area. As a result, a "humped" yield curve was produced, with yields in the one-to-five year area being substantially higher than yields on the longest-term Government securities. And partly as a result, total budgetary interest costs for the fiscal year ending June, 1960, were larger than those for either of the two following fiscal years, even though the total outstanding debt was actually increasing over those later years and, at the same time, a considerable lengthening of the average maturity of the debt was being accomplished.

Another major hazard of an excessive concentration of short-term Government securities is that it may severely inhibit the execution of monetary policy. It can do so in several ways. To the extent that more of the Federal debt is concentrated in short maturities, other than Treasury bills, there will inevitably be a need for more frequent, large refunding operations by the Treasury.

The reason that the turnover of our short debt is now accomplished with relatively little disturbance to the money market, and without serious impact on the flexibility of the Federal Reserve, is that the volume of short-term securities is still well within the absorptive capacity of the economy. However, if the Treasury, because of an excessive concentration of short debt, was forced to engage in very frequent and very large refunding operations of the sort which might be disruptive to the money markets, the Federal Reserve would find itself with only very short intervals of time within which it could freely and independently work out gradations of change, or shifts, in monetary policy without risking an undue disruption not only of the markets but also of the Treasury financing operations themselves.

Since February, 1961, the Federal Reserve has extended open market operations throughout the entire maturity range of Government securities, instead of concentrating its efforts solely in the short-term sector. This is a change in procedure which the Treasury has welcomed. However, if the Federal Reserve is to be able to release or absorb reserves through transactions

opportunities inherent in any exercise of public policy. This means that anyone engaged in Federal debt management must, among other things, keep in mind the impact of any given Treasury debt operation on the liquidity needs of the domestic economy, on the long-term capital markets, on our balance of payments position, and on the interest cost of carrying the debt as a whole. Moreover, against the inexorable pressure of the passage of time, the debt manager must continually strive to turn over to his successor a suitably balanced debt structure.

Very broadly, these objectives of debt management may be divided between those that are more largely of a "housekeeping" character and those that are more closely related to the Government's economic policy.

One of the first on either list is the aim of minimizing interest costs and the burden of the debt on the taxpayer, to the fullest extent consistent with other compelling objectives. Another housekeeping aim is that of promoting and maintaining an active and broadly-based market for Government securities, not only in the interest of the Treasury and of investors in Government securities, but also in the interest of the Federal Reserve, which must operate through this market in adjusting, on a day-to-day basis, the reserve position of the banking system.

Our further housekeeping objectives must be to establish and maintain a maturity structure for the debt which will assure a reasonable range of flexibility for the Treasury debt managers in the future, a structure which will also facilitate rather than inhibit the execution of appropriate monetary policies, and one which will provide appropriate quantities of securities in the various maturity areas to meet the needs of the investing public.

Very often, we are asked why the Treasury does not finance solely through short-term securities. Such borrowing seems always to be more easily carried out. And, since short-term rates are usually lower than long-term rates, would not such a policy also save the taxpayers money? Not many of those who ask this sort of question would carry it to its ultimate extreme and argue that the Treasury ought to finance its operations solely through "greenbacks" -- demand obligations which carry a zero interest cost. The hazards of "greenback" financing are well known. Unfortunately, the hazards of an excessive concentration of short-term financing are less well known.

Perhaps our housekeeping objectives can best be understood by pointing up some of these hazards. First and most important, if we were to concentrate our financing entirely in short-term securities, we would be courting the danger of excess liquidity and the inflationary potential which excess liquidity creates. Short-term Government securities are a close substitute for money; they can be turned into money very quickly and with little risk of loss. To be sure, an advanced economy, such as ours, has need for a large stock of liquid instruments that are free of credit risk; such a stock is needed for the ready reserves of our financial institutions and other organizations. And, as our economy grows, the size of the appropriate stock

TREASURY DEPARTMENT
Washington

FOR RELEASE ON DELIVERY

REMARKS OF THE HONORABLE ROBERT V. ROOSA,
UNDER SECRETARY OF THE TREASURY FOR MONETARY AFFAIRS,
AT THE ANNUAL CONVENTION OF THE MORTGAGE BANKERS ASSOCIATION
OF AMERICA, AT CHICAGO, ILLINOIS,
TUESDAY, OCTOBER 2, 1962, 10:00 A.M.

DEBT MANAGEMENT AND THE CAPITAL MARKETS

A meeting of the Mortgage Bankers Association is a particularly appropriate forum for a discussion of debt management -- the problems, the policies, and the results. For mortgage bankers and the managers of the Federal debt have a vital interest in common: a continuing concern with the state of the capital markets, with the forces of supply and demand at work in them, and with the behavior of interest rates that results from these forces.

The mortgage market is by far the largest single component of our long-term capital markets in this country. The net increase of mortgages outstanding in a single year consistently exceeds the entire outstanding total of all Federal debt in the 20-year-and-over maturity range. For example, after allowing for all repayments and refundings, your industry placed last year a volume of long-term debt that was larger than the total of long-term Federal debt now in existence as the combined and cumulative result of everything that all of the managers of the Federal debt have been able to accomplish in that area of the market since World War II. So I approach you very humbly, seeking both the sympathy and the suggestions of the successful.

I would like to review with you the range of varied objectives that we have to try to fulfill, and to reconcile, in managing a Federal debt that is distributed through all maturity sectors of the money and capital markets. And, in the light of that review, I will then trace through some of the results we have had in working toward those objectives during the past twenty months.

I.

The process of decision-making in debt management is complicated by the sheer number and diversity of objectives which we must pursue simultaneously. Some are the cost and efficiency considerations appropriate to any borrowing operation; some are peculiar to the inescapable fact that our operations must almost always be large; and some relate to the special responsibilities and

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Very broadly, these objectives of debt management may be divided between those that are more largely of a "housekeeping" character and those that are more closely related to the Government's economic policy.

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It is particularly important, so far as the implementation of monetary policy is concerned, that the maturity composition of the Federal debt include a significant volume of long-term debt. For at times when monetary controls should be reaching through to the longer maturity areas -- influencing the supply of funds that may or may not be released to flow into mortgages, for example -- significant changes may be brought about in market expectations by relatively small changes in the daily flows of funds into or out of Government securities, and the related small changes in interest rates. If there were not an adequate supply of tradable Government securities, the effects of any needed monetary policy would have to be expected to work their way out toward the longer area by means of tentative and possibly erratic efforts at private arbitrage. The alternative for monetary policy, if there were no tradable volume of longer-term Government securities, would be a great lengthening of the time needed for monetary controls to take hold and a great intensification of the severity of the other actions that would actually have to be taken by the Federal Reserve to accomplish a given result. It can indeed be argued that a tradable quantity of outstanding Government debt in all maturity sectors is a precondition for any broadly effective monetary policy in the United States today. And that case is strong whether or not the Federal Reserve itself chooses to operate directly in all maturity sectors.

For very short periods, the objective of maintaining a balanced maturity structure for the debt may be subordinated to shorter-run economic policy considerations. But this is very much like deferred maintenance on a railroad or an industrial plant. If the practice is continued long enough, the basic structure may deteriorate to such an extent that it may be very difficult to restore a sound basic structure again. It is often said that there is never a time when the Treasury can freely place securities in the longer-term area of the capital market -- when business is slack, no diversion from private investment can be risked, and when business is booming, interest costs are too high. The debt manager must, nonetheless, place long-term debt into the market without being hung from either of the horns of this dilemma, and, if possible, while furthering all of the other housekeeping objectives we have just reviewed, and while also fulfilling the economic policy aims which I will now briefly describe.

II.

Debt management cannot escape involvement in economic policy. The present size of the debt alone virtually compels a continuous interrelationship between what is done to refund the steady stream of maturities and what the Federal Reserve is doing to influence the supply of money and credit.

We now have a debt of more than $300 billion, almost $90 billion of which will mature and have to be refunded during the year ahead. Apart from that, in recent years, the ordinary seasonal swings in the Treasury's cash borrowing requirements have been running around $10 billion.

Thus, with about $100 billion of indicated borrowing requirements, whether or not there are further budget deficits, the very magnitude and frequency of Treasury borrowing operations is necessarily such that Treasury operations can scarcely avoid having some impact on all of the other markets for fixed income securities -- the corporate bond market and the market for State and local Government securities, as well as the mortgage market. The challenge to debt management planning is, therefore, so to channel the influence of Treasury debt operations upon these various other markets and activities that it will, wherever possible, help to further the objectives of Government economic policy -- domestically and with respect to the balance of payments.

Much has been said in other countries about a presumed necessity for combining monetary control and debt management into a single policy instrument. And, in some countries, both are administered by a single agency. But in accordance with the principle of checks and balances, and the diffusion of power, which characterizes our political institutions generally, these functions have most appropriately been divided in the United States between the Federal Reserve and the Treasury. Two separate centers of responsibility appraise the needs of two interrelated spheres of action. And the results for each, given a full flow of intercommunications and a genuine desire for harmonious cooperation, are greater than any conceivable result of an enforced consolidation. Certainly there is no country in the world today in which the independence of these two functions is more clearly respected; yet I doubt if there is any in which the integration between monetary policy and debt management is more effective.

There are three areas of economic policy in which monetary policy and debt management come together. First, there is that of maintaining an appropriate level of liquidity -- not only for the routine needs of the domestic economy, but also to sustain a strong rate of economic growth -- without creating a potential inflationary hazard. The Treasury's decisions on the volume of short-term Government securities to be issued play a part in determining the volume of "near-money" liquidity in the economy. The influence exerted is necessarily similar to, although, of course, much less potent than that of the Federal Reserve in regulating the volume of bank reserves and thereby the quantity of money itself.

A second general policy area that is common to debt management and monetary management is that of helping to create conditions in the credit and capital markets which will be conducive to the most appropriate flow of funds into long-term private investment. I need not tell this group that not only the amount, but also the manner and the timing, of Treasury borrowing efforts in the longer-term market can have important effects on the flow of private investment funds. And as to the influence of Federal Reserve action -- even the significance of expectations as to what that action might be -- surely no elaboration is necessary.

A third important area of economic policy concerns the impact of debt management and monetary policy on our balance of payments position. Over the past two years and more, this has meant that both debt operations and monetary actions have had to be directed, in part, toward keeping our short-term rate structure in reasonable competitive equilibrium with rates abroad. The purpose has not been to put a floor under rates at any particular level. Our concern is not with absolute rate levels, but with relative levels. The aim is to keep our short-term rates, if possible, in line with foreign short-term rates, after adjusting for the cost of covering the forward exchange risk. The result thus far, as many of you know, is that very little money has flowed out of this country for interest arbitrage over most of the past two years.

In addition, we have begun to use debt management itself as an active instrument of balance of payments control. In recent months, we have borrowed from official agencies at short term in two foreign currencies -- the Swiss franc and Italian lira. We have converted the proceeds into dollars at an over-all cost that compared favorably with the costs of borrowing here. The incidental result has also been a net absorption of excess dollars abroad that might otherwise have ultimately been used to purchase gold here. Though what we have done is still tentative and exploratory, we are increasingly impressed with this new dimension of debt management -- an approach originally foreseen by Russell Leffingwell, then Assistant Secretary of the Treasury, when he asked Congress for the necessary legislative authority before the close of World War I. To be sure, however, this is not an approach that would be relevant to a very sizable part of our total debt management program.

Every time a judgment is taken in debt management, however, some aspects of all three of these areas of economic policy, as well as our various "housekeeping" goals, must be weighed in the light of all known conditions, at that particular moment in time. Quite obviously, no single answer can produce the optimum result every time for each of these diverse objectives. The objectives themselves may even occasionally be in conflict. The best we can hope for, probably, is reasonably well-balanced progress toward meeting all of these objectives, over a period of time.

III.

Having thus briefly paraded the problems of debt management, I trust it is now safe for me to review what we have been trying to do in debt management during the past twenty months. Perhaps the best starting point is to examine the economic environment within which policies were initially formulated.

In January, 1961, we faced a conjuncture of a number of serious problems: a recession which had been under way for the past half year; an inadequate rate of growth which had been slackening for a number of years; and, as if these two problems were not enough, we were faced with a critical balance of payments problem, with world confidence in the dollar deteriorating.

In developing a policy framework which would embrace all of these problems, we placed the central focus of our policies on encouraging and raising the level of private investment. Increased private investment would help pull us out of the recession. At the same time, more investment could be the key to quickening our growth rate and reducing the continuing high rate of unemployment. And, in a longer-range sense, through increasing the productivity of American industry, more investment would also make the most fundamental and long-lasting contribution toward strengthening our national competitive position in the world and thereby righting our balance of payments.

All of our policies, then -- fiscal policy, tax policy, and debt management, as well as monetary policy in its coordinate role -- were oriented toward this common goal. The joint evolution of monetary policy and debt management, which had been under way since the Summer of 1960, had two major aspects: to help create conditions in the capital markets which would promote a large flow of long-term capital into productive investment while, at the same time, averting any changes in the short-term interest rate structure which would set off significant outflows of short-term capital seeking interest rate advantages abroad. To achieve both of these objectives simultaneously required new operating techniques and new kinds of emphasis in the decision-making processes of both the Federal Reserve and the Treasury.

In monetary policy, this new policy orientation was reflected in the decision by the Federal Open Market Committee to conduct open market operations wherever necessary over the full maturity range of Government securities. In debt management, the new emphasis was initially reflected in the development of the following key elements of policy:

> that the Treasury would conduct the great bulk of its cash borrowing operations in short-term securities, thereby exerting a maximum of pressure to sustain an appropriate international relationship for interest rates on Treasury bills and the constellation of surrounding money market instruments;
>
> that, in ordinary refunding operations, the Treasury would largely concentrate on short-term and intermediate-term securities in a maturity range out to around ten years;
>
> and that, to offset the deterioration in the maturity structure of the debt which would otherwise have occurred, the Treasury would seek, through the technique of advance refunding, to extend further out into the long-term area substantial quantities of long-term debt already in the hands of the public, but which the passage of time was moving steadily closer to the intermediate and short maturity range.

In concentrating its cash financing largely in the short-term area, the Treasury had, of course, several objectives. By placing upward pressure on short-term yields from the supply side of the market, debt management helped enable the Federal Reserve to expand the monetary base without sacrificing our balance of payments objectives. Moreover, from the standpoint of the liquidity position of the domestic economy, there was a positive need for an expansion in the quantity of liquid assets to support a further increase in economic activity. In statistical terms, the economy had apparently grown up to the excess liquidity created during World War II, and the relationship between the money supply and the gross national product had returned to the level which had generally prevailed during the first thirty years of this century. In practical terms, a number of financial and business firms were actively seeking more short-term investments.

And at the same time, by concentrating its own cash borrowings in the short-term area, the Treasury in effect was reserving the flow of new long-term savings for the use of private investment in housing, industrial and commercial plant and equipment, and for State and local public facilities.

Of course, no matter what we think we are trying to do, for "housekeeping" purposes or in the interest of broad economic policy, we also have the bedrock problem of designing issues that will sell, will hold their place in the market, and will make participation in the distribution of Government securities a reasonably rewarding as well as a patriotic undertaking. The fine art of tailoring our issues to the prevailing market has no formulas. Each actual offering is always a combined product of the advice we receive in many ways from the market itself (notably our splendid advisory committees), the technical expertise of our career staffs, the lessons of recent experience, and a pinch or two of hunch and intuition.

IV.

In appraising the results of our efforts during the past twenty months, I should start with a word on Savings Bonds. They account now for almost one-sixth of the entire outstanding debt. They provide, without exposure to market risk, a convenient opportunity for every individual to have some part in the debt financing of Government. And they pay rates of interest that are, year in and year out, better than any alternative savings instrument that has other investment attributes of even rough comparability. Since the continued success of this program is a vital part of the whole debt management effort, and since it depends so heavily on the support of a volunteer program, it is gratifying that Savings Bonds have kept their place in our debt structure during these recent months when the competitive pressure from higher rates on bank deposits and savings and loan shares, in particular, has been of unusual intensity.

In turning to the marketable debt, perhaps I can best sketch the outlines of most of the significant developments if I focus on three visible indicators: the behavior of interest rates, the change in the maturity structure of the Federal debt, and the change in the ownership of the debt.

For a period that has consisted mainly of sustained economic expansion, the interest rate behavior of the past twenty months has been most unusual. Since January, 1961, short-term interest rates have been moving within an upward-rising range, while long-term rates have remained stable or moved lower. The yield on 3-month Treasury bills, for example, has gone up from 2-¼% to the recent range of 2-3/4% to 3%. Yet corporate bond yields are now at about the same level as in January, 1961, when we were close to the bottom of the recession, and rates on municipal bonds and mortgages are actually lower than they were then. Just how much of this unusual behavior of interest rates should be attributed to the influence of monetary and debt management policies and how much would have occurred in any event, I would not venture to say. However, one thing is clear: this is precisely the sort of interest rate behavior that should have been expected to occur if the economic policy aspects of the monetary and debt management programs of the past twenty months were to be fulfilled.

The favorable climate in the capital markets during the past twenty months has been reflected, as you know, in a record combined flow of long-term capital into corporate securities, State and local government bonds, and mortgages. The corporate sector alone has not set new records, so far as market borrowing is concerned, but both of the others have expanded remarkably. New record highs have been reached in the first half of 1962, with $5 billion flowing into State and local government bonds and more than $10 billion flowing into mortgages.

Meanwhile, the total outstanding public debt has grown by $10 billion over the full course of the twenty months from the end of January, 1961, through September, 1962. Of this, $9 billion has been in marketable issues and $1 billion in non-marketables, such as Savings Bonds. What has happened in the maturity composition of these marketable issues? The total outstanding in the under-one-year category has risen by almost $9 billion, the debt in the one-to-five year maturity area has declined by almost $13 billion, and the debt maturing beyond five years has risen by almost $13 billion. But note that, while the rise in very short debt has been about equal to the rise in total debt, the increase in the over-five-year debt has been 40% greater than the $9 billion total increase in the marketable debt during this period.

The decline of roughly $13 billion in the one-to-five year debt is very significant from the standpoint of the maturity structure of the debt. The under-one-year debt can increase in two ways: it can be increased by deliberate action, as we have done in order to maintain upward pressures on the bill rate, or it can increase automatically as, with the passage of time, more debt falls within the one-year area. The substantial reduction in the quantity of debt maturing in one-to-five years means that the short-term debt is under better control, since the potential for automatic increases in the very short debt has been substantially reduced.

We are convinced that the shifting of $13 billion of debt from the one-to-five year area out beyond five years has produced a significant improvement in the over-all maturity structure of the debt. Statistically, this has been reflected in an increase of six months in the average maturity of the debt, from four years and six months in January, 1961, to five years at the present time, the highest level in four years.

The developments in ownership of the Government debt have been equally interesting. While the total debt has gone up by $10 billion, and the marketable part by $9 billion, commercial bank holdings have risen by only $1-1/2 billion. The Federal Reserve has, to be sure, added about $3-1/2 billion to its holdings of Government securities. This means that $5 billion, or one-half of the total increase in the debt, has been financed outside the banking system.

The subject of financing deficits through the banking system has been much discussed in recent weeks. That is as it should be. But some of the public discussion has seemed to me to proceed in oversimplified terms. The issue is not simply whether the Treasury sells securities to the banking system or not, but whether the amount of securities that remains in the banking system becomes so excessively large that the credit base is expanded well beyond the needs of the economy and an inflationary potential is, thereby, created. This, I can assure you, is a situation which both the Treasury and the Federal Reserve are able and determined to prevent. The relatively sparing use which we have made of the commercial banking system in financing the deficit of the past twenty months testifies, I would suggest, both to our intent and our ability to finance any future deficits in a manner which does not generate an inflationary potential.

It is important to remember, too, that the distinction between financing a deficit through the banking system and financing it through savings is not a sufficiently clear-cut basis for evaluation. For, in addition to their demand deposit function, the commercial banks are one of the most important financial intermediaries engaged in attracting and investing the savings of the public. Since January, 1961, time and savings deposits at commercial banks have grown by about $21 billion. The $1.5 billion increase in commercial bank holdings of Government securities represents only about 7% of this increase in time and savings deposits.

And so far as Federal Reserve acquisitions of Government securities are concerned, these have all been an incidental by-product of providing an adequate, but non-inflationary, reserve base for the commercial banking system. I would indeed suggest that there is no evidence -- in terms of the expanding money supply, the over-all growth of bank credit, or in the broader context of price behavior in the economy -- that Federal Reserve credit has grown too much.

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To sum up the record of the past twenty months, though there is obviously much more we would like to have done, we believe that we have had some success in working toward both our economic policy and "housekeeping" objectives. Throughout the period, we have managed to avoid the sort of persistent, sizable gaps between short-term interest rates in the United States and rates abroad which would have encouraged substantial outflows of short-term capital. At the same time, the availability of funds and long-term interest rates have remained at levels consistent with the promotion of a large domestic flow of investment capital.

While the rate of increase in corporate investment has not been up to our hopes and expectations this year, it does not appear that the flow of corporate investment is being constrained by the level of money rates or the availability of long-term funds. So far as Government is concerned, it is probably in the area of tax policy that we must look for further means to stimulate corporate investment.

In pursuing the various economic policy objectives, the Treasury has not sacrificed its longer-term interest in a balanced maturity structure. The maturity structure of the debt is, in fact, despite a rise of $10 billion in the outstanding debt, in better balance than it was twenty months ago -- a result largely attributable to carrying forward the creative innovations in debt management introduced by the preceding Treasury administration.

Looking to the future, the only generalization that can be made with absolute certainty is that debt management policy, like monetary policy, must adapt to changing circumstances. It must continually evolve in response to changes in the liquidity needs and the investment requirements of our domestic economy, changes in our balance of payments position, and modifications in the over-all policy mix through which the Governmental part of the solutions to our economic problems may be sought.

From time to time, new debt management procedures may be needed to meet both our economic policy objectives and our "housekeeping" objectives. In recent months, we have tentatively introduced borrowing arrangements with governmental bodies abroad. We have already announced our intention to test another new procedure in the capital market here -- the sale of long-term bonds on the basis of competitive bidding. And as our experience grows, as conditions alter, and experts such as those gathered here supply us with further suggestions, there will be further changes in the techniques and the policies that guide debt management and its relationship to the money and capital markets in the United States.

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 (XXXX) 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 October 15, 1962 (XIX), in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 15, 1962 (XX). 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, October 2, 1962

TREASURY INCREASES ONE-YEAR BILLS

The Treasury Department, by this public notice, invites tenders for $2,500,000,000, or thereabouts, of 365-day Treasury bills, for cash and in exchange for Treasury bills maturing October 15, 1962, in the amount of $2,003,463,000, to be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided. The bills of this series will be dated October 15, 1962, and will mature October 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 time, Tuesday, October 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. (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.

October 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 October 15, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 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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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 12, 1962, (91 days remaining until maturity date on January 10, 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 11, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 11, 1962. Cash

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, October 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 October 11, 1962 , in the amount of $ 1,901,565,000 , as follows:

91 -day bills (to maturity date) to be issued October 11, 1962 , in the amount of $ 1,300,000,000 , or thereabouts, representing an additional amount of bills dated July 12, 1962 , and to mature January 10, 1963 , originally issued in the amount of $ 700,094,000 , the additional and original bills to be freely interchangeable.

182 -day bills, for $ 700,000,000 , or thereabouts, to be dated October 11, 1962 , and to mature April 11, 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 8, 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.

October 3, 1962

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182-day bills, for $700,000,000, or thereabouts, to be dated October 11, 1962, and to mature April 11, 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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D-628

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, October 9, 1962.

October 8, 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 July 12, 1962, and the other series to be dated October 11, 1962, which were offered on October 3, were opened at the Federal Reserve Banks on October 8. 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 January 10, 1963		182-day Treasury bills maturing April 11, 1963	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.308	2.738%	98.560	2.848%
Low	99.300	2.769%	98.550	2.868%
Average	99.302	2.760% 1/	98.552	2.864% 1/

64 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	$ 33,958,000	$ 17,133,000	$ 34,956,000	$ 24,756,000
New York	1,564,538,000	873,672,000	1,276,870,000	537,957,000
Philadelphia	31,924,000	16,924,000	7,293,000	2,240,000
Cleveland	33,528,000	28,528,000	26,953,000	9,853,000
Richmond	23,073,000	20,073,000	9,835,000	3,641,000
Atlanta	30,650,000	28,454,000	6,003,000	5,755,000
Chicago	199,622,000	139,837,000	137,312,000	72,172,000
St. Louis	34,176,000	28,816,000	11,188,000	7,088,000
Minneapolis	23,728,000	16,368,000	7,547,000	3,797,000
Kansas City	40,631,000	38,831,000	15,166,000	9,194,000
Dallas	28,955,000	24,235,000	11,415,000	5,650,000
San Francisco	90,902,000	68,439,000	86,121,000	18,578,000
TOTALS	$2,135,685,000	$1,301,310,000 a/	$1,630,659,000	$700,681,000 b/

a/ Includes $279,255,000 noncompetitive tenders accepted at the average price of 99.302
b/ Includes $69,494,000 noncompetitive tenders accepted at the average price of 98.552
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.82%, for the 91-day bills, and 2.95%, 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, October 9, 1962.

October 8, 1962

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RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing January 10, 1963		182-day Treasury bills maturing April 11, 1963	
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D-629

up-to-date methods of investigation are important because they make crime less likely to succeed, and increase the measure of public protection which is the real reason for the existence of any police force."

Chief Rowley is a member of the Executive Committee of the International Association of Chiefs of Police. The organization had its start in St. Louis in 1871 a~~s~~t a national convention of law enforcement officers, becoming the present international association in 1893. Its headquarters are in Washington, D. C. Its membership now totals about 5,000 law enforcement officials from 63 nations of the Free World. The current President is Frank A. Sweeney, Chief of Police of Jenkintown, Pennsylvania.

The text of Chief Rowley's remarks is attached.

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Chief Rowley said the benefits of continued cooperation between the police and the public are mutual. "Departures from that cooperation should be viewed with alarm, as a weakening of respect not merely for the law, but for the whole fabric of society," he said. "The forces of organized crime are quick to exploit lawlessness when encouraged by a listless or indifferent public."

Chief Rowley pointed to the need for "Sound and progressive" legislation as a tool for more effective law enforcement. He said that Attorney General Robert Kennedy had spearheaded a drive for such legislation, "with outstanding success." He also applauded J. Edgar Hoover, Director of the F.B.I. for his advocacy of a high standard of professionalism in law enforcement, stressing more effective scientific training and higher pay scales.

The Secret Service Chief said that over the years, the law enforcement officers in the U. S. have steadily become more courteous, better educated, and more capable. "An increasing air of professionalism, better trained and better paid officers, and

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~~D R A F T~~ October 9, 1962

FOR RELEASE P.M. NEWSPAPERS,
WEDNESDAY, OCTOBER 10, 1962

ROWLEY SAYS CITIZENS ARE REAL
TARGETS OF ~~ASSAULTS ON CITIZENS~~
(Lawlessness)

The Chief of the United States Secret Service today called for greater cooperation between the public and police as the most effective antidote to hoodlumism.

He said that he was concerned over the frequency of assaults on police officials carrying out their duty, "because the ultimate target of lawlessness is not the police -- it is the citizen."

Speaking before the International Association of Chiefs of Police at their annual conference being held this week in St. Louis, Missouri, James J. Rowley, Chief of the United States Secret Service said, "no longer ... is the mere sight of a law officer in uniform an adequate deterrent to crime."

~~The Secret Service is a member of the International Association of Police Chiefs, which had its start in St. Louis in 1871.~~

D-630

TREASURY DEPARTMENT

WASHINGTON, D.C.

October 9, 1962

FOR RELEASE P.M. NEWSPAPERS,
WEDNESDAY, OCTOBER 10, 1962

ROWLEY SAYS CITIZENS ARE REAL TARGETS OF LAWLESSNESS

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Chief Rowley said the benefits of continued cooperation between the police and the public are mutual. "Departures from that cooperation should be viewed with alarm, as a weakening of respect not merely for the law, but for the whole fabric of society," he said. "The forces of organized crime are quick to exploit lawlessness when encouraged by a listless or indifferent public."

Chief Rowley pointed to the need for "sound and progressive" legislation as a tool for more effective law enforcement. He said that Attorney General Robert Kennedy had spearheaded a drive for such legislation, "with outstanding success." He also applauded J. Edgar Hoover, Director of the F.B.I., for his advocacy of a high standard of professionalism in law enforcement, stressing more effective scientific training and higher pay scales.

The Secret Service Chief said that over the years, the law enforcement officers in the U. S. have steadily become more courteous, better educated, and more capable. "An increasing air of professionalism, better trained and better paid officers, and up-to-date methods of investigation are important because they make crime less likely to succeed, and increase the measure of public protection which is the real reason for the existence of any police force."

Chief Rowley is a member of the Executive Committee of the International Association of Chiefs of Police. The organization had its start in St. Louis in 1871 at a national convention of law enforcement officers, becoming the present international association in 1893. Its headquarters are in Washington, D. C. Its membership now totals about 5,000 law enforcement officials from 63 nations of the Free World. The current President is Frank A. Sweeney, Chief of Police of Jenkintown, Pennsylvania.

The text of Chief Rowley's remarks is attached.

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Remarks by James J. Rowley
Chief of the U. S. Secret Service
Before The International Association of Chiefs of Police
at The Chase-Park Plaza Hotel, St. Louis, Missouri
Wednesday, October 10, 9:30 A.M., CDT

It is an honor to appear here today. Few organizations command greater respect than the International Chiefs of Police. The work you are doing -- toward greater exchange of ideas and continuous advancement in law enforcement -- is not only desirable but essential to the effective and efficient maintenance of law and order.

We in the Secret Service are proud to be associated with this organization. We enjoy an excellent working relationship with the police and other law enforcement agencies of this country -- a relationship of mutual cooperation which has existed for almost a century. Also, in recent years we have had the opportunity of working closely with the police of other nations of the Free World in connection with Presidential travel abroad.

Since many officers from other nations are not as familiar with the responsibilities of the Secret Service as those of you from this country, I feel it advisable to outline, briefly, the history and duties of the Service I head.

The Secret Service was established in 1865 as an arm of the Treasury Department to stop widespread counterfeiting of this nation's currency. At that time one-third of that currency was counterfeit. Since that time, Secret Service agents have handled varied investigative assignments -- not only for the Treasury but for many other agencies of the Federal Government as well.

In 1901 the Secret Service was designated by Congress to furnish protection for the Chief Executive -- the President of the United States. This occurred shortly after the assassination of President William McKinley, and after a period of 37 years during which three Presidents were assassinated. Further protective duties were assigned by Congress, so that today the Secret Service also protects the President-elect, members of the President's immediate family and the Vice President at his request.

We are proud of our tradition but as you all are well aware, no law enforcement agency can ever become complacent.

Our citizens expect, and rightfully so, that we be measured in terms of current service, rather than past performance. I believe we have a creditable record in that respect. In the year ended June 30 the Secret Service seized more than three and one-half million dollars in counterfeit money before it could be circulated with a loss to the public. Seven out of every eight counterfeit notes manufactured in the country were seized -- without loss to any of our citizens.

As you are probably aware, counterfeiting is increasing in the United States, continuing a trend we have noted over the past two years.

We believe the rapid development of the graphic arts and the wide distribution outlets available to organized criminals have been responsible for the increase in counterfeiting. There are definite indications that organized crime -- having been driven from other lucrative fields -- has in many cases turned to counterfeiting. Improved communications and jet transportation have also aided criminals in their illegal activities, by making it possible to operate efficiently over a larger area than in the past.

To cope with this increased activity, we have stepped up our investigative techniques and have developed new methods to combat counterfeiting. Prompt and intensive investigations are being made. A high priority has been assigned to our investigative programming.

We are well aware, of course, that our success in suppressing counterfeiting as well as in our other investigative and protective responsibilities has been made possible because of the united support and cooperation furnished promptly and willingly by police chiefs and officers all over the United States, and indeed, all over the world.

The need for sound and progressive legislation as a tool for more effective law enforcement has been a vital need for some time. Attorney General Robert Kennedy has spearheaded a drive for such legislation with outstanding success. In the last session of the Congress he proposed five separate measures which were passed into law with bipartisan support, and three other measures are now pending before the Congress.

This is a sophisticated society we are living in today, and law enforcement must continue to develop and improve. Techniques, standards and personnel must be geared to meet the challenge of this fast-moving space age. One of the foremost pioneers in improving law enforcement has been the Honorable J. Edgar Hoover, Director of the FBI. He has long been an advocate of the need for professionalism in law enforcement and has repeatedly stressed more effective scientific training and higher pay scales. Today, applicants for law enforcement positions at all levels, local, state and federal, are meeting higher standards and receiving more intensive training that has enabled them to better perform their assigned duties. Salaries have increased, but much more improvement is still needed in that area, in order to attract the best qualified applicants.

Public recognition of the need for higher standards and increasing professionalism in the field of law enforcement requires that the law enforcement agencies themselves present this need on the basis of existing facts.

It is our job to show the public how and why a more intelligent, better-trained law enforcement officer, on any level of government, can be more effective in meeting his responsibilities. It is our job to maintain our own efficiency at peak level in order to maintain maximum public respect. An increasing air of professionalism, better-trained and better-paid officers, and up-to-date methods of investigation are important because they make crime less likely to succeed, and increase the measure of public protection which is the real reason for the existence of any police force.

I don't have to tell you men, for instance, how important courtesy is in gaining public respect for a law enforcement organization. Almost without exception, the better-trained, most efficient enforcement officer is also the most courteous. For the officer who knows his job and goes about it efficiently, there is no need for the arrogance that is, to any experienced eye, the badge of insecurity. The officer -- of whatever rank, or at whatever level -- who must misuse his authority in order to carry out his obligation is the officer who has never properly learned his job. There is -- as you know well from experience -- nothing more efficient than careful, tireless investigation, backed up by years of training and years of background with a particular field, or a particular area, or a particular group of people.

The best way to gain public recognition of the values of a highly professional law enforcement organization is to operate at all times and at all levels in the most professional way possible. As you know yourself, the way an enforcement officer conducts himself is almost always an indication of how he conducts his job.

Over the years in the United States law enforcement officers have become steadily more courteous, better-trained, better-educated, more capable and more professional. It is no surprise that the efficiency of law enforcement operation has kept pace with this improvement. Our job is to see that it continues in the future, at an ever-more-rapid pace to meet the new demands of a new and changing world.

There is one cause of concern to me that I am sure you share, and that is the frequency of assaults on police officials carrying out their duty. Assaults on police officers should be viewed with particular alarm, because the ultimate target of lawlessness is not the police -- it is the citizen. It is fundamental in a free society that a law enforcement officer properly and legally performing his assigned duty to protect life and property should be given full support by the public. No longer, either in the United States or anywhere in the world, for that matter, is the mere sight of a law officer in uniform an adequate deterrent to crime. There has been widespread social upheaval in the world since World War II. Even in the United States, particularly in the ranks of street hoodlums, respect for the uniform has declined. The most effective antidote to hoodlumism from the enforcement point of view is greater public cooperation. The public must be active in cooperating with police if full mutual benefit is to be obtained. The benefits of cooperation will be mutual, too, for the exchange of views will help to increase the understanding of law enforcement officials of the problems, increasingly complex ones, which they are called upon to meet in a modern society. Departures from that cooperation should be viewed with alarm, as a weakening of respect not merely for the law, but for the whole fabric of society. The forces of organized crime are quick to exploit lawlessness when encouraged by a listless or indifferent public. The laws must be vigorously investigated, violators quickly apprehended and justice properly meted out by our courts if freedom in our society is to continue to thrive.

We have seen great progress in the field of law enforcement. We are attaining a professional status, we are receiving more and better tools with which to work, informed communities are becoming more interested and better law enforcement and cooperation between law enforcement agencies at all levels has developed and prospered to a degree unparalleled in our history. In this latter regard it is imperative cooperation continue, as this eliminates any possible misconception by the public that any one federal agency is performing all law enforcement functions.

I feel sincerely that law enforcement officials today -- not only in the United States but throughout the Free World -- recognize their responsibilities and are demonstrating on an international basis that crime cannot prevail.

It is our responsibility, yours and mine, to assure that we make each day in our work the maximum contribution to the service we have chosen. In so doing we can take pride in the gains which law and order are making over crime everywhere, and feel that we are playing a part in that progress -- an important part, in the last analysis, of the progress of any free society.

FOR RELEASE A. M. NEWSPAPERS,
Wednesday, October 10, 1962.

October 9, 1962

RESULTS OF TREASURY'S ONE-YEAR BILL OFFERING

The Treasury Department announced last evening that the tenders for $2,500,000,000, or thereabouts, of 365-day Treasury bills to be dated October 15, 1962, and to mature October 15, 1963, which were offered on October 2, were opened at the Federal Reserve Banks on October 9.

The details of this issue are as follows:

Total applied for - $4,534,664,000
Total accepted - 2,500,776,000 (includes $185,725,000 entered on a noncompetitive basis and accepted in full at the average price shown below)

Range of accepted competitive bids: (Excepting one tender of $500,000)

High	- 97.019	Equivalent rate of discount approx. 2.940% per annum	
Low	- 96.980	" " " " " 2.979% " "	
Average	- 96.989	" " " " " 2.969% " "	1/

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

Federal Reserve District	Total Applied For	Total Accepted
Boston	$ 75,465,000	$ 31,965,000
New York	3,228,274,000	1,747,066,000
Philadelphia	43,698,000	3,698,000
Cleveland	301,894,000	156,294,000
Richmond	27,520,000	23,280,000
Atlanta	60,505,000	23,055,000
Chicago	441,079,000	288,879,000
St. Louis	40,872,000	31,672,000
Minneapolis	67,399,000	39,349,000
Kansas City	42,720,000	37,040,000
Dallas	40,090,000	19,010,000
San Francisco	165,148,000	99,468,000
TOTAL	$4,534,664,000	$2,500,776,000

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 3.08%. 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, Wednesday, October 10, 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.

~~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 ~~(16)~~ or less for the additional bills dated July 19, 1962 ~~(17)~~, (91 ~~(18)~~ days remaining until maturity date on January 17, 1963 ~~(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 October 18, 1962 ~~(22)~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 18, 1962 ~~(23)~~. Cash

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE October 9, 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 ~~x(2)x~~, or thereabouts, for cash and in exchange for Treasury bills maturing October 18, 1962 ~~x(3)x~~, in the amount of $ 1,902,774,000 ~~xx(4)x~~, as follows:

91 ~~(5)~~ -day bills (to maturity date) to be issued October 18, 1962 ~~x(6)x~~, in the amount of $ 1,300,000,000 ~~x(7)x~~, or thereabouts, representing an additional amount of bills dated July 19, 1962 ~~x(8)x~~, and to mature January 17, 1963 ~~x(9)x~~, originally issued in the amount of $ 700,058,000 ~~x(10)x~~, the additional and original bills to be freely interchangeable.

182 ~~(11)x~~ -day bills, for $ 700,000,000 ~~xx(12)x~~, or thereabouts, to be dated October 18, 1962 ~~x(13)x~~, and to mature April 18, 1963 ~~x(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, October 15, 1962 ~~x(15)x~~. 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.

October 9, 1962

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91-day bills (to maturity date) to be issued October 18, 1962, in the amount of \$1,300,000,000, or thereabouts, representing an additional amount of bills dated July 19, 1962, and to mature January 17, 1963, originally issued in the amount of \$ 700,058,000, the additional and original bills to be freely interchangeable.

182-day bills, for \$700,000,000, or thereabouts, to be dated October 18, 1962, and to mature April 18, 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 July 19, 1962) (91-days remaining until maturity date on January 17, 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 18, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 18, 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

FOR RELEASE UPON DELIVERY

REMARKS BY THE HONORABLE HENRY H. FOWLER, UNDER SECRETARY OF THE TREASURY, AT THE BUSINESS EXPANSION CONFERENCE OF THE STATE DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT AND THE PUGET SOUND INDUSTRIAL DEVELOPMENT COUNCIL, OLYMPIC HOTEL, SEATTLE, WASHINGTON, THURSDAY, OCTOBER 11, 1962, 7 P.M., PST

NATIONAL POLICIES FOR BUSINESS EXPANSION

You have heard today, and you will hear more tomorrow, of the very impressive growth record of this region, as well as its potential for business expansion. But you are here for a much more important purpose -- to consider how expansion can be stimulated in the years ahead.

The acceleration of business expansion -- throughout the entire nation, including the Pacific Northwest -- is a major concern of the Kennedy Administration. It is a special concern of the Treasury.

Your goal and that of the nation are closely related. As your region develops, it will contribute significantly to national development. And the pace of your expansion will depend to a considerable extent on the pace in the rest of the country. So we all face the same problem: what is the potential for expansion, what factors influence it, and what policies are needed to take maximum advantage of those factors?

Business expansion is without question a key frontier. It is incumbent upon us -- Government officials, businessmen, and citizens alike -- to ensure that we explore it and that we do so boldly and with imagination.

That is why I am particularly pleased to participate in this Business Expansion Conference. It represents the kind of forward-looking, imaginative, risk-taking activity -- so typical of the Pacific Northwest -- that is pioneering at its boldest, and business statesmanship at its best.

The joining of state and local government efforts with private enterprise is the winning combination for business expansion. The Federal administration looks to that combined effort to lead the drive for the more rapid rate of economic growth that is one of our most important national goals. The Administration is dedicated in its economic policy to the proposition that our free market economy is the appropriate vehicle for economic growth -- that the free market economy can operate only if private business is healthy, active and expanding, producing the goods and services, the jobs, the wealth and the profits that fuel the nation's growth.

This was nowhere better expressed than in a recent address by President Kennedy, in which he said:

> "I regard the preservation and strengthening of the free market as a cardinal objective of this or any Administration's policies. It is well to remind ourselves from time to time of the benefits we derive from the maintenance of a free market system. The system rests on freedom of consumer choice, the profit motive, and vigorous competition for the buyer's dollar."

It would be presumptuous of me to attempt to appraise your regional resources and enterprise. It is my purpose only to state a few facts concerning our current national economic environment and policy that make the timing of this conference propitious.

The U. S. economy is at the crossroads. Our choice of direction will determine the future. The facts indicate that the time is ripe for a wave of business expansion closer to the recent rapid pace in Western Europe and Japan than to our own performance in recent years. The long-term factors which determine the climate for growth are turning more favorable now than they have been in almost a decade. It is well worth while to take a close look at these long-term factors in our economic future, rather than remain frozen with an intent gaze on the current cycle.

The first, and one of the most important, is the potential represented by our labor force. We are well aware of our pressing responsibility to continue to reduce unemployment and to provide enough jobs for the millions of new workers who will be entering the labor force in the years immediately ahead. We are also well aware of the need to provide productive employment for those workers who are being displaced by technological change.

We should not overlook, however, the fact that our growing labor force is an invaluable asset that can give a powerful impetus to business expansion -- if we make energetic efforts to give our workers opportunities to use their skills to the fullest. We have only to look to Western Europe, which is plagued with labor shortages, to recognize that our growing labor force is an asset that we simply are not utilizing to its maximum capacity. Just as we need expansion to provide more jobs, we need workers to make further expansion possible. Recent projections indicate that our labor force will grow by 1.8 percent a year during this decade, compared to 1.3 percent in the 1947-1960 period.

The increasing education and training of our labor force also will increase our workers' productivity, as will automation. And this raising of productivity is a must if we are to regain a pace of business expansion in line with our real potential.

The opportunity for increasing productivity significantly in the years ahead is closely related to the second major long-range factor which affects the climate for business expansion -- the increased activity in research and development.

We are now in a period of unprecedented activity in research and development, in both defense and non-defense industries. Between 1953 and 1960, for instance, expenditures for research and development increased from $5 billion to $14 billion a year. In 1960, they were nearly a third as large as spending for plant and equipment. Defense expenditures for research and development -- which have a significant "spillover" effect on the economy as a whole -- have more than doubled in the past five years.

There is always a substantial lag between research effort and application. From conception to marketing took 27 years for the common zipper, 22 years for television, 13 years for radar, 11 years for nylon, 9 years for the safety razor and 6 years for the ball-point pen. Thus it can be assumed that much of the recent research and development effort has not yet had its full effect.

Accelerating technological advance will produce new products, new processes, new methods of distribution, new uses for existing products and new selling techniques.

The new technology will allow us to take advantage of the third major long-range factor favoring business expansion -- the growth of new markets both at home and abroad. Continental Europe has been expanding rapidly, and is now rapidly evolving new markets for goods associated with a high standard of living. Our manufacturing and selling experience and skills particularly well equip our producers to meet this new challenge in international trade. There are still commonplace items in American supermarkets, drugstores and department stores that are scarcely known in Europe.

But economic development is not confined to the industrialized nations. The less developed countries are also advancing, and over the long run, we can look forward to expanding markets in these countries, although these markets will of necessity be limited at first, both in scope of products and in demand.

In our preoccupation with new and expanding markets abroad, we should not forget the tremendous opportunity offered by our own internal markets at home. As our own population and its skills and standard of living rise, the economic development of the United States presents unparalleled opportunity for business expansion.

Per capita disposable income in the United States -- adjusted for inflation -- has increased almost 70 percent in the last two decades, and savings are high. This means that purchasing potential is increasing. Individuals, for instance, added to their "financial savings" -- which includes bank accounts, security holdings and the cash value of insurance policies and pension fund holdings -- by $11.5 billion in the first half of this year alone. This compares with an increase in financial savings of $7.9 billion for the same period last year.

Advancing technology will expand this internal potential to a tremendous extent. We can look forward to the development of new products -- and corresponding markets -- as yet undreamed of.

The fourth major long-range factor which will foster accelerated business expansion is the recent lag in business investment in the United States, which has created a need for more modern productive equipment. In the latter part of the last decade our share of world markets declined. At the same time, our rate of economic growth was outstripped by most of those competitors. The reason, to a significant extent, was the greater proportion of total output those competitors ploughed back into productive equipment, with consequent improvement in productivity.

Thus the increasing age of American productive equipment has presented a handicap to productivity increases in the past. But it also provides an opportunity in the sense that there is now room for increased investment and widespread modernization.

You have heard much about "over capacity." This is difficult to measure. But, it is safe to say that a sizable part of what excess does exist is really obsolescent, and that one of the reasons it is idle is that it simply is not efficient enough to operate profitably. Equipment modernization could make that obsolescent capacity once more a paying proposition, and it will, under the combined stimulus of increased demand and a more favorable environment for increased capital investment.

A recent survey in Fortune Magazine pointed up some of the factors that create a great potential for capital investment over the coming years.

The September Fortune article noted that during the sluggish period since 1955-57, the growth in the stock of capital goods, at 2 to 2-1/2 percent a year, has fallen far below the roughly 3.4 percent growth trend needed to keep pace with a 4 percent growth rate for the whole economy. The article noted that current "excess capacity" is not very large, and would quickly disappear with a lift in demand that absorbed our excessive unemployment -- that demands for capital to replace outmoded and worn out equipment are rising steadily -- and that capital goods are becoming cheaper relative to labor and materials, reversing the process of the 1950s.

Therefore, the article concluded, basic forces in the economy are now turning more favorable for investment. The implication for the short run is that current investment planning rests on a solid base, and assuming even modest increases in output over the next three to six months, investment outlays should continue to rise, perhaps "taking off" later next year. The overall thrust of the article was that a real potential exists for a full-scale capital boom in the mid-Sixties, which is the argument I myself have been putting before you.

In the meantime other factors in overall demand remain steady or expansionary -- consumer demand, state and local government expenditures, and defense, space and public service requirements of the national government.

So the overall combination of these four long-range factors for business expansion -- trained manpower availability, new technology, new markets, and an increased capital goods demand -- presents a promising picture indeed.

The question then arises of what Government policies are being devised to maximize the possibilities presented by these factors. Let us review a few of them.

One of the most important areas of Government policy which wil help translate these favorable factors into actual business expansion is the role of Government in research and development.

Government's role is a major one. It finances more than 70 percent of university research, and almost 60 percent of research in industry. Overall, Government pays for about two-thirds of the total national research effort.

Although increasing rapidly in many industries, more than 55 percent of industrial research is performed by two industry groups and there is a heavy concentration of industrial research reflecting primarily the concentration of defense contracts. There is obviously much room for expansion of technological research, especially into areas where little research is done.

In addition to direct financial contributions, the Federal Government stimulates private research and development by making such costs fully deductible for tax purposes in the year they are incurred. The Small Business Act also encourages spending on research and development, including cooperative research by small companies.

The limiting factors on increasing our national research and development effort appear to be four: the short supply of scientists and engineers in certain fields; the small relative quantity of effort devoted to non-military research; the small relative effort devoted to basic research, and the limited percentages of resources applied to research and development in many industries and companies.

Many features of the Administration's education program are directly responsive to the first problem -- the long-term need for an increasing supply of scientists and engineers, and the President has directed the National Science Foundation to develop further programs responsive to this need.

The remaining limitations are under study by the Panel on Civilian Technology, composed of scientists, engineers, businessmen and economists. The Panel is examining opportunities for stimulating civilian research and development as well as for more effective use of existing technology. It is particularly concerned with those sectors of our economy where significant social and economic benefits could be expected to accrue from technology advances.

One of the most important new policy developments in this area is the creation of the post of Assistant Secretary of Commerce for Science and Technology, now ably filled by Dr. J. Herbert Holloman. He has already taken hold of a number of problems in this area, in a manner which gives promise of concrete results. He is particularly concerned over educational efforts, and the need for more effective diffusion of technology from the space and defense sectors to other public and civilian sectors. He maintains, and correctly, that the technological gap between leading and lagging firms should be narrowed.

In this respect, he places great importance on the need to encourage effective cooperation among universities, industry and the Government, to identify regional or area problems and to work out jointly the technological means of solving them. He suggests that a significant part of this effort could be an industry-university technical service not unlike the agricultural extension service.

A second major policy area in which the national government is seeking to take advantage of the long-range factors favoring business expansion is in international trade. The Trade Expansion Act of 1962 is a milestone on the road to the future of the United States in Free World trade.

While this legislation gives the President the authority to bargain down tariff walls, we must do more than merely gain entrance for our goods into the fast-developing markets of the world. Once there, they must be competitive, and our policies must be such as to allow our producers to meet the competition of foreign producers -- both at home and abroad -- at least on an equal footing.

Increasing our trade surplus by expanding our export markets while maintaining competitive resistance in import markets is an essential requirement for continued progress toward eliminating our balance of payments deficit. The Trade Expansion Act will foster this aim, but it is up to American business to see that it is competitive and enterprising enough to seize the opportunities offered for business expansion. How competitive it will be, of course, is a direct function of the level of investment in productive equipment. That is one reason I have put so much emphasis on productive investment today.

The Trade Expansion Act offers a direct opportunity for business expansion by keeping our producers in on the ground floor of the new markets and supplier relationships building up in the Common Market. The potential for domestic business expansion as a result of export trade, not only to the developed but eventually to the less developed countries as well, adds a significant dimension to the future of American business.

We cannot, of course, hope to take advantage of all these factors for business expansion if our own economy is hobbled by slack demand or the recessions such as those we have encountered in the postwar period. Obviously, a major part of Government policy must be directed to maintaining and increasing demand, and offsetting the possibility of recession.

Maintaining that recovery requires coordination of government fiscal and monetary policies, and this has been done to good effect. During the past eighteen months there has been a rise of over $50 billion in output, representing a 6.6 percent growth in Gross National Product over its previous peak in the second quarter of 1960. Even more important, there has been a 1.7 million rise in employment and a drop in unemployment from nearly 7 percent to an average of 5-1/2 percent in recent months.

Yet, this economic advance has not been marked by any of the excesses which have accompanied previous recoveries.

Funds for productive long-term investment have remained in ample supply and long-term rates for corporate bonds, mortgages, and state and local securities -- which have an important relationship to domestic investment -- have held at or below the levels to which they had declined in the recession months of early 1961.

Inventories have increased gradually and moderately and in no sector are excessive, and there is no evidence of the inflation that has marked previous recoveries. Wholesale prices are one-half percent below their level at the start of the recovery. Consumer prices have risen only slightly, largely because of the long-term increase in the cost of services. The recent rise in our consumer price index, incidentally, has been only about one-third of that experienced during the same period in Western Europe. On the cost side of inflation, there is also marked contrast with the situation in Western Europe, where wages in the past year rose proportionately twice as much as in the United States. The use of the governmental tools of fiscal and monetary policy has obviously made a significant contribution to the recent outstanding record of price stability.

But, by far the most significant area of government policy for increasing our rate of business expansion is in the field of tax policy. To a marked degree President Kennedy's recognition that the health, welfare and profit-making character of U. S. business and industry is basic to the achievement of our national goals -- including full employment -- is reflected in his tax policy, specifically as it relates to investment, incentives and profits.

The President was well aware of the need for sweeping changes in our tax system. Upon taking office, his first tax message to Congress reflected the need for change. He directed the Secretary of the Treasury to prepare "a comprehensive tax reform program" through which we could work "toward the goal of a higher rate of economic growth, a more equitable tax structure, and a simpler tax law." He gave first priority to investment in productive equipment, stating that "the immediate need is for encouraging economic growth through modernization and capital expansion."

The problem was met in two ways, by administrative liberalization of the tax treatment of depreciation, and by legislative enactment of the investment tax credit -- a tax incentive measure to spur productive investment. The change in the administrative rules concerning depreciation of machinery and equipment was issued on July 12 of this year. The investment tax credit, providing for a credit reducing taxes in the amount of 7 percent of annual expenditures for new productive machinery and equipment, becomes law this week.

The important relationship of this two-pronged program to reduce business costs and provide American industry a greater opportunity to modernize and expand deserves closer examination by all businessmen.

We at the Treasury have estimated that the total tax savings to business in the first year as a result of the depreciation reform alone will reach $1.5 billion. But the anticipated immediate dollar savings tell only a small portion of the story.

What is really much more important is the concept which lay behind the depreciation reform -- the objective we sought, and have reached. That objective can be stated quite simply: We wished to create a situation in which it would be possible for American industry to break loose from its old patterns of equipment replacement and move toward replacement practices consistent with the needs of our present era of swiftly changing technology.

For the troubling fact is that for too many years -- for more than a decade, at a conservative estimate -- our tax treatment of depreciation has performed the undesirable and even harmful function of "locking in" business firms to an endless repetition of their past replacement patterns. Breakthroughs to the faster replacement schedules dictated by the modern age were almost impossible for most companies; the inadequate depreciation allowances of the past left them too short of cash to shift to a more progressive equipment purchase schedule. Even in cases where the cash was available, any company attempting to shift to a more rapid replacement practice continually ran the risk that Internal Revenue auditors would disallow depreciation deductions based on the newly-adopted replacement schedule.

It was a breakout from this vicious circle of slow past replacement patterns dictating slow future replacement patterns which was sought -- and achieved -- with the depreciation reform.

The new depreciation guidelines will automatically permit faster-than-existing tax writeoffs on some 70 to 80 percent of the machinery and equipment in use by American business today.

In addition, Part Two of the new procedure contains the rules that specifically provide that firms wishing to move to depreciation schedules even faster than those set forth in the new guidelines will be allowed to do so -- now or in the future -- provided only that they can demonstrate that their actual replacement practices are moving or will move into conformity with their depreciation claims.

We are confident that over a period of time there will be increased understanding and recognition of these two opportunities -- movement to the stipulated lives in Part One of the regulations or to lives less than those stipulated, as provided for in Part Two. Both opportunities will be used by the majority of American businesses owning depreciable property -- to the benefit of the whole economy and the individual company. Those who do not choose to exercise either of the options presented can continue to operate under the status quo undisturbed.

It will undoubtedly take some months for the impact of the new regulations to be fully felt -- as the experience of the textile industry demonstrates. That industry, which received its depreciation revision in advance of industry generally a year ago, is now planning an increase in its capital outlays of 26 percent over the levels of last year. But the turnaround in textile industry investment plans took time. For example, four months after the announcement of the new guidelines, a Commerce-SEC survey showed no increase whatever in that industry's investment plans.

Depreciation reform, however, is only one facet of the improved tax climate for investment. The investment credit, just approved by the Congress, will also make new investment more attractive by making it more profitable and substantially decreasing the period of risk. The tax savings to business arising from the credit are estimated to run $1 billion in the first year.

In addition to reducing the period of recovery of investment and improving the rate of return on investment, the new 7 percent credit will produce another significant and beneficial effect: Because it will lower the cost to any business of acquiring machinery and equipment, it will add to the actual level of cash-in-hand for any firm which takes the credit without diminishing the amount of reported profits. This is, of course, not true of additional depreciation, which appears on a firm's books as a cost and thereby reduces the amount of reported profit. The fact that use of the credit does not reduce reported profits -- but actually increases the reported after-tax profit -- should lead many companies which might otherwise hesitate to move toward more rapid depreciation schedules to go right ahead with faster depreciation. Thus the credit and depreciation reform are complementary as well as supplementary.

The combined effect of depreciation reform and the investment credit will be to reduce the current tax load on business by about $2.5 billion a year -- an amount equal to about one-tenth of the total corporate tax revenue.

This is a significant spur to business expansion, but it is not by itself enough. President Kennedy took note of that in his first tax message to the Congress, in April, 1961, when he recommended the legislation which has just been approved as a first urgent step toward tax reform.

In the past year it has become increasingly evident that our tax system exerts too heavy a drag on our overall economy, particularly during periods of recovery.

Observers have noticed a tendency since mid-1962 for the economic expansion, enjoyed since early 1961, to level off or move onto a plateau, despite the fact that the unemployment rate significantly exceeds a tolerable level and manufacturing operating rates are several points below the peak efficiency rates preferred by businessmen. Moreover, although corporate profits, before taxes, had increased from $39.8 billion in early 1961 to $50.9 billion in the second quarter of 1962, the same leveling tendencies were noted. The recent tendency of the economy to level off in this manner brought renewed attention to the fact that during the last five years excessive unemployment and underutilization of plant and equipment has persisted throughout the cycle even in peak periods of economic activity. This tendency to level off has focused a wave of national attention on further developments in tax policy to maximize business expansion and employment.

In his address to the nation on August 13, President Kennedy stressed this, and promised to recommend to the Congress in January an "across the board, top-to-bottom cut" in personal and corporate income tax rates, effective from January 1, 1963, partly compensated for by some broadening of the tax base and involving some net tax reduction. He summed up the current economic case for this type of tax program by saying:

> "Our tax rates . . . are so high as to weaken the very essence of the progress of a free society, the incentive for additional return to additional effort. For these reasons, this Administration intends to cut taxes in order to build the fundamental strength of our economy, to remove a serious barrier to long-term economic growth, to increase incentives by routing out inequities and complexities, and to prevent the even greater budget deficit that a lagging economy would otherwise surely produce. . ."

Obviously, if the pace of business expansion and economic growth is to be further accelerated, tax law modification is essential.

Next year's tax reduction and reform will help this acceleration effectively in several ways. It will broaden and strengthen markets, it will spur additional investment, and it will increase business profits.

By reducing the corporate tax rate, the tax reform package will increase the flow of cash available to corporations to finance modernization and provide incentives to expand, combining with depreciation reform and the investment credit to make a maximum opportunity for increased investment for business expansion.

In addition, by reducing the amount of taxes taken from the paychecks of individual citizens, this reform will add greatly to the basic level of demand in the economy -- an important factor in any growth pattern.

Increasing the disposable income of consumers, of course, will have an immediate effect on the economy. Consumers regularly spend more than 90 percent of their disposable income, which has immediate economic effects. A reduction in taxes to consumers adds new vitality to markets, increases production, employment, income and profits, creating pressure for an upward spiral of economic activity.

A tax reduction and reform of the kind the President will recommend to the Congress will, by increasing sales and bringing production closer to capacity, increase profits on existing investment, spur spending on inventory, on new plant and on new equipment. This capital goods expansion increases total output, stimulates further consumption, and increases profits. Meanwhile, reduction of income taxes on corporations and unincorporated businesses coming on top of the investment tax credit will increase business profit margins and return on investment.

This outlook for increased profits offers a highly favorable environment for national business expansion, particularly in the light of the other favorable environmental factors previously described.

In closing, I should like to emphasize the need for profit, for one cannot merely urge investment or business expansion for its own sake. No one is going to risk his savings in a business venture without prospect of return. Profit, and the expectation of profit, is the touchstone of business expansion, which in turn creates more jobs, increases demand, and gives rise to even greater expansion.

The successful enactment of a tax program along the lines projected by the President early in the next session of Congress -- coming on the heels of the steps already taken -- pushes the door further open to a new era of business expansion and an increased rate of economic growth.

Queried some weeks ago on what it would take to boost capital commitments, some 60 percent of the National Association of Purchasing Members polled gave higher profits the nod, while 45 percent also voted for lower taxes.

We have come a long way toward wrapping both measures up in the same package. The early achievement of the President's tax program next year should make a substantial contribution toward consolidating all the favorable factors that exist in the present situation and paving the way for a new era of business expansion, which will provide the jobs, the profits and the wealth which our economy is capable of producing in abundance.

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TREASURY DEPARTMENT
Washington

FOR RELEASE ON DELIVERY

REMARKS OF JOSEPH W. BARR
ASSISTANT TO THE SECRETARY OF THE TREASURY
AT PRESENTATION OF MINUTE MAN FLAG
TO MARTIN-ORLANDO, FRIDAY, OCTOBER 12, 1962
ORLANDO, FLORIDA

LADIES AND GENTLEMEN: It is a distinct pleasure to be with you here in Orlando this morning, an honor for me to represent the Secretary in imparting to all of you some measure of the Treasury's thanks for your outstanding support of the Savings Bonds Program through the Payroll Savings Plan.

I'd like to tell you briefly today just what you share in by being a payroll saver. And I think I might best do this by giving you some of the reasons we stress the value of Savings Bonds -- by giving you the "Whys" of the Bond Program, so to speak.

Specifically, we sell U. S. Savings Bonds to achieve the widest possible distribution of the national debt among individual citizens. This we do in the interest of national economic health and stability. Only two primary means are available to the Treasury to raise funds -- taxation and borrowing. To the extent that we borrow from the people instead of from the commercial banks we inhibit inflation. Additionally, the hundreds of millions of dollars in interest payments go to millions of our citizens instead of to a relatively few financial institutions.

Apart from purchasing power, these savings represent a reservoir of funds for capital expansion and it is axiomatic that real capital must be saved.

We sell U. S. Savings Bonds because we seek to write a multi-billion dollar insurance policy against boom and bust. Savings tend to divert excess funds from the spending stream in time of inflation and they provide a backlog of purchasing power available to every community in the Nation in time of recession. We believe that this economy of ours requires a steady flow of savings and that there never has been and never will be a place in it for a moratorium on thrift.

We sell U. S. Savings Bonds as a means of furthering the basic American habit of thrift in every family in the land. Apart from the beneficent influence of the thrift habit upon our economic life as a Nation, we seek to translate its advantages in terms of the individual family unit -- the universal need for security, the fruition of plans for higher education of its children, a wory-free retirement, a home -- in short the realization of dreams perhaps once thought unattainable. In pursuing this objective, we firmly aver that it is not our intention to divert funds from other established and valid savings media. To the contrary, it is our conviction that the canopy of thrift consciousness and education which we have erected over the length and breadth of the Nation has benefited substantially all of our thrift institutions. We seek for <u>our</u> thrift program only our fair and reasonable share and believe that we complement rather than compete with other established thrift media.

Sociologically and even ideologically, we sell U. S. Savings Bonds because we seek to contribute to the development of a Nation of "haves" rather than "have-nots." We feel that here again we join in the underwriting of another insurance policy -- protection against the risks of that type of encroachment upon our free way of life, the "isms," which seem always to grow and breed within the ranks of the "have-nots." It is our conviction that a U. S. bond holder is a shareholder in America and like any other shareholder in a going concern he becomes more resistant to those influences which would tend to undermine the corporate structure in which he has a financial stake.

In the area of citizenship, we seek through the sale of these Shares in America, to stimulate a more active interest in public affairs and issues, a stronger feeling of personal identification with the actions and policies of our Government, and a greater sense of self-reliance which in turn carries with it a diminution of dependence upon Government hand-out.

Through the U. S. Savings Bonds Program, we offer thousands of volunteers an opportunity for worth-while public service in true American democratic tradition -- a corps of dedicated men and women ready and willing to assume a mammoth burden in the event of dire national emergency which we hope, God willing, will not occur.

Bonds in a very direct sense help us to achieve our national goals. There are some who say that a critical weakness of our society is that we have no great purpose as a people or a nation; that we talk of ourselves as if we are a completed society, with no further great business to transact. This reminds me of statements made some years ago, to the effect that our pioneering days were over; that there were no new frontiers to conquer.

We cannot permit ourselves to assume such a pessimistic attitude as we face the great challenges both at home and abroad. As for there being no more frontiers to conquer, you people right here at Martin can see the falsity of such a statement -- you live in an area where, in the course of your daily lives, you can hear and see another frontier just beginning to crack -- the frontier of space. You, perhaps more than the rest of us Americans, could feel the lump in the throat as our newest space hero, Wally Schirra, zoomed into orbit last week. It was right from your own backyard.

But space isn't our only frontier today. We still have the very real frontier that exists right here on the ground. It is the social and spiritual and ideological frontier which requires perhaps even more attention than does that in the skies. We are the leader of the Free World and have assumed a major responsibility for the promotion of freedom with justice among all peoples. While these objectives encompass much more than the economic, they can not be attained without an economic effort which must surpass everything we have heretofore attempted.

Lastly, but certainly one of the most important reasons for the Bond Program is to help support the National Defense effort -- by helping to ensure domestic economic stability without which no military posture, however formidable, is meaningful and quite directly by helping to finance our huge defense expenditures in the least inflationary manner.

You people here at Martin can certainly appreciate the needs of that last item, national defense. In more than a sense, you are sharing a dual role in our nation's defense efforts -- by devoting your talents and energies directly in the defense effort, and by your fine record of payroll savings. It is perhaps fitting -- certainly gratifying to us -- that you people, working as you do in the research, development, production and testing of some of our most complex and sophisticated defense projects, realize and whole-heartedly complement this endeavor by supporting the Bond program. Many people simply do not appreciate the vast effort that is national defense today. You people do -- and realizing the importance of the program, go a step farther with your bond purchases.

We at Treasury hope you will look on your own participation in the Bond program as an additional defense system which Martin is producing -- a sort of financial MISSILE MASTER or BIRDiE.

And it is with a great deal of pleasure that I present, on behalf of the Treasury Department and Secretary Dillon, this Treasury Minute Man Flag in recognition of Martin-Orlando's fine record in the Payroll Savings Plan. Your 82% enrollment is a record which to us at Treasury, and I am sure to you, is most gratifying. It is proof enough of the real interest Martin employees have in the preserving and fostering of our American way of life. We hope that Martin,Florida's largest industrial firm, will serve as an example to other industry in the state and in the nation. I am especially pleased to present this flag as it is the first such award to be presented in Florida since the end of World War II. Your fine support of our Savings Bonds Program is a model of Government-business cooperation for the common good. My congratulations and thanks.

TREASURY DEPARTMENT
Washington

FOR RELEASE ON DELIVERY

REMARKS OF JOSEPH W. BARR
ASSISTANT TO THE SECRETARY OF THE TREASURY
AT PRESENTATION OF MINUTE MAN FLAG
TO MARTIN-CANAVERAL, FRIDAY, OCTOBER 12, 1962
CAPE CANAVERAL, FLORIDA

LADIES AND GENTLEMEN: It is a distinct pleasure to be with you here in Canaveral this afternoon, and an honor for me to represent the Secretary in imparting to all of you some measure of the Treasury's thanks for your outstanding support of the Savings Bonds Program through the Payroll Savings Plan.

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We at Treasury hope you will look on your own participation in the Bond program as an additional defense system which Martin is producing -- a sort of financial MISSILE MASTER or BIRDiE.

And it is with a great deal of pleasure that I present, on behalf of the Treasury Department and Secretary Dillon, this Treasury Minute Man Certificate authorizing the Canaveral Division to fly the Treasury flag in recognition of your fine record in the Payroll Savings Plan. Your 76% enrollment is a record which to us at Treasury, and I am sure to you, is most gratifying. It is proof enough of the real interest Martin-Canaveral employees have in the preserving and fostering of our American way of life. Your fine support of our Savings Bonds Program is a model of Government-business cooperation for the common good. My congratulations and thanks.

Commodity	Period and Quantity		Unit of Quantity	Imports as of Sept. 29, 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, 1962	1,000	Pound	644 1/
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	524,817 2/

1/ Imports through October 8, 1962.

2/ Imports through October 5, 1962.

TREASURY DEPARTMENT
Washington

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IMMEDIATE RELEASE

FRIDAY, OCTOBER 12, 1962 D-634

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 29, 1962:

Commodity	Period and Quantity		Unit of Quantity	Imports as of Sept. 29, 1962
Tariff-Rate Quotas:				
Cream, fresh or sour..............	Calendar Year	1,500,000	Gallon	108
Whole Milk, fresh or sour	Calendar Year	3,000,000	Gallon	313
Cattle, 700 lbs. or more each (other than dairy cows)..........	July 1, 1962- Sept. 30, 1962	120,000	Head	13,727
Cattle less than 200 lbs. each....	12 mos. from April 1, 1962	200,000	Head	43,147
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	42,335,267
White or Irish potatoes:				
Certified seed	12 mos. from	114,000,000	Pound	52,233,560 2/
Other............................	Sept. 15, 1961	36,000,000	Pound	Quota Filled
Certified seed...................	12 mos. from	114,000,000	Pound	none
Other............................	Sept. 15, 1962	36,000,000	Pound	305,360
Walnuts..........................	Calendar Year	5,000,000	Pound	2,446,782
Stainless steel table flatware (table knives, table forks, table spoons)..................	Nov. 1, 1961- Oct. 31, 1962	69,000,000	Pieces	68,571,324

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

2/ Imports through September 14, 1962.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE

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Cattle, 700 lbs. or more each (other than dairy cows)..........	July 1, 1962- Sept. 30, 1962	120,000	Head	13,727
Cattle less than 200 lbs. each....	12 mos. from April 1, 1962	200,000	Head	43,147
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	42,335,267
White or Irish potatoes:				
Certified seed	12 mos. from	114,000,000	Pound	52,233,560 2/
Other............................	Sept. 15, 1961	36,000,000	Pound	Quota Filled
Certified seed...................	12 mos. from	114,000,000	Pound	none
Other............................	Sept. 15, 1962	36,000,000	Pound	305,360
Walnuts..........................	Calendar Year	5,000,000	Pound	2,446,782
Stainless steel table flatware (table knives, table forks, table spoons)...................	Nov. 1, 1961- Oct. 31, 1962	69,000,000	Pieces	68,571,324

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

2/ Imports through September 14, 1962.

Commodity	Period and Quantity		Unit of Quantity	Imports as of Sept. 29, 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, 1962	1,000	Pound	644 1/
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	524,817 2/

1/ Imports through October 8, 1962.

2/ Imports through October 5, 1962.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
FRIDAY, OCTOBER 12, 1962 D-635

The Bureau of Customs has announced the following preliminary figures showing the imports for consumption from January 1, 1962, to September 29, 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 29, 1962
Buttons............	680,000	Gross	203,339
Cigars.............	160,000,000	Number	8,910,853
Coconut oil........	358,400,000	Pound	133,906,291
Cordage............	6,000,000	Pound	3,495,522
Tobacco............	5,200,000	Pound	4,500,376

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
FRIDAY, OCTOBER 12,1962 D-635

The Bureau of Customs has announced the following preliminary figures showing the imports for consumption from January 1, 1962, to September 29, 1962, inclusive, of commodities under quotas established pursuant to the Philippine Trade Agreement Revision Act of 1955:

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Tobacco............	5,200,000	Pound	4,500,376

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
FRIDAY, OCTOBER 12, 1962

D-636

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 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	18,681,227	-	-	-	-
Belgian Congo	-	-	-	-	-	-	5,440,000	5,438,847
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	7,520,000
Bolivia	5,040,000	1,121,615	-	-	-	-	-	-
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	-
Mexico	-	-	36,880,000	35,774,252	70,480,000	70,480,000	6,320,000	5,712,543
Peru	16,160,000	15,877,892	12,880,000	12,875,932	35,120,000	35,120,000	3,760,000	3,756,514
Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	15,540,911	-	-	-	-
All other foreign countries (total)	6,560,000	6,560,000	6,080,000	448,072	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, OCTOBER 12, 1962

D-636

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 30, 1962

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	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	10,080,000	23,680,000	18,681,227	-	-	-	-
Belgian Congo	-	-	-	-	-	-	5,440,000	5,438,847
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	7,520,000
Bolivia	5,040,000	1,121,615	-	-	-	-	-	-
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	-
Mexico	-	-	36,880,000	35,774,252	70,480,000	70,480,000	6,320,000	5,712,543
Peru	16,160,000	15,877,892	12,880,000	12,875,932	35,120,000	35,120,000	3,760,000	3,756,514
Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	15,540,911	-	-	-	-
All other foreign countries (total)	6,560,000	6,560,000	6,080,000	448,072	17,840,000	17,840,000	6,080,000	6,080,000

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PREPARED IN THE BUREAU OF CUSTOMS

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
FRIDAY, OCTOBER 12, 1962

D-637

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 - October 1 - December 31, 1962

IMPORTS - October 1 - October 5, 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	1,432,666	-	-	-	-
Belgian Congo	-	-	-	-	-	-	5,440,000	-
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	7,520,000
Bolivia	5,040,000	884*	-	-	-	-	-	-
Canada	13,440,000	8,510,155*	15,920,000	770,040	66,480,000	66,480,000	37,840,000	1,730,895
Italy	-	-	-	-	-	-	3,600,000	-
Mexico	-	-	36,880,000	300,126	70,480,000	5,701,030	6,320,000	-
Peru	16,160,000	-	12,880,000	-	35,120,000	46,270	3,760,000	-
Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	-	-	-	-	-
All other foreign countries (total)	6,560,000	5,805,754*	6,080,000	4,092,620*	17,840,000	17,840,000	6,080,000	6,080,000

*Imports as of October 8, 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, OCTOBER 12, 1962

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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 - October 1 - December 31, 1962

IMPORTS - October 1 - October 5, 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	10,080,000	23,680,000	1,432,666	-	-	-	-
Belgian Congo	-	-	-	-	-	-	5,440,000	-
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	7,520,000
Bolivia	5,040,000	884*	-	-	-	-	-	-
Canada	13,440,000	8,510,155*	15,920,000	770,040	66,480,000	66,480,000	37,840,000	1,730,895
Italy	-	-	-	-	-	-	3,600,000	-
Mexico	-	-	36,880,000	300,126	70,480,000	5,701,030	6,320,000	-
Peru	16,160,000	-	12,880,000	-	35,120,000	46,270	3,760,000	-
Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	-	-	-	-	-
All other foreign countries (total)	6,560,000	5,805,754*	6,080,000	4,092,620*	17,840,000	17,840,000	6,080,000	6,080,000

*Imports as of October 8, 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 Sept. 19, 1962	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1961, to Sept. 19, 1962
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.

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
FRIDAY, OCTOBER 12, 1962

D-638

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 19, 1962

Country of Origin	Established Quota	Imports	Country of Origin	Established Quota	Imports
Egypt and the Anglo-Egyptian Sudan	783,816	783,816	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	-
			Barbados	-	-
			1/Other British W. Indies	21,321	-
Union of Soviet Socialist Republics	475,124	114,908	Nigeria	5,377	-
Argentina	5,203	-	2/Other British W. Africa	16,004	-
Haiti	237	-	3/Other French Africa	689	-
Ecuador	9,333	-	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 15, 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

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TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
FRIDAY, OCTOBER 12, 1962

D-638

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Imports September 20, 1961, to September 19, 1962

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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, 1962, to September 15, 1962

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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. 19, 1962	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1961, to Sept. 19, 1962
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.

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, 1962, to Oct. 8, 1962	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1962 to Oct. 8, 1962
United Kingdom	4,323,457	872,375	1,441,152	842,003
Canada	239,690	239,690	-	-
France	227,420	13,295	75,807	13,295
British India	69,627	9,036	-	-
Netherlands	68,240	-	22,747	-
Switzerland	44,388	11,292	14,796	-
Belgium	38,559	-	12,853	-
Japan	341,535	-	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany	76,329	-	25,443	-
Italy	21,263	-	7,088	-
	5,482,509	1,145,688	1,599,886	855,298

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
FRIDAY, OCTOBER 12, 1962

D-639

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, 1962 - October 8, 1962

Country of Origin	Established Quota	Imports	Country of Origin	Established Quota	Imports
Egypt and the Anglo-Egyptian Sudan	783,816	696,269	Honduras	752	-
Peru	247,952	16,331	Paraguay	871	-
British India	2,003,483	39,639	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	-	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 - October 8, 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
Washington, D. C.

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FRIDAY, OCTOBER 12, 1962

D-639

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Brazil	618,723	618,723	Netherlands E. Indies .	71,388	-
Union of Soviet Socialist Republics ...	475,124	-	Barbados	-	-
Argentina	5,203	-	1/Other British W. Indies	21,321	-
Haiti	237	-	Nigeria	5,377	-
Ecuador	9,333	-	2/Other British W. Africa	16,004	-
			3/Other French Africa ...	689	-
			Algeria and Tunisia ...	-	-

1/ Other than Barbados, Bermuda, Jamaica, Trinidad, and Tobago.
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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, 1962, to Oct. 8, 1962	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1962 to Oct. 8, 1962
United Kingdom	4,323,457	872,375	1,441,152	842,003
Canada	239,690	239,690	-	-
France	227,420	13,295	75,807	13,295
British India	69,627	9,036	-	-
Netherlands	68,240	-	22,747	-
Switzerland	44,388	11,292	14,796	-
Belgium	38,559	-	12,853	-
Japan	341,535	-	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany	76,329	-	25,443	-
Italy	21,263	-	7,088	-
	5,482,509	1,145,688	1,599,886	855,298

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

STATUTORY DEBT LIMITATION

As of September 30, 1962

Washington, Oct. 12, 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	$42,236,050,000		
Certificates of indebtedness	17,849,169,000		
Treasury notes	58,103,908,000	$118,189,127,000	
Bonds			
Treasury	79,761,858,650		
*Savings (current redemption value)	47,717,382,389		
Depositary	95,748,500		
R. E. A. series	24,407,000		
Investment series	4,574,186,000	132,173,582,539	
Certificates of Indebtedness			
Foreign series	500,000,000		
Foreign Currency series	149,869,500	649,869,500	
Special Funds -			
Certificates of indebtedness	6,830,367,000		
Treasury notes	6,232,978,000		
Treasury bonds	31,495,174,000	44,558,519,000	
Total interest-bearing		295,571,098,039	
Matured, interest-ceased		329,671,889	
Bearing no interest:			
United States Savings Stamps	50,997,787		
Excess profits tax refund bonds	721,533		
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	3,224,023,720	
Total		299,124,793,648	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F. H. A. & DC Stad. Bds.	485,943,950		
Matured, interest-ceased	1,390,725	487,334,675	
Grand total outstanding			299,612,128,3
Balance face amount of obligations issuable under above authority			8,387,871,6

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

(Daily Statement of the United States Treasury, September 28, 1962)
(Date)

Outstanding -	
Total gross public debt	299,498,292,4
Guaranteed obligations not owned by the Treasury	487,334,6
Total gross public debt and guaranteed obligations	299,985,627,1
Deduct other outstanding public debt obligations not subject to debt limitation	373,498,
	299,612,128,3

D-640

STATUTORY DEBT LIMITATION

As of September 30, 1962

Washington, Oct. 12, 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	$42,236,050,000		
Certificates of indebtedness	17,849,169,000		
Treasury notes	58,103,908,000	$118,189,127,000	
Bonds -			
Treasury	79,761,858,650		
*Savings (current redemption value)	47,717,382,389		
Depositary	95,748,500		
R. E. A. series	24,407,000		
Investment series	4,574,186,000	132,173,582,539	
Certificates of Indebtedness -			
Foreign series	500,000,000		
Foreign Currency series	149,869,500	649,869,500	
Special Funds -			
Certificates of indebtedness	6,830,367,000		
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Total		299,124,793,648	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F. H. A. & DC Stad. Bds.	485,943,950		
Matured, interest-ceased	1,390,725	487,334,675	
Grand total outstanding			299,612,128,323
Balance face amount of obligations issuable under above authority			8,387,871,677

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

(Daily Statement of the United States Treasury, September 28, 1962)
(Date)

Outstanding -	
Total gross public debt	299,498,292,432
Guaranteed obligations not owned by the Treasury	487,334,675
Total gross public debt and guaranteed obligations	299,985,627,107
Deduct - other outstanding public debt obligations not subject to debt limitation	373,498,784
	299,612,128,323

D-640

respect and our recognition of the truly fine job you did. The nearly 19,000 employees enrolled on the Payroll Savings Plan at ITT are evidence enough of the time, thought and energy you put into this project. And although the resulting benefits to these people, to the company, and to the country are finer testaments to your efforts than any token I could present, please accept these citations and medallions with my thanks and that of the Department.

oOo

the International Telephone and Telegraph

of the Treasury Douglas

~~Suggested~~ Remarks ~~for~~ by Secretary Dillon ~~in~~ presentation of awards to ITT -- ~~3:30 P.M.~~, ~~12~~ Thursday October 1962, 3:30 p.m.

~~Gentlemen,~~ I am happy to welcome you here, and I want to add my personal thanks to the Department's for the outstanding job ITT has done in the Payroll Savings effort.

In recognition of that performance it gives me pleasure to present four awards, beginning with this framed Freedom Bond Award, inscribed to "The International Telephone and Telegraph Corporation and Its Employees." I'm sure you are proud of the fact that ITT's percentage of increase in payroll savers during your recent campaign is the greatest of any of the major corporations in the United States. And your record of 83 per cent participation in the plan is one which to us here at Treasury, and I'm sure to you, is most gratifying.

The second is an award to ITT's President Harold S. Geneen, for his outstanding leadership and personal attention to the ITT campaign. It's our Minute Man Statuette, and I hope that you will convey with it to Mr. Geneen my warmest personal regards and best wishes.

And now to each of you two gentlemen, for the superb leadership and direction you gave to the campaign as Chairman and Co-Chairman, this Freedom Bond citation and silver medallion, reflecting our appreciation, our

Remarks by Secretary of the Treasury Douglas Dillon at presentation of Awards to the International Telephone and Telegraph Corporation, Thursday, October 11, 1962, 3:30 pm

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In recognition of that performance it gives me pleasure to present four awards, beginning with this framed Freedom Bond Award, inscribed to "The International Telephone and Telegraph Corporation and Its Employees." I'm sure you are proud of the fact that ITT's percentage of increase in payroll savers during your recent campaign is the greatest of any of the major corporations in the United States. And your record of 83 per cent participation in the plan is one which to us here at Treasury, and I'm sure to you, is most gratifying.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

October 11, 1962

FOR IMMEDIATE RELEASE

SECRETARY DILLON PRESENTS SAVINGS BOND AWARDS TO INTERNATIONAL TELEPHONE AND TELEGRAPH CORPORATION

Treasury Secretary Dillon today presented awards to the International Telephone and Telegraph Corporation and its employees for the company's successful 1962 Payroll Savings Campaign for United States Savings Bonds. Representing ITT were William T. Marx, Senior Vice President, and Edward J. Gerrity, Vice President-Public Relations, who served as Chairman and Co-Chairman of the ITT drive.

The Treasury's Freedom Bond Award -- a handsomely framed certificate -- was presented in recognition of the company's 83 per cent employee participation in the Payroll Savings Plan as a result of the campaign. ITT's percentage of increase in participation in the Plan is the highest for any major corporation in the U.S., and at present nearly 19,000 of ITT's 23,000 employees are payroll savers.

Mr. Marx also accepted for ITT President Harold S. Geneen the Treasury's Minute Man Statuette, awarded to Mr. Geneen for his outstanding leadership and personal contribution to the Bond program. Freedom Bond Drive citations and silver medallions were received by Mr. Marx and Mr. Gerrity for their efforts in conducting the successful drive.

The presentations served as a follow-up to a recent letter to Mr. Geneen in which the Secretary recognized the success of the ITT campaign and noted that it was "especially outstanding when you consider that thousands of your employees are assigned to the Arctic and other remote locations. Particularly impressive was the 93 per cent return from DEW line where you have nearly 1,000 U. S. citizens employed at installations across Alaska and Northern Canada.

"Your fine support of our Savings Bonds Division's nationwide Freedom Bond Campaign," the Secretary's letter continued, "is a model of government-business cooperation for the common good."

The text of Secretary Dillon's remarks during the presentation ceremony is attached.

D-641

TREASURY DEPARTMENT

WASHINGTON, D.C.

October 11, 1962

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D-641

REMARKS BY SECRETARY OF THE TREASURY DOUGLAS DILLON
AT PRESENTATION OF AWARDS TO THE INTERNATIONAL
TELEPHONE AND TELEGRAPH CORPORATION, THURSDAY,
OCTOBER 11, 1962, 3:30 P.M.

I am happy to welcome you here, and I want to add my personal thanks to the Department's for the outstanding job ITT has done in the Payroll Savings effort.

In recognition of that performance it gives me pleasure to present four awards, beginning with this framed Freedom Bond Award, inscribed to "The International Telephone and Telegraph Corporation and Its Employees." I'm sure you are proud of the fact that ITT's percentage of increase in payroll savers during your recent campaign is the greatest of any of the major corporations in the United States. And your record of 83 per cent participation in the plan is one which to us here at Treasury, and I'm sure to you, is most gratifying.

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oOo

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, October 16, 1962.

October 15, 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 July 19, 1962, and the other series to be dated October 18, 1962, which were offered on October 9, were opened at the Federal Reserve Banks on October 15. Tenders were invited for $1,300,000, 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 January 17, 1963		182-day Treasury bills maturing April 18, 1963	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.310	2.730%	98.570	2.829%
Low	99.303	2.757%	98.562	2.844%
Average	99.305	2.749% 1/	98.563	2.843% 1/

60 percent of the amount of 91-day bills bid for at the low price was accepted
95 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	$ 30,874,000	$ 20,494,000	$ 10,050,000	$ 3,750,000
New York	1,611,118,000	841,718,000	1,155,841,000	559,755,000
Philadelphia	32,846,000	17,646,000	7,644,000	2,389,000
Cleveland	38,393,000	38,003,000	28,302,000	10,802,000
Richmond	14,667,000	14,667,000	4,139,000	4,139,000
Atlanta	26,749,000	23,524,000	6,467,000	5,644,000
Chicago	205,781,000	128,981,000	135,850,000	74,349,000
St. Louis	48,351,000	41,491,000	8,966,000	5,966,000
Minneapolis	21,429,000	16,029,000	11,218,000	7,468,000
Kansas City	48,671,000	39,981,000	10,704,000	9,884,000
Dallas	34,131,000	18,969,000	10,033,000	4,633,000
San Francisco	111,498,000	98,828,000	47,212,000	11,252,000
TOTALS	$2,224,508,000	$1,300,331,000 a/	$1,436,426,000	$700,031,000 b/

a/ Includes $292,855,000 noncompetitive tenders accepted at the average price of 99.305
b/ Includes $76,685,000 noncompetitive tenders accepted at the average price of 98.563
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 2.92%, 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-642

TREASURY DEPARTMENT

WASHINGTON, D.C.

OR RELEASE A. M. NEWSPAPERS,
uesday, October 16, 1962.

October 15, 1962

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Philadelphia	32,846,000	17,646,000	7,644,000	2,389,000
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Richmond	14,667,000	14,667,000	4,139,000	4,139,000
Atlanta	26,749,000	23,524,000	6,467,000	5,644,000
Chicago	205,781,000	128,981,000	135,850,000	74,349,000
St. Louis	48,351,000	41,491,000	8,966,000	5,966,000
Minneapolis	21,429,000	16,029,000	11,218,000	7,468,000
Kansas City	48,671,000	39,981,000	10,704,000	9,884,000
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/ 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 2.92%, 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.

OCT 4 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 September:

Purchases	$374,000,000.00
Sales	48,486,500.00
Net Purchases	$325,513,500.00

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TREASURY DEPARTMENT

WASHINGTON, D.C.

October 15, 1962

~~September 14, 1962~~

FOR IMMEDIATE RELEASE

TREASURY MARKET TRANSACTIONS IN September ~~AUGUST~~

During September ~~August~~ 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 $325,513,500. ~~$304,377,3~~00.

oOo

D-643

~~D-606~~

TREASURY DEPARTMENT

WASHINGTON, D.C.

October 15, 1962

FOR IMMEDIATE RELEASE

TREASURY MARKET TRANSACTIONS IN SEPTEMBER

During September 1962, market transactions in direct and guaranteed securities of the government for Treasury investment and other accounts resulted in net purchases by the Treasury Department of $325,513,500.

oOo

D-643

FOR IMMEDIATE RELEASE

WITHHOLDING OF APPRAISEMENT ON
TECHNICAL VANILLIN

The Treasury Department is instructing customs field officers to withhold appraisement of technical vanillin from 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 June 22, 1962. The dollar value of imports received during the first 6 months of 1962 was approximately $250,000.

2cc: Mr. Hendrick

TREASURY DEPARTMENT

WASHINGTON, D.C.

October 16, 1962

FOR IMMEDIATE RELEASE

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fuller and more productive life.

That fundamental right should not be denied to anyone -- certainly not because of prejudice or discrimination, which are the very antithesis of all that we as a nation stand for.

Passive tolerance and good intentions are not enough. Positive, aggressive, vigorous action is called for, by men and women of courage and tenacity. Only in that way, can we enhance the dignity of the individual citizen, promote the maximum development of his capabilities, stimulate their responsible exercise, and widen the range and effectiveness of opportunities for individual choice. Only in that way can we bring the American Dream closer to reality.

foreign policy reasons. We must push back the frontier of injustice, because the major resource of any free nation is a free people, progressing within a framework of free institutions of their own choosing.

This was never more important than it is today. We have been told by the Soviet rulers that we are the old order, fit only for the trash heap of history. I believe history teaches a different lesson. It teaches that societies which concentrate power at the top become increasingly rigid. As the rights of people are taken over by the state, the society atrophies, and becomes incapable of adapting to change. We live in a rapidly changing world. I believe it is the free society that will prove to be capable of changing with it. It will do so because of the vitality, moral fibre, and

CREATIVENESS
creativity of free people.

Unleashing the creative potential of its people, and utilizing their abilities to the fullest through equal opportunity, is a major task of any free society. The fundamental human right of all free people is to use their freedom constructively, to enjoy a society committed to freedom; founded on the Declaration of Independence and the Bill of Rights, and dedicated to the rule of law in which the state is the servant of the individual and not the individual the servant of the state. What really is at stake is whether the United States in the next decade will be able to maintain its leadership in the free world. ~~And~~ if we treat a large number of American citizens as inferiors and fail to strive vigorously for our ideals as expressed in the Bill of Rights and the Declaration of Independence, then we cannot expect to maintain our leadership.

It is obvious, I think, that the recent triumph of the rule of
DO MUCH TO COUNTERACT
law over disorder and discrimination in Mississippi will [greatly
THIS SKEPTICISM.
strengthen our position throughout the world.]

The enlargement of human rights in this country beyond their present frontier is imperative for social, economic, moral, and

MOVE THIS GRAF TO P. 13

But the price of prejudice runs far higher than even those figures would suggest. The damage done to our image abroad when a foreign diplomat is refused proper housing or service in a restaurant is beyond calculation -- especially when the diplomat represents one of the new nations whose craving for freedom and human dignity was largely fired by our own example. We present a strange contradiction when we spend billions for foreign aid to expand opportunities for human rights abroad at the same time that we tolerate discrimination against human rights here at home. There is no question but that such incidents do us serious damage. Even more important -- as I can testify as a former Ambassador to France and FORMER Under Secretary of State -- racial disturbances in the United States both shock and mystify many foreigners, and some of them draw from ~~such incidents~~ a profound skepticism about freedom in America.

NO GRAF.
TAKE GRAF FROM 13-A

People around the world are often unfamiliar with actual conditions in the United States. But their hopes for their own country are best fulfilled in the ideal of America -- that is a the Council said that if non-whites had the same educational level as whites, that amount would be ~~raised~~ RAISED to more than three percent, or roughly $17 billion at current levels of output.

While these estimates are necessarily approximate, they tell us something with unmistakable clarity. They tell us that even if we were able to ignore the human misery and degradation that discrimination creates, even if we were willing to endure the burden of despair which is imposed upon our citizens as a result, even if we were to accept indefinitely an unemployment rate among Negroes twice that among whites, that prejudice and discrimination would -- solely on economic grounds -- be in direct conflict with the national interest of the United States. Since more rapid economic growth is the major economic goal of our nation, no one with any serious concern for public policy can afford to overlook the potential in human and economic resources that we waste through prejudice and discrimination, regardless of whether the discrimination is deliberate or inadvertant.

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(4) All OF these actions have OBVIOUS social significance, which is obvious. What is less obvious is that they also have economic significance.

As Secretary of the Treasury, I am keenly interested in accelerating our rate of economic growth in order to meet the needs of our citizens at home and to underwrite our heavy commitments abroad for the defense and development of the free world. Anything that detracts from our potential economic strength is a matter of great concern to me. I was struck, therefore, by the report last month of the President's Council of Economic Advisers, which spelled out the high economic cost to our country of racial discrimination in employment.

The Council estimated that full utilization of the present capabilities of the non-white population would increase our total output by about two and a half percent -- an increase of some $13 billion in the goods and services we now produce. In addition, agencies to maintain a watchful eye on the vast operations of the Federal Government to ensure equality of opportunity wherever possible.

Furthermore, the Federal Government ~~, under this Administration,~~
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~~has worked~~ closely and continuously with local authorities to assure all citizens the full rights guaranteed them under the Constitution. The Department of Justice has not filed a single civil rights case without first going to the local authorities and informing them of what appears to be a violation of the law. Local authorities -- judges, prosecutors and lawyers -- have as much responsibility to protect and defend the Constitution as do the Federal officials. In the majority of cases, the local officials have taken action and nothing further has been required of the Federal Government. There are no front page news stories but there are changes; there are results and they are brought about by local officials. In the long run, this is what is of real importance in ~~this country~~. For example, 13 airports have been desegregated

For instance, the Justice Department, seeking to eliminate unlawful discrimination in voter registration, is now prosecuting more than 30 cases and is gathering evidence in connection with another 70 cases. In Louisiana, for the first time, a Federal Judge has invoked the 1960 Civil Rights Act and has started to register voters himself. Segregation in bus, railroad and air terminals, so prevalent just a year ago has virtually been eliminated throughout the country, as a result of action taken by the Justice Department and the INTERSTATE COMMERCE COMMISSION ~~ICC~~. The Department of Health, Education and Welfare has announced that segregated schools will no longer be considered suitable for on-base children of military personnel ~~and has taken the first step toward denying Federal assistance~~ to higher educational institutions ~~which practices~~ racial ~~discrimination~~. The Secretary of Labor will certify only those apprenticeship programs which contain a specific equal opportunity clause, and HE has also succeeded in desegregating a number of State employment offices throughout the South. Finally, the President has established a Subcabinet group on civil rights, comprising high level representatives of Executive departments and

9-A

NO GRAF

[redacted] He has not hesitated to seek among our Negro population for skilled leadership. Only last month, for example, he [redacted] named a Philadelphia attorney, A. Leon Higginbotham, to the Federal Trade Commission. [redacted]

The Senate has since confirmed this appointment, and Commissioner Higginbotham is now the first Negro to sit on a Federal Regulatory Agency.

But the struggle to expand equal opportunity in the United States -- and GOVERNMENT'S ROLE IN THAT STRUGGLE -- has been carried on in a much larger context that that of individual INDIVIDUAL recognition of ability.

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It is scarcely necessary to say that this hiring has been done on the basis of merit and that every Civil Service rule and regulation has been strictly observed. Simply by affording equal oppurtunity and by making our policies known, we have, since January 1961, more than doubled the number of Negroes in the higher regular classified positions of the Treasury Department -- where more than 80 are now serving. In general, however, ~~we have concentrated~~ our broadened recruitment efforts have put even greater emphasis on ~~even more in~~ the middle grades, since this will ultimately give more Negro employees the necessary experience to qualify for the higher grades, Since January 1961, the number of Negroes in these middle professional level positions at Treasury has increased from 1,437 to 1,901 -- up more than 32 percent. I believe this demonstrates how much ~~that something~~ can be done to increase employment opportunities among minority groups without weakening the merit system.

I am proud of OUR the record that we have made at the Treasury. But it is only representative of what has been happening throughout the government under the strong leadership of President Kennedy.

One ~~The~~ problem of discrimination, the employment of Negroes with special talents or skills in jobs where they have no opportunity to use them, has received the particular attention of Vice President Johnson. It was his plan to scrutinize the qualification of all government employees so as to avoid this waste of training and talent ~~among all Government employees.~~ The results have been good. For example, Treasury ~~As a result, one of our~~ one of its bureaus discovered that a uniformed guard, who was a Negro, held a law degree. Since there was no opening for a lawyer in that bureau, he was encouraged to apply through regular channels to another bureau where he now holds a legal position in which he can put his knowledge and training to full use. ~~is now employed there as a lawyer. We expect that continued effort will produce similar progress.~~

But our progress has not been confined to the North. Internal Revenue Service appointments at the professional level have, for the first time, gone to Negroes in Atlanta, Louisville, and New Orleans. A Negro office auditor has been hired in Austin, Texas, and the first Negro clerk has been named in Oklahoma City. In Atlanta, where no Negro had previously served the Internal Revenue Service in any white collar position, eight Negro punch card operators have already been hired.

positions in the Office of the Secretary have also been filled by Negroes.

I want to make it clear that I found no policy of discrimination when I arrived at the Treasury -- it was just that there were ~~no~~ Negroes serving in responsible positions in a number of its many areas. For example, when I assumed office there was not a single Customs Collector who was a Negro. President Kennedy quickly changed this situation by appointing a Negro as Collector for the Virgin Islands. The Savings Bonds Division appointed the first Negro ever to serve as an Area Bond Representative. The Coast Guard Academy appointed its first Negro faculty member. The Treasury guard force appointed its first Negro Lieutenant. The White House Police Force appointed its first Negroes. The Bureau of Engraving and Printing appointed its first Negro machinists and its first
REPRESENTING WORKERS IN
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to it that through such affirmative type of action, members of minority groups are made aware that opportunity to qualify for this institution will be denied to no one who is able to meet the entrance requirements.

Other areas of the Treasury also received close attention. Soon after taking office, I designated one of my top assistants, Robert A. Wallace, who is here with us tonight, to ensure that the Treasury Department adhered as closely as possible to the President's desires for greater employment opportunity. This was the first time responsibility in this area had been given to such a high policy official. Results were quick in coming.

For instance, I learned to my surprise that a Negro had never held a professional position in the Office of the Secretary of the Treasury. Nor was there a single Negro secretary in THAT ~~this~~ large office numbering some 350 people. I immediately appointed a highly qualified economist, Dr. Samuel Westerfield, Dean of the Graduate School of Business of Atlanta University, to a top-level position in my office. Three other professional and five secretarial see what could be done.

A quick check showed that the Coast Guard had no policy of discrimination. Candidates had always been selected from applicants who scored the highest marks on a competitive written examination. ~~On the other hand~~ BUT there had never ~~had~~ been any STRENUOUS effort ~~made to positively~~ to encourage Negro applicants.

As Secretary of the Treasury, I could have waived the rules and directly appointed a Negro to the Academy. I rejected this course ~~however~~, because I thought it would have hindered, rather than furthered, the President's program. Instead, I had Coast Guard officials broaden the Academy's recruitment activities among all schools, including those with Negro students. As a result, a number of Negroes participated in the Coast Guard examination last February. Four scored high enough for appointment. Unfortunately, two of them failed the physical examination. One chose instead to accept a scholarship to Columbia University. The fourth candidate, Merle J. Smith, of Aberdeen, Maryland, entered the Academy, where he is an outstanding member of the Cadet Corps. We intend to continue to see

Unfortunately, there was also the opportunity for the exercise of conscious discrimination. A supervisor who did not wish to hire a Negro could, when ~~presented with~~ seeking a qualified candidate, exercise the Civil Service option of choosing from the three top candidates, at least one of whom was almost certain to be white.

The answer to the first problem, of course, was to actively broaden recruitment, and to make a strong effort to include Negroes wherever possible in the search for qualified job applicants. The best answer to the second problem was a firm, explicit stand by each ~~the~~ department head against discrimination in any form.

The President set THE a fine example. At early meetings of his Cabinet, he made it plain STRONG FEELINGS that he felt strongly about the need for equal employment opportunity, and urged that his Executive Order on the subject be implemented as quickly and as thoroughly as possible. Indeed, even before he issued the order, he pointed out to me in our very first conversation after he took office that the Coast Guard -- which is under the Treasury Department -- was the only Service Academy without a single Negro cadet. He asked me to find out why, and to

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But ~~this~~ Administration has ~~been~~ particularly vigorous in expanding the area of equal opportunity.

Soon after his inauguration President Kennedy issued an executive order designed to promote and ensure equal opportunities for all persons employed or seeking jobs with the Federal Government or with private employers holding Government contracts. That set the goal. But Positive action was needed to translate policy into practice.

We often found that the greatest barrier to truly equal opportunity ~~for all~~ in Government service was not FREQUENTLY conscious WILLFUL prejudice, but unconscious discrimination. This was particularly evident in both hiring and promoti~~on~~ NG. For example, since most supervisors are white -- and since it is only human to seek employees or close associates with a similar background -- it is not surprising that little effort had been made to ensure that Negroes were included among middle and upper level job candidates. The result, of course, was that few Negroes held high posts.

The denial of opportunity invariably creates misery and hardship. It inevitably adds to the tensions within our society. Finally, and not the least important, it brings about a tragic waste of human talent and skill.

At a time when our survival and that of the Free World requires moral, social, and economic strength, we simply cannot afford to let intolerance erode our vitality as a nation.

We must grow stronger, not weaker, if we to are counter-balance the forces of violence and subversion around the world. An important way to grow stronger is to break down persisting prejudice and extend the fullest possible opportunity to all of our ~~the greatest possible number of~~ people. This requires more than passive tolerance or acceptance. It requires -- as voluntary organizations such as yours well know -- positive action by you, by me, by all of our people, and by our Government.

It is in recognition of this need that the present ~~President Kennedy's~~ in Washington Administration has been pursuing a strong policy in support of human rights. The results show the value of vigorous, positive action.

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INSERT A

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FOR A.M. NEWSPAPERS
THURSDAY OCTOBER 18, 1962
~~THIRD DRAFT~~
10/12/62

REMARKS BY THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
UPON RECEIVING THE NINTH ANNUAL HUMAN RIGHTS AWARD
OF THE JOINT DEFENSE APPEAL OF THE AMERICAN JEWISH COMMITTEE
AND THE ANTI-DEFAMATION LEAGUE OF B'NAI B'RITH
AT THE HOTEL AMERICANA, NEW YORK, N.Y.
WEDNESDAY, OCTOBER 17, 1962, 6:30 P.M., EDT

I am happy to be here tonight and to share the honors of this occasion with Mr. Lane. The Human Rights Award is one I shall always cherish. For, if there is a single goal that motivates us as a nation and as a people, surely it is the extension and enlargement of human rights. Political, social, and economic progress are all directed to that goal. Our advancement as a society cannot be measured solely in material terms. It must be judged in terms of the progress we make -- through positive effort -- to increase human dignity and individual opportunity.

— INSERT A —

Although we have made remarkable progress, we still have a long way to go. We have not yet been successful in banishing religious prejudice, handicaps to women, or racial discrimination. These vestiges of intolerance are ~~normally~~ morally wrong. They are socially explosive. AND They are economically wasteful.

D-644

TREASURY DEPARTMENT
Washington

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But the price of prejudice runs far higher than even those figures would suggest. The damage done to our image abroad when a foreign diplomat is refused proper housing or service in a restaurant is beyond calculation -- especially when the diplomat represents one of the new nations whose craving for freedom and human dignity was largely fired by our own example. We present a strange contradiction when we spend billions for foreign aid to expand human rights abroad at the same time that we tolerate discrimination here at home. Even more important -- as I can testify as a former Ambassador to France and former Under Secretary of State -- racial disturbances in the United States both shock and mystify many foreigners, and some of them draw from such incidents a profound skepticism about freedom in America. It is obvious, I think, that the recent triumph of the rule of law over disorder and discrimination in Mississippi will do much to counteract this skepticism.

People around the world are often unfamiliar with actual conditions in the United States. But their hopes for their own country are best fulfilled in the ideal of America -- that is, a society committed to freedom; founded on the Declaration of Independence and the Bill of Rights, and dedicated to the rule of law in which the state is the servant of the individual and not the individual the servant of the state. What really is at stake is whether the United States in the next decade will be able to maintain its leadership in the free world. If we treat a large number of American citizens as inferiors and fail to strive vigorously for our ideals as expressed in the Bill of Rights and the Declaration of Independence, then we cannot expect to maintain our leadership.

The enlargement of human rights in this country beyond their present frontier is imperative for social, economic, moral, and foreign policy reasons because the major resource of any free nation is a free people, progressing within a framework of free institutions of their own choosing.

This was never more important than it is today. We have been told by the Soviet rulers that we are the old order, fit only for the trash heap of history. I believe history teaches a different lesson. It teaches that societies which concentrate power at the top become increasingly rigid. As the rights of people are taken over by the state, the society atrophies, and becomes incapable of adapting to change. We live in a rapidly changing world. I believe it is the free society that will prove to be capable of changing with it. It will do so because of the vitality, moral fibre, and creativeness of free people.

Unleashing the creative potential of its people, and utilizing their abilities to the fullest through equal opportunity, is a major task of any free society. The fundamental human right of all free people is to use their freedom constructively, to enjoy a fuller and a more productive life.

That fundamental right should not be denied to anyone -- certainly not because of prejudice or discrimination, which are the very antithesis of all that we as a nation stand for.

Passive tolerance and good intentions are not enough. Positive, aggressive, vigorous action is called for, by men and women of courage and tenacity. Only in that way, can we enhance the dignity of the individual citizen, promote the maximum development of his capabilities, stimulate their responsible exercise, and widen the range and effectiveness of opportunities for individual choice. Only in that way can we bring the American Dream closer to reality.

oOo

can ultimately increase tax receipts. In 1954, for instance, a tax reduction totaling almost $7-1/2 billion went into effect. But after an interval of only one year, total Government receipts had risen above the pre-tax-cut level. A major reason was the stimulation of business activity brought about by the tax cut.

Stimulation of business activity -- especially business investment -- is precisely what we need and seek. This has been a central focus of the Administration's tax program from the outset. Next year's tax reduction and tax reform package will be specifically designed with the end in view of making capital investment EVEN more attractive. I hope you will make your plans accordingly.

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— A PROGRAM WHICH ALREADY HAS OFFERED, THROUGH DEPRECIATION REFORM AND THE INVESTMENT CREDIT, on annual REDUCTION IN CURRENT BUSINESS TAX LIABILITIES OF $2.5 BILLION, equivalent amount. Such talk is simply not realistic. If taken literally, it would mean virtually permanent postponement of any tax reduction. While it is, of course, true that the government must conduct its affairs with utmost frugality -- especially when a reduction in revenues is contemplated -- there

PROSPECT FOR THE FORESEEABLE FUTURE OF REDUCING FEDERAL

is no realistic expenditures below current levels. Indeed, the demands of the cold war, of the space age, and of our rapidly growing population, are so urgent and compelling that Federal expenditures are bound to continue to rise. What we must do is make certain that we limit any increase to those things which we cannot do without.

If we wait to reduce taxes until we can reduce our overall expenditures, we will never achieve the strong economy we must have to assure our position in the world, the well-being of our people -- or a balanced budget. For income tax reductions a simple matter. And we will not, of course, propose tax reduction alone. What we have in mind is a restructuring of

LAW

our tax system, aimed at the creation of a system which will make a positive contribution to our basic economic health and growth, while at the same time improving tax equity. No such undertaking could possibly be easy or noncontroversial, even

IMPOSED BY THE REQUIREMENTS OF EQUITY

though we plan that any tax increases will be more than offset by tax rate reductions.

Such a net reduction in overall taxes, incidentially, is not only desirable, but clearly necessary, if we are to complete the job of getting our national economy firmly on the road to full employment.

14 There has been considerable discussion in recent months concerning our planned net tax reduction. In some quarters the opinion has been voiced that taxes must not and should not be cut unless and until government expenditures are reduced by an

Skeptics, however, are still with us. They now say that President Kennedy will not really propose a tax cut. Or that if he does, it will not be of significant size. Or that if it is large, it will contain only token reductions in upper-bracket tax rates. Or, perhaps, only token reductions in lower-bracket tax rates -- depending on who is doing the talking, for businessmen are not the only skeptics. Or that even if meaningful tax reduction for corporations and in all individual brackets is actually proposed, it will never be passed by Congress.

The skeptics will be proved wrong next year -- as they have been this year. Of course, Congress will make changes in what we propose; that is Congress' function, and we would not have it otherwise. Of course the legislation will be controversial; the allocation of tax reduction among different income groups and between individuals and corporations is never

There appear, however, to be some who simply cannot believe that a tax cut will actually be proposed and enacted. Their skepticism is reminiscent of that which, till recently, surrounded discussions of the depreciation reform and of prospects for enactment of the investment credit.

Literally 48 hours before we announced our depreciation reform -- when the pamphlet containing the new guidelines and rules had already been printed and bound -- it was possible to hear some businessmen and some trade association representatives still proclaiming that the Administration would never actually go through with the reform. And right up until the final vote on the 1962 tax bill, there were many who argued that it could not possibly be enacted into law. They were wrong.

that business will enjoy larger net profits, that it will be more worthwhile for businesses and businessmen to work to make more money and that they will have increased funds with which to do so. The reduction in taxes for lower-income individuals -- apart from the clear benefits to these taxpayers themselves -- will mean more consumer purchasing power and richer, larger markets for all business. For consumers, though they may sometimes appear fickle to the individual businessman, are quite consistent in their overall behavior. They spend 92 to 94 percent of their after-tax incomes and have done so throughout the postwar period. Any increase in consumer disposable incomes is quickly translated into increased spending.

The prospect -- I am tempted to say the certainty -- of tax reduction should be an important affirmative element in businessmen's thinking as they formulate next year's capital investment plans. A TAX CUT WILL BE PROPOSED BY THE PRESIDENT YOU MAY BE SURE OF THAT, AND IT IS MY FIRM BELIEF THAT THE CONGRESS WILL ENACT IT IN THE NATIONAL INTEREST

SINCE IT

credit should be a powerful stimulus to new investment, ~~im-~~

IMPROVES

~~proving, as it does~~ both the speed with which the cost of new investment is recovered and the rate of return on investment. Taken together, depreciation reform and the investment credit for the first time make our tax treatment of new investment in machinery and equipment comparable to that currently available in other industrialized nations.

These are solid accomplishments which are now behind us. But a third element, aimed -- among other things -- at improving the tax climate for investment, still lies in the future. This is the top-to-bottom reduction in income tax rates -- both corporate and personal -- which President Kennedy

WILL

~~has pledged~~ ~~to~~ propose early next year.

The reduction in corporate and upper-bracket individual tax rates will mean -- to state the matter quite simply --

As reported in the Commerce Department-SEC survey of capital programs, they remained the same as those for 1961. By May,
DIFFERENT. DEPARTMENT
however, the story was quite otherwise. The Commerce-SEC
OF CAPITAL PROGRAMS BY THEN
survey taken at that time showed an 18 percent rise in textile
PLANS,
industry capital spending intentions compared with the
AND THREE MONTHS LATER,
previous year's. By the time of the July survey textile
EVEN FURTHER —
industry capital programs were up 26 percent over the previous
POTENTIAL WORTH
year. This is indicative of the power of depreciation reform, once an industry has had the time to analyze it fully and understand its effects. BENEFITS AND TAKE ADVANTAGE OF THEM.

BUT
Depreciation reform, though immensely important, is only
ONE ELEMENT IN
part of the improved tax climate for investment. A second major element is the 7 percent investment credit, now finally enacted into law. The tax saving to business from the credit during the present calendar year will be $1 billion. The

written off in any other way which has proved acceptable in

AND
the past ~~or~~ which will yield a fair result. The consequence of this amendment will be a further liberalization for those industries which are heavy users of this type of equipment.

Overall, we have estimated the tax savings to business from our depreciation reform at $1.5 billion in the first year. We see no reason to change that estimate, despite the skeptical comments which have emanated from a few quarters. To anyone

WILL E
who doubts the efficacy of depreciation reform ~~in~~ induc~~ing~~ a
TO ANYONE WHO DOUBTS THIS
higher level of capital investment, I recommend a good close look at the investment plans of the textile industry. That industry, you will recall, got its revised depreciation guidelines ahead of others -- in October a year ago. Four months later, in February of this year, there was still no

OVER 1961,
sign of any increase in the industry's capital spending plans.

ANNOUNCED IN WASHINGTON TOMORROW

[redacted] ~~forthcoming in just a few days~~, when the Internal Revenue Service will issue an amendment to the depreciation procedure on the complex matter of writing off the cost of jigs, dies, molds, patterns and other similar subsidiary items of special equipment ~~similar items of special equipment.~~ A misunderstanding between the Treasury and some major companies as to the scope of the information we HAD sought ~~from them~~ concerning THEIR ~~current~~ depreciation practices resulted in an under-weighting of the importance of these special items among their productive assets. The information submitted to us also failed adequately to reflect the extent to which some industries do not actually depreciate these assets, but amortize, "expense", or treat them in some other fashion. The amendment will eliminate the difficulties which grew out of this misunderstanding. IT WILL ~~by~~ provide ~~providing~~ that these special items may be depreciated at any rate previously accepted or their cost

many business executives who quite mistakenly, believe that
RIGID
the new guidelines are minimums and that no company can go below them. Equally mistaken and widespread is the belief that use of the new guidelines is an all-or-nothing matter. The reverse is true. The new guidelines may, if desired, be used for some classes of assets, such as production equipment,
THE MOST UNFORTUNATE
and not for others, such as buildings. A final misconception is the belief that some companies may actually be worse off under the new rules. This is literally impossible. Any firm which has already justified its use of a shorter-than-guideline depreciation schedule may continue its use without challenge.

OUR OBJECTIVE OF KEEPING THE DEPRE-
We recognized from the outset that further revisions in
CIATION RULES FAIR AND UP TO DATE WOULD
the new depreciation rules might be necessary and affirmed our
REQUIRE THAT THEY BE
readiness to make changes whenever they proved justified, with
REVISED FROM TIME TO TIME.
the objective of keeping depreciation practices permanently up-
SUCH A REVISION WILL BE
to-date. A specific demonstration of this attitude will be

their retirement practices into conformity with their depreciation claims.

Even those who delay in taking advantage of the reform in administration of depreciation will find shifts to faster depreciation writeoffs easier than in the past. As a practical matter, any company which has over the years HAS ACTUALLY followed the replacement pattern it claimed for tax purposes, will permanently retain the right to speed up its depreciation at least to the guideline rate. And movement ADOPTION OF to a below-guideline schedule -- even after the expiration of our three-year transitional rule -- will be allowed upon a showing that this is justified for the taxpayer concerned.

Thorough and careful study of the new depreciation rules may reveal to many businessmen opportunities which they have not, thus far, recognized. For example, there appear to be

the cost of investment through the tax deduction route -- but this is hardly the half of it. What is really much more
HOWEVER,
important is the fact that the new rules covering depreciation
IN
wipe the old slate clean, and permit a fresh start for any
TO ADOPT
business wishing to shift to a consistent policy of replacing its equipment more rapidly than it used to.

The rules will make it easy for any business -- now or in the future -- to accelerate the pace at which it depreciates and actually retires and replaces equipment. But there are special advantages for companies which move quickly to a speedier replacement pattern. Those which make the shift within the next three years -- either by adopting the schedule suggested in the new guidelines, or by justifying an even shorter one -- will find that they are allowed a grace period equal to the duration of an entire replacement cycle to bring level to forestall large movements of funds to financial centers outside our borders, while at the same time preventing undue increases in the cost of long-term borrowing.

Corporate borrowing costs have remained essentially unchanged SINCE ~~since January, 1961 --~~ the bottom of the 1960-61 recession (IN JANUARY 1961).

What is more, this stability in interest costs has been achieved without the slightest hint of any renewal of inflation.

WHEN ~~Where~~ borrowing is necessary to finance new capital investment, the cost of money I'S A MAJOR FACTOR ~~figures importantly~~ in computati~~on~~NG ~~of~~ the prospective return on the investment. The cost of money is a favorable factor now.

BUT ~~T~~the most pervasive recent improvement in the climate for investment ~~however,~~ has come about in the tax area.

The depreciation reform which the Treasury put into effect last summer envisages a substantially more rapid recovery of

Creation of this environment has been, in large measure, the accomplishment of government.

Despite the recent trend toward more and more financing of capital investment out of internally generated funds, a large portion of new capital spending is still financed from external sources, that is, from funds which are, through one device or another obtained from the investing public. As investment rises, reliance on external sources of funds will increase. Such funds are available in ample supply now -- and at relatively low cost.

THAT HAS BEEN

This is the aim the Administration has had -- and the

OF DURING

end we have achieved -- through 20 months of continuous effort on the part of the Treasury working in close cooperation with the Federal Reserve. We have accomplished the difficult task of holding short-term interest rates at a high enough investigation, reported its conclusion that since 1959, regardless of the measure of capacity used output has been expanding faster than capacity. If the steel industry is excluded, *Fortune* noted, "the rate of utilization is higher than it has been for the last six years...."

Those who are waiting for some dazzling upsurge in economic activity before committing investment funds may come to regret that decision. For sooner or later -- and I think sooner, rather than later -- the gradual absorption of our presently unused capacity will catch short those who have not prepared themselves far enough in advance for the expanding, growing future.

If the need for investment, and investment now, is apparent, so also is the fact that the general environment for investment -- specifically the financial and tax environment -- has never, in recent years, been better.

140

and present need for increased capital outlays by U. S.
INTENSE WILL INCREASE,
business. Competition among our own [American] firms [is] [intense.] The company which hesitates will be left behind [--] [not only] with a cost-price structure it cannot maintain,
AND
[but] behind in the race for new markets, new processes, and new products.

FOR
The race [to have enough] capacity to serve the markets of the future -- both here and abroad -- is also one in which no firm which wishes to prosper can refuse to run.

WE HAVE HEARD A LOT
[Much has been said and written recently] about [unused,] excess capacity [in this country.] But clearly much of the
LABELLED
plant [now described as] excess is already obsolete or obsolescent -- at least according to any reasonable definition
IN ADDITION, AS
of efficient, modern capacity. [I noted with interest that]
REPORTED
<u>Fortune</u> magazine last month, [after an obviously thorough]

THE BOOMING MARKETS

be found in other industrialized countries, our vast market here at home, and the growing EMERGING markets of the emerging NEW nations.

The prospect of IN enlargement of the Common Market, through admission of the United Kingdom and other nations, coupled with the recent enactment NEW of the trade expansion program -- which has given the President broad and unprecedented powers to reduce tariffs -- makes compelling the already evident need for more efficient production in this country.

The time is ripe for a real effort on the part BY of American business to make itself more competitive IS now, before new trading patterns within and outside WITHOUT the Common Market become so firmly fixed that new sellers will find themselves faced with the hard task of courting customers whose supplier relationships are already well established.

The fact and prospect of growing competition from foreign producers is not, however, the sole factor indicating a clear

The

and your stockholders, but to your employees, and to our nation, as well.

~~As Henry Ford II put it in a recent speech, "The company that really contributes most to the society is normally the most profitable company because, as a rule, it is also the most aggressive, most research-minded, most inventive, most efficient. It therefore contributes good jobs at good wages; it contributes to the management skill and technology of the whole economy. It may -- in addition -- be the most civic-minded; but its economic performance, rather than its social performance, is the basic measure of its social value."~~

MAXIMUM

Achievement of the best possible economic performance

CALLS FOR

requires use of the most efficient technology and equipment available. Investment in such equipment is essential for any American business that hopes to compete successfully in the world markets of today -- the markets to

For Release A.M. newspapers
Friday Oct 19, 1962

DRAFT 10/15/62

REMARKS OF THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
BEFORE THE NATIONAL INDUSTRIAL CONFERENCE BOARD
WALDORF-ASTORIA HOTEL, NEW YORK CITY
THURSDAY, OCTOBER 18, 1962, 8 P.M. EDT

~~AND MORE FAVORABLE EXISTS~~ STET

A new environment for capital investment has been established in our country. It is a more favorable environment than that which has prevailed in the recent past. What is more, there is every reason to believe that the potential attractiveness of new capital outlays will increase FURTHER, ~~rather than diminish,~~ in the months just ahead. The case for affirmative investment decisions, already strong, should become even clearer and more compelling. ~~Tonight I would like to sketch out for you the reasons which have led me to this conclusion.~~

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stet

As businessmen, your primary responsibility is to ~~make~~ ensure that your companies are operating with maximum efficiency. FULFILLMENT OF THIS ~~It is a~~ responsibility ~~which extends~~ BENEFITS not only ~~to~~ yourselves

D-645

TREASURY DEPARTMENT
Washington

FOR RELEASE A.M. NEWSPAPERS
FRIDAY, OCTOBER 19, 1962

REMARKS OF THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
BEFORE THE NATIONAL INDUSTRIAL CONFERENCE BOARD
WALDORF-ASTORIA HOTEL, NEW YORK CITY
THURSDAY, OCTOBER 18, 1962, 8 P.M., EDT

A new environment for capital investment has been established in our country. It is a more favorable environment than that which has prevailed in the recent past. What is more, there is every reason to believe that the potential attractiveness of new capital outlays will increase further. The case for affirmative investment decisions, already strong, should become even clearer and more compelling in the months just ahead.

As businessmen, your primary responsibility is to ensure that your companies are operating with maximum efficiency. Fulfillment of this responsibility benefits not only yourselves and your stockholders, but your employees, and the nation.

Maximum performance calls for the most efficient technology and equipment available. Investment in such equipment is essential for any American business that hopes to compete successfully in our vast market here at home, the booming markets in other industrialized countries, and the emerging markets of the new nations.

The prospective enlargement of the Common Market, coupled with the new trade expansion program -- which has given the President broad and unprecedented powers to reduce tarifffs -- makes compelling the already evident need for more efficient production in this country.

The time for a real effort by American business to make itself more competitive is <u>now</u> -- before new trading patterns within and without the Common Market become so firmly fixed that new sellers will face the hard task of courting customers whose supplier relationships are already well established.

The fact and prospect of growing competition from foreign producers is not, however, the sole factor indicating a clear and present need for increased capital outlays by U. S. business. Intense competition among our own firms will increase. The company which hesitates will be left behind with a cost-price structure it cannot maintain, and behind in the race for new markets, new processes, and new products.

The race for capacity to serve the markets of the future -- both here and abroad -- is also one in which no firm which wishes to prosper can refuse to run.

We have heard a lot about excess capacity. But clearly, much of the plant labelled excess is already obsolete or obsolescent -- at least according to any reasonable definition of efficient, modern capacity. In addition, as Fortune magazine reported last month, output has been expanding faster than capacity since 1959. If the steel industry is excluded, Fortune noted, "the rate of utilization is higher than it has been for the last six years...."

Those who are waiting for some dazzling upsurge in economic activity before committing investment funds may come to regret that decision. For sooner or later -- and I think sooner, rather than later -- the gradual absorption of our unused capacity will catch short those who have not prepared for the expanding, growing future.

The need for investment -- and investment now -- is apparent. So also is the fact that the financial and tax environment for investment has never, in recent years, been better. Creation of this environment has, in large measure, been the accomplishment of government.

Despite the recent trend toward more financing of capital investment out of internally generated funds, a large portion of new capital spending is still financed from external sources, that is, from funds which are, through one device or another, obtained from the investing public. As investment rises, reliance on external sources of funds will increase. Such funds are available in ample supply now -- and at relatively low cost.

That has been the aim of the Administration -- and the end we have achieved -- during 20 months of continuous effort on the part of the Treasury, working in close cooperation with the Federal Reserve. We have accomplished the difficult task of holding short-term interest rates at a high enough level to forestall large movements of funds to financial centers outside our borders, while at the same time preventing undue increases in the cost of long-term borrowing. Corporate borrowing costs have remained essentially unchanged since the bottom of the 1960-61 recession, in January 1961. What is more, this stability in interest costs has been achieved without the slightest hint of any renewal of inflation.

When borrowing is necessary to finance new capital investment, the cost of money is a major factor in computing the prospective return on the investment. The cost of money is a favorable factor now.

But the most pervasive recent improvement in the climate for investment has come about in the tax area.

The depreciation reform which the Treasury put into effect last summer envisages a substantially more rapid recovery of the cost of investment through the tax deduction route. Much more important, however, is the fact that the new rules covering depreciation wipe the old slate clean, and permit any business to adopt a consistent policy of replacing its equipment more rapidly.

The rules will make it easy -- now or in the future -- for any business to accelerate the pace at which it depreciates and actually retires and replaces equipment. But there are special advantages for companies which move quickly to a speedier replacement pattern. Those which make the shift within the next three years -- either by adopting the schedule suggested in the new guidelines, or by justifying an even shorter one -- will find that they are allowed a grace period equal to the duration of an entire replacement cycle to bring their retirement practices into conformity with their depreciation claims.

Even those who delay in taking advantage of the reform will find shifts to faster depreciation writeoffs easier than in the past. As a practical matter, any company which over the years has actually followed the replacement pattern it claimed for tax purposes, will permanently retain the right to speed up its depreciation to the guideline rate. And adoption of a below-guideline schedule -- even after the expiration of our three-year transitional rule -- will be allowed upon a showing that this is justified for the taxpayer concerned.

Thorough and careful study of the new depreciation rules may reveal to many businessmen opportunities which they have not, thus far, recognized. For example, there appear to be many business executives who believe quite mistakenly, that the new guidelines are rigid and that no company can go below them. Equally mistaken and widespread is the belief that use of the new guidelines is an all-or-nothing matter. The reverse is true. The new guidelines may, if desired, be used for some classes of assets, such as production equipment, and not for others, such as buildings. The most unfortunate misconception is the belief that some companies may actually be worse off under the new rules. This is literally impossible. Any firm which has already justified its use of a shorter-than-guideline depreciation schedule may continue its use without challenge.

We recognized from the outset that our objective of keeping the depreciation rules fair and up to date would require that they be revised from time to time. The first such revision will be announced in Washington tomorrow, when the Internal Revenue Service will issue an amendment to the depreciation procedure on the complex matter of writing off the cost of jigs, dies, molds, patterns and other similar subsidiary items of special equipment. A misunderstanding between the

Treasury and some major companies as to the scope of the information we had sought concerning their depreciation practices resulted in an under-weighting of the importance of these special items among their productive assets. The information submitted to us also failed adequately to reflect the extent to which some industries do not actually depreciate these assets, but amortize, "expense", or treat them in some other fashion. The amendment will eliminate the difficulties which grew out of this misunderstanding. It will provide that these special items may be depreciated at any rate previously accepted, or their cost written off in any other way which has proved acceptable in the past and which will yield a fair result. The consequence of this amendment will be a further liberalization for those industries which are heavy users of this type of equipment.

Depreciation reform will induce a higher level of capital investment. To anyone who doubts this, I recommend a good close look at the investment plans of the textile industry. That industry, you will recall, got its revised depreciation guidelines ahead of others -- in October a year ago. Four months later, in February of this year, there was no sign of any increase in the industry's capital spending plans over 1961. By May, however, the story was quite different. The Commerce Department-SEC survey of capital programs by then showed an 18 percent rise in textile industry capital spending plans, compared with the previous year's. And three months later, textile industry capital programs were up even further -- 26 percent. This is indicative of the potential worth of depreciation reform, once an industry has had the time to analyze it, understand its benefits, and take advantage of them.

Depreciation reform, though immensely important, is but one element in the improved tax climate for investment. A second major element is the 7 percent investment credit, now finally enacted into law. The credit should be a powerful stimulus to new investment, since it improves both the speed with which the cost of new investment is recovered and the rate of return on investment. Taken together, depreciation reform and the investment credit, make our tax treatment of new investment in machinery and equipment comparable for the first time to that currently available in other industrialized nations.

These are solid accomplishments which are now behind us. But a third element, aimed -- among other things -- at improving the tax climate for investment, still lies in the future. This is the top-to-bottom reduction in income tax rates -- both corporate and personal -- which President Kennedy will propose early next year.

The reduction in corporate and upper-bracket individual tax rates will mean -- to state the matter quite simply -- that business will enjoy larger net profits, that it will be more worthwhile for businesses and businessmen to work to make more money and that they will have increased funds with which to do so. The reduction in taxes for lower-income individuals -- apart from the clear benefits to these taxpayers themselves -- will mean more consumer purchasing power and richer, larger markets for all business. For consumers, though they may sometimes appear fickle to the individual businessman, are quite consistent in their overall behavior. They spend 92 to 94 percent of their after-tax incomes and have done so throughout the postwar period. Any increase in consumer disposable incomes is quickly translated into increased spending.

The prospect -- I am tempted to say the certainty -- of tax reduction should be an important affirmative element in businessmen's thinking as they formulate next year's capital investment plans. A tax cut will be proposed by the President -- you may be sure of that. And it is my firm belief that the Congress will enact it in the national interest.

We will not, of course, propose tax reduction alone. What we have in mind is a restructuring of our tax law, aimed at the creation of a system which will make a positive contribution to our basic economic health and growth, while at the same time improving tax equity. Any tax increases imposed by the requirements of equity will be more than offset by tax rate reductions.

Such a net reduction in overall taxes, incidentially, is not only desirable, but clearly necessary, if we are to complete the job of getting our national economy firmly on the road to full employment.

There has been considerable discussion in recent months concerning our planned net tax reduction. In some quarters the opinion has been voiced that taxes must not and should not be cut unless and until government expenditures are reduced by an equivalent amount. Such talk is simply not realistic. If taken literally, it would mean virtually permanent postponement of any tax reduction. While it is, of course, true that the government must conduct its affairs with utmost frugality -- especially when a reduction in revenues is contemplated -- there is no realistic prospect for the foreseeable future of reducing Federal expenditures below current levels. Indeed, the demands of the cold war, of the space age, and of our rapidly growing population, are so urgent and compelling that Federal expenditures are bound to continue to rise. What we must do is make certain that we limit any increase to those things we cannot do without.

If we wait to reduce taxes until we can reduce our overall expenditures, we will never achieve the strong economy we must have to assure our position in the world, the well-being of our people -- or a balanced budget. For income tax reductions can ultimately increase tax receipts. In 1954, for instance, a tax reduction totaling almost $7-1/2 billion went into effect.

After an interval of only one year, total Government receipts had risen above the pre-tax-cut level. A major reason was the stimulation of business activity by the tax cut.

Stimulation of business activity -- especially business investment -- is precisely what we need and seek. This has been a central focus of the Administration's tax program from the outset -- a program which already has offered, through depreciation reform and the investment credit, an annual reduction in current business tax liabilities of $2.5 billion. Next year's tax reduction and tax reform package will be specifically designed with the end in view of making capital investment even more attractive. I hope you will make your plans accordingly.

oOo

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 ~~(16)~~ or less for the additional bills dated July 26, 1962 ~~(17)~~, (91 ~~(18)~~ days remaining until maturity date on January 24, 1963 ~~(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 October 25, 1962 ~~(22)~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 25, 1962 ~~(23)~~. Cash

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE

October 17, 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 25, 1962 , in the amount of $ 1,898,506,000 , as follows:

91 -day bills (to maturity date) to be issued October 25, 1962 , in the amount of $ 1,300,000,000 , or thereabouts, representing an additional amount of bills dated July 26, 1962 , and to mature January 24, 1963 , originally issued in the amount of $ 702,835,000 , the additional and original bills to be freely interchangeable.

182 -day bills, for $ 700,000,000 , or thereabouts, to be dated October 25, 1962 , and to mature April 25, 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 22, 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

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WASHINGTON, D.C.

October 17, 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.

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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 July 26, 1962, (91-days remaining until maturity date on January 24, 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 25, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 25, 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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Congressional Staff Observer:

Joseph Gonzales,
Professional Staff Member,
United States Senate Appropriations Committee.

Members of the Staff:

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Department of State.

Secretaries:

Lucille Batchelder - State
Dorothy de Borchgrave - Treasury
Eugenie Dwyer - State
Marian Frayman - AID
Eva Hallam - Treasury
Muriel Lewis - State
Graciele Marquez - AID
Yvonne Muers - State
Margaret Truitt - Treasury
Margaret B. Walthal - State

Marines: (8)

Office of International Conferences,
Department of State,
October 18, 1962.

Secretary of Delegation:

John L. Hagan,
Office of International Conferences,
Department of State.

Assistant Public Information Officer:

Lucia Donnelley,
Public Affairs Adviser,
Alliance for Progress,
Agency for International Development.

Advisers: (continued)

Mr. Arturo Morales-Carrion,
Deputy Assistant Secretary of State
for Inter-American Affairs.

Eugene E. Oakes,
Chief, Eastern Latin America Division,
Export-Import Bank.

Edwin C. Rendall
Office of International Finance,
Department of the Treasury.

William E. Rogers,
Special Counsel to the United States Coordinator,
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Agency for International Development.

Gerald E. Tichenor,
Deputy Administrator for AID Programs,
Department of Agriculture.

William V. Turnage,
Director, Office of Inter-American
Regional Economic Affairs,
Department of State.

William M. Turpin,
Special Assistant to the Secretary,
Department of the Treasury.

Samuel Z. Westerfield,
Office of International Finance,
Department of the Treasury.

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Dixon Donnelley,
Assistant to the Secretary,
Department of the Treasury.

Senior Advisers: (continued)

The Honorable
Thomas C. Mann,
American Ambassador,
Mexico City, Mexico.

The Honorable
de Lesseps S. Morrison,
Ambassador, Representative on the Council
of the Organization of American States.

Congressional Adviser:

The Honorable
Chester E. Merrow,
House of Representatives.

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Advisers:

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Deputy Assistant Secretary of State
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Office of International Finance,
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William B. Dale,
Deputy Assistant Secretary of Commerce
for Economic Affairs.

Henry A. Du Flon,
Agency for International Development,
Guatemala City, Guatemala.

John Elac,
Planning Economist,
Agency for International Development.

Philip Glaessner,
Deputy Assistant Administrator for Capital Development,
Agency for International Development.

C. McKenzie Lewis,
Tax Policy Specialist,
Agency for International Development.

Sydney L. W. Mellen,
Office of International Resources,
Department of State.

UNITED STATES DELEGATION
TO THE
FIRST ANNUAL SESSION
OF THE
INTER-AMERICAN ECONOMIC AND SOCIAL COUNCIL
AT THE
MINISTERIAL LEVEL
Mexico City, October 22, 1962

United States Representative and Chairman of the Delegation:

The Honorable
Douglas Dillon,
Secretary of the Treasury.

Alternate United States Representative and Vice Chairman of the Delegation:

The Honorable
Teodoro Moscoso,
United States Coordinator,
Alliance for Progress.

Alternate United States Representatives:

The Honorable
John M. Leddy (Coordinator),
Assistant Secretary of the Treasury.

The Honorable
Edwin M. Martin,
Assistant Secretary of State
for Inter-American Affairs.

Herbert May,
Deputy Assistant Secretary of State
for Inter-American Affairs.

Senior Advisers:

The Honorable
Tom Killefer,
United States Executive Director,
Inter-American Development Bank.

The Honorable
Harold F. Linder,
President and Chairman,
Export-Import Bank.

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Other members of the delegation, some of whom are already in Mexico, include:

For Immediate Release

Dillon Heads U.S. Delegation to First Annual Meeting
of Inter-American Economic and Social Council

Secretary of the Treasury Douglas Dillon will leave for Mexico City tomorrow at 3:30 P.M. from Andrews Air Force Base as head of the United States delegation to the First Annual Meeting at the Ministerial Level of the Inter-American Economic and Social Council of the Organization of American States.

The meeting will evaluate results achieved so far BY the Alliance for Progress in Latin America and consider ways to strengthen the Alliance and TO achieve its objectives of economic growth and social progress within a framework of free institutions.

The ~~meeting~~ CONFERENCE will open on Monday, October 22, and is scheduled to close on Saturday, October 27. A preliminary meeting of technical experts has been underway in Mexico City since October

TREASURY DEPARTMENT

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WASHINGTON, D.C.

October 19, 1962

FOR IMMEDIATE RELEASE

DILLON HEADS U.S. DELEGATION TO FIRST ANNUAL MEETING OF INTER-AMERICAN ECONOMIC AND SOCIAL COUNCIL

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The meeting will evaluate results achieved so far by the Alliance for Progress in Latin America and consider ways to strengthen the Alliance and to achieve its objectives of economic growth and social progress within a framework of free institutions.

The conference will open on Monday, October 22, and is scheduled to close on Saturday, October 27. A preliminary meeting of technical experts has been underway in Mexico City since October 1.

Other members of the delegation, some of whom are already in Mexico, include:

Alternate United States Representative and Vice Chairman of the Delegation:

The Honorable
Teodoro Moscoso,
United States Coordinator,
Alliance for Progress.

Alternate United States Representatives:

The Honorable
John M. Leddy (Coordinator),
Assistant Secretary of the Treasury.

The Honorable
Edwin M. Martin
Assistant Secretary of State
for Inter-American Affairs.

Herbert May
Deputy Assistant Secretary of State
for Inter-American Affairs.

D-647

Senior Advisers:

The Honorable
Tom Killefer,
United States Executive Director,
Inter-American Development Bank.

The Honorable
Harold F. Linder,
President and Chairman,
Export-Import Bank.

The Honorable
Thomas C. Mann,
American Ambassador,
Mexico City, Mexico.

The Honorable
de Lesseps S. Morrison,
Ambassador, Representative on the Council
of the Organization of American States.

Congressional Adviser:

The Honorable
Chester E. Merrow,
House of Representatives.

Congressional Staff Observer:

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Professional Staff Member,
United States Senate Appropriations Committee.

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Office of International Finance,
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Agency for International Development.

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Office of International Resources,
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Office of Inter-American Regional Political Affairs,
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Coordinator for Alliance for Progress Information,
United States Information Agency.

Secretary of Delegation:

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Office of International Conferences,
Department of State.

Assistant Public Information Officer:

Lucia Donnelley,
Public Affairs Adviser,
Alliance for Progress,
Agency for International Development.

oOo

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, October 23, 1962.

October 22, 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 July 26, 1962, and the other series to be dated October 25, 1962, which were offered on October 17, were opened at the Federal Reserve Banks on October 22. Tenders were invited for $1,300,000 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 January 24, 1963		182-day Treasury bills maturing April 25, 1963	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.312	2.722%	98.576 a/	2.817%
Low	99.305	2.749%	98.568	2.833%
Average	99.307	2.742% 1/	98.570	2.828% 1/

a/ Excepting one tender of $100,000
71 percent of the amount of 91-day bills bid for at the low price was accepted
92 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	$ 35,496,000	$ 25,196,000	$ 10,585,000	$ 4,300,000
New York	1,561,524,000	905,964,000	1,103,211,000	580,153,000
Philadelphia	31,448,000	16,448,000	10,416,000	4,413,000
Cleveland	34,904,000	34,237,000	15,924,000	7,908,000
Richmond	16,101,000	16,101,000	2,647,000	2,622,000
Atlanta	21,569,000	19,524,000	8,938,000	8,106,000
Chicago	179,894,000	100,154,000	116,167,000	32,827,000
St. Louis	33,644,000	26,644,000	9,401,000	6,401,000
Minneapolis	18,725,000	12,725,000	9,489,000	7,449,000
Kansas City	43,169,000	35,589,000	14,189,000	9,088,000
Dallas	32,298,000	20,298,000	9,490,000	4,490,000
San Francisco	123,854,000	87,244,000	83,778,000	32,686,000
TOTALS	$2,132,626,000	$1,300,124,000 b/	$1,394,235,000	$700,443,000 c/

b/ Includes $255,397,000 noncompetitive tenders accepted at the average price of 99.307
c/ Includes $67,154,000 noncompetitive tenders accepted at the average price of 98.570
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.80%, for the 91-day bills, and 2.91%, 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.

)R RELEASE A. M. NEWSPAPERS,
esday, October 23, 1962.

October 22, 1962

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Average	99.307	2.742% 1/	:	98.570	2.828% 1/

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Philadelphia	31,448,000	16,448,000	:	10,416,000	4,413,000
Cleveland	34,904,000	34,237,000	:	15,924,000	7,908,000
Richmond	16,101,000	16,101,000	:	2,647,000	2,622,000
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On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.80%, for the 91-day bills, and 2.91%, 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

FOR RELEASE ON DELIVERY

REMARKS BY THE HONORABLE HENRY H. FOWLER,
UNDER SECRETARY OF THE TREASURY,
BEFORE THE THIRD TRAINING CONFERENCE OF
THE NATIONAL DEFENSE EXECUTIVE RESERVE,
STATLER-HILTON HOTEL, WASHINGTON, D. C.,
MONDAY, OCTOBER 22, 1962, 8:00 P.M., EDT

OUR INDUSTRIAL ECONOMY AND NATIONAL SECURITY

During the Korean War, on October 30, 1952, as Director of the Office of Defense Mobilization, in a public discussion of some positive steps for the utilization in active mobilization operations of the specialized personnel from industrial management and labor, I stated: ". . . the creation of a reserve corps composed of those who have served and will serve in the future in the defense program . . . will be an invaluable backlog in meeting any future emergency likely to arise."

It is reassuring to be here with you ten years later and see that concept assume reality.

As Under Secretary of the Treasury, my daily concern is the relationship of public finance to such national economic goals as economic growth and the balance of payments. Against this background and that of operating experience in industrial mobilization in World War II and the Korean War, my topic is foreordained -- it is the role of our industrial economy in maintaining national security in the cold war.

My remarks should be read only in the context of world affairs as they have generally existed since the end of the Korean War -- they are not intended to apply to the entirely different situation we face tonight in Cuba.

The role of our industrial economy in national security has been drastically changed by the advent of nuclear weapons, missile technology, and the Communist tools and tactics of the cold war. Before World War I, World War II, and even the Korean War, it was enough for the United States, as the pre-eminent economic and industrial power in the world, to have a mobilization potential and techniques for converting the industrial economy from peaceful pursuits to an all out war footing over an extended build-up period -- after which the foe was overwhelmed by the fruits of our industrial might.

But old style mobilization planning and security policy is no longer adequate -- confronted as we are by the continuous challenge of the Sino-Soviet Bloc.

The national policy imperative in the Sixties is that our private industrial economy must serve each day -- in freedom -- to maintain our national security in the face of the ever-present cold war, and to assure a speedy victory in event a hot war is forced on us.

The private industrial economy produces the implements of war for military forces here and around the globe. That force and its equipment must be sufficient to deter attack on the United States and its Allies or defeat and destroy the enemy quickly if war comes.

-- It creates the wealth and jobs that provide the income from which taxes are extracted to support a national defense budget of nearly $53 billion annually, in addition to space research and technology, international affairs and finance, veterans' benefits and services and myriad social and nonmilitary government services.

-- It conducts most and finances much of the Nation's research and development, which creates new products, new processes, new jobs, and new instruments for keeping the peace.

-- It utilizes the savings generated by the free economy to provide the new facilities for increased capacity and productivity. These make possible the economic growth and competitive efficiency necessary to increasing economic strength.

-- It produces the goods and services to maintain our vital export lifeline and create the trade surpluses which earn the foreign exchange that enables the United States to play a decisive role in developing and defending the Free World.

-- It participates directly in private industrial development of the lesser developed countries as well as the industrialized areas of many of our stronger Allies.

The present Administration is dedicated to the proposition that this complex of daily relationships of the private industrial economy to our national security should be maintained in the context of a free market.

This was nowhere better expressed than in a recent address by President Kennedy, in which he said:

> "I regard the preservation and strengthening of the free market as a cardinal objective of this or any Administration's policies. It is well to remind ourselves from time to time of the benefits we derive from the maintenance of a free market system. The system rests on freedom of consumer choice, the profit motive, and vigorous competition for the buyer's dollar."

Stated in broad terms, national security policy for the cold war requires the systematic utilization of the economic strength of the United States on a day by day, month by month, year by year basis. It calls for the effective employment of the power and genius of our industrial economy not only at home but in military deployment, economic defense, trade, and economic development throughout the Free World, in coordination, wherever feasible, with the economies of Allies or friendly nations. It requires pursuit of these objectives without converting our free industrial economy to totalitarian methods that would betray our national objective of a free society.

Perhaps, it will be useful to review the challenge to which this policy is a response; the nature, scale and character of the industrial economy required to meet the challenge; some of the inadequacies of past performance; and some of the new or improved policies, achieved or in near prospect, designed to meet these inadequacies.

I. THE ECONOMIC CHALLENGE OF THE SINO-SOVIET BLOC.

This challenge to which our national security policy is a response is epitomized in Chairman Khrushchev's speech to the 21st Congress of the Communist Party in February 1959 in these words:

> "The economic might of the Soviet Union is based on the priority growth of heavy industry; this should insure Soviet victory in peaceful economic competition with the capitalistic countries; development of the Soviet economic might will give communism a decisive edge in the international balance of power."

Our Central Intelligence Agency has estimated that during the 1950s the real gross national product in the U.S.S.R. increased at an average rate of 7 percent; that in the same period industrial production was estimated to have expanded at 10 percent per annum. Although these increases comprise additions to an industrial base substantially lower than ours, they also substantially exceed the rates of growth in the United States during the same period.

In addition, the Soviet Union devotes to foreign policy and military purposes an appreciably larger proportion of its resources than does the United States. A study by the Operations Research Office of Johns Hopkins University in 1960 estimated that, though the U.S.S.R. then generated a national product somewhat less than one-half that of the United States, its military output is calculated, in American prices, to be approximately that of the United States. It should be noted, however, that because the U.S.S.R. devotes its most efficient resources to its military effort, the burden of that effort, while somewhat greater than ours, is not twice as great.

Referring to the pattern before 1959, the study stated that: "If the U. S. and the U.S.S.R. continue to budget for defense in accordance with recent allocation patterns, by 1970 the respective budgets would be $46 billion for the U. S. and $72 billion for the U.S.S.R. (in 1959 dollar equivalents)."

Of course, in view of the smaller volume of developed industrial resources available to the U.S.S.R., increases in the allocation of those resources to military ends require diversion of effort not only from the production of consumer goods but also from the further development of basic industry, upon which long-term Soviet growth depends.

If the U.S.S.R. chooses to maintain these same ratios of allocation of resources and is successful in maintaining the same rate of growth, the potential long-term threat to our national security is clear. This threat may manifest itself in several directions.

First, the continued commitment of a large proportion of the fruits of a growing economy to military production could confront the U. S. with the alternative of becoming a poor second in military strength or of increasing substantially its own rate of defense spending.

Second, the U.S.S.R. could utilize its own industrial plant, plus that of Eastern Europe and a developing China, to launch a formidable economic and trade offensive in the under-developed areas of Asia, Africa and Latin America, rich in raw materials and hungry for end products but low on industrial plant.

But this raw economic data pertaining to the U.S.S.R., however threatening, is only part of the picture. Conjoined to this economic base in the U.S.S.R. by a political creed hostile to the United States and free societies everywhere are the rulers of one-third of mankind. They hold the economies of Eastern Europe, Communist China, North Korea, North Vietnam, and now Cuba, in thralldom by military force, a web of bilateral trading arrangements and political subversion. Beyond these areas, the U.S.S.R. has manifested a considerable capability for economic penetration as well as political organization and propaganda, and internal subversion. The Soviet Union is particularly adept at using the desire of less developed nations to escape from poverty as a means to spread the Communist doctrine.

II. THE NATURE, SCALE AND CHARACTER OF AN INDUSTRIAL ECONOMY ADEQUATE TO MEET THE CHALLENGE.

Having measured the challenge to our national security and the industrial economy that undergirds it, let us consider the nature, scale and character of the necessary response.

Of course, we must never fall behind in the awful race of weaponry, either technologically or in terms of a force in being. The rocketry advances in Soviet missiles and the successors to Sputnik are a constant reminder.

The contemporary challenge of the Soviet economy also points up the need for an increased rate of U. S. economic growth based on an expansion of industrial output, capacity and productivity.

The resulting basic strength will keep our Nation ahead of potential enemies who seek to "bury" us -- either by outright aggression or the utilization of superior economic power. Military power is derived from economic strength and foreign policy is based on both. The greater our economic strength and rate of growth and that of our Allies, the more effective is our defense against aggression, no matter what form it may take.

In addition to military measures, economic strength permits the carrying out of a positive foreign economic policy which will preserve our alliances and increase the development of freedom in the uncommitted world.

Greater growth in our private industrial economy is conducive to a continuing political acceptance of, and economic adjustment to, the larger military outlays that our national security could require. The faster the national income expands, the more resources from tax revenues are available for the national security sector even with tax rates unchanged. In the context of a higher rate of economic growth, the provision of larger military outlays can be made wholly consistent with an allocation of resources to this use on a scale which has characterized recent years.

Our defense lines do not stop at our shores; they run far beyond the seas. We need only recall names like Berlin, Korea, and South Vietnam to understand why overseas expenditures must be made if the established pattern of Free World security from Communist aggression is not to be breached or weakened. In addition, the United States supplies substantial amounts of foreign aid to help create an economic and political future in an atmosphere of freedom for the uncounted billions of human beings who will populate Asia, Africa and Latin America in the decades ahead. To the extent that this foreign aid is not furnished in the form of goods and services supplied from the United States it requires foreign currencies and exchange.

To meet these requirements of national security and foreign policy and allow continued freedom of persons, capital and goods in the international market, we must have an industrial economy capable of meeting export and import competition in the markets of the Free World. It must provide a substantial commercial trade surplus sufficient to match these necessary external outlays without creating imbalances of international payments that would weaken the dollar as the reserve currency which provides the basis for the Free World trade and financial system. Hence, our industrial economy must feature exports and a resulting commercial trade surplus adequate to support our decisive role in developing and defending the Free World.

Our national security calls for an industrial economy that is marked by competitive ability and efficiency for a related reason, namely, the need to move forward in closer economic alliance with other industrialized free nations. The combined output of the purchasing power of the United States and Western Europe is more than twice as great as that of the entire Sino-Soviet Bloc. Though we have only half as much population, far less than half as much territory, our coordinated economic strength will represent a powerful force for the maintenance and growth of freedom. Access to an expanded Common Market would give an opportunity for internal economic growth and expanding our export surplus. But there is an additional political and security rationale. As President Kennedy has put it:

> "If the nations of the West can weld together on these problems a common program of action as extraordinary in economic history as NATO was unprecedented in military history, the long range Communistic aim of dividing and encircling us all is doomed to fail."

There is one additional feature to be desired in our industrial economy if it is to play its full role in long-term national security and enable the United States to retain its position in world affairs. Our private industrial economy should function in such a manner as to provide a clear-cut, continuous demonstration of its inherent advantages, sometimes called a "system reputation." Only this and a pattern of trade fairness and opportunity will attract the less developed countries into association with the Free World rather than the Sino-Soviet Bloc.

III. SOME INADEQUACIES OF PAST PERFORMANCE

Despite the best intentions and equal patriotic fervor of those in government, industrial management and labor, past inadequacies of performance have signaled the need for new or improved policies.

The year 1960 witnessed a growing concern in the United States and in the Free World for the national security implications of the convergence of two factors. The first was the retarded rate of economic growth in the United States, particularly in the private industrial economy, which serves as the dynamo of the Free World. The second was the confirmation of a severe balance of payments problem affecting the United States' role in world affairs and its dollar as a reserve currency for the Free World.

During the Fifties, while the United States -- in gross national product -- was growing at less than three and one-half percent per annum and less than three percent in the latter half of the decade, Free Continental Europe was growing at nearly five percent, the Soviet Union at nearly seven percent, and West Germany and Japan at between seven and nine percent.

During this same period, the U. S. economy became subject to persistent deficits in our international balance of payments which averaged $3.7 billion annually in the three years 1958-60.

The decline of the United States' trade surplus which fell to a postwar low of $1 billion in 1959, focused attention on the long run improvement in the competitive position of Western European countries and Japan relative to the U. S. -- improvement caused mainly by remarkable advances in output and productivity in those countries. In addition, a sharp rise in certain key prices in the U. S. relative to those of major competitors had weakened the competitiveness of some U. S. products in world markets.

Add to these developments the following facts concerning our national stocks of plant and equipment upon which our productivity, efficiency, and competitiveness largely depend:

(a) a diminishing percentage of our gross national product has been devoted to business fixed investment and, particularly important to producers' durable equipment,

(b) increases in our stock of plant and equipment have proceeded at a substantially receding rate in recent years in relation to other areas of the economy,

(c) the rate of increase in the production of business equipment has fallen far behind the rate of increase in industrial production,

(d) there has been a startling rise in the proportion of our machinery and equipment which is over ten years old, and

(e) between 1954 and 1960 there was a sharp decline in the rate of increase of productivity per worker and per hour from that of the earlier postwar period.

A sharply contrasting pattern and trend has prevailed during the last decade for our industrial allies with whom we are engage in a common competitive market, as pronounced in the last few years as in the early years of replacement of war damage. A steady increase in the percentage of gross national product devoted to machinery and equipment has characterized their performance.

Equally troubling in the past fifteen years is the fact that four recessions have arrested growth in the U. S. economy -- in a period when the economies of other major industrial countries in the West have moved steadily ahead with only an occasional pause. Approximately fourteen quarterly periods, or 23 percent of the total, have been periods of recession. The economy has spent a total of seven years (out of the fifteen) regaining previous peaks of industrial production. In two months out of three during this fifteen-year period, 4 percent or more of those able, willing and seeking to work have been unable to find jobs. The peak of each of the last three recoveries has been marked by a higher rate of unemployment than the previous one.

Even in the field of research and development, in which the United States prides itself on excelling, there were limitations and imbalances derived from: (1) a too limited supply of scientists and engineers in certain fields; (2) the small relative quantity of effort devoted to nonmilitary research; (3) the small relative effort devoted to basic research, and (4) the limited percentages of resources applied to research and development in many industries and companies.

In this rigorous self-assessment it is necessary to assess the performance of otherswith whom the United States is joined in a network of alliances designed to maintain Free World securit and assure Free World development. For frankness among friends and partners is a necessary ingredient for the continuing success of the partnership.

It must be emphasized that our security problems are not wholly national in character; they are the security problems of the Free World. As the President recently stated:

> "They are problems which cannot be met by one country in isolation or by many nations in disarray . . . When burdens are shared, there is no undue burden on any nation. When risk is shared, there is less risk for all."

Reference has been made to the marvelous performance of the economies of Western Europe and Japan during the past decade. The available evidence does not support the proposition that they are carrying the increasing share of the burden of Free World security and development that is commensurate with their increasing economic strength and growth.

For the past fifteen years the United States has carried the main load of defense expenditures. There have been some encouraging increases in the efforts of our NATO partners in this area. But, as recently as the calendar year 1961, an authoritative estimate (based on the NATO definition of defense expenditures) showed defense expenditures of our NATO Allies to be approximately 5.2 percent of their combined gross national product while those of the United States were 9.8 percent.

Some of our Allies, especially the smaller ones, may feel that the additional contribution they might be able to make is not significant. This is not the case. Additional contributions, consistent with the size of their economies, would be of substantial significance, particularly in the conventional arms area.

Since 1946 the United States has spent some $88 billion overseas for the defense and aid of others, with the European nations receiving some $26 billion in economic aid. Yet, despite their relatively strong position in terms of the balance of payments and the building up of financial reserves in recent years, the principal industrialized countries of the Free World, although providing long-term financial resources to developing countries in increasing quantities, have in the last four years contributed a diminishing rather than increasing proportion of total Free World aid outlays.

In addition, while welcoming the advent and increasing strength of the Common Market, those outside in the Free World, including the United States, hope that the European Economic Community will continue to pursue liberal external tariff policies, so as to lessen the discrimination against non-member countries which could result from disappearing internal tariffs coupled with a common external tariff. Increasing barriers against agricultural exports from the U. S. and Latin American countries threaten to increase the economic problems of the Western Hemisphere and impair their payments potential at a crucial time.

Many of these nations are already experiencing severe economic difficulties as a result of a world-wide decline in the prices of many of the raw commodities that provide their principal sources of foreign exchange.

IV. NEW OR IMPROVED POLICIES, ACHIEVED OR IN PROSPECT

The search for the combination of policies that will improve the performance in the cold war of our private industrial economy, and those of other Allied industrialized nations associated with it, is a never ending one. There is much recent progress to report in many sectors, but much remains to be done.

1. Increased scale of military strength in being --

There has been an increased allocation of our economic resources to the development and maintenance of a much more effective, secure and balanced military force in being. The level of budgetary expenditures to support the direct military functions of the Defense Department, apart from military aid, has increased from a level of $41.2 billion in the fiscal year 1960 to a projected $48.2 billion for the fiscal year 1963. The 1963 budget for these military functions for the Department of Defense was the first to be developed under procedures introduced last year to integrate the making of plans, programs and budgets. This approach features long range projections of programs and comparisons of effectiveness per dollar spent with alternative weapons systems. It also encompasses continuing review and adjustment of long range objectives to conform to changes in the international situation and in military requirements and technology. The effective participation of our industrial economy in this increased effort, as well as a substantially expanded space program, represents a tangible national security advance which, however costly, is well within our resource availabilities.

2. Recovery and an increasing rate of growth --

A combination of the natural resiliency of the economy and the effective coordination of government fiscal and monetary policies designed to restore and sustain a higher level of aggregate demand and encourage increased productivity and growth, has once again put the United States on the road to a faster rate of economic expansion. During the past eighteen months there has been a rise of over $50 billion in output, representing a 6.6 percent growth in gross national product over its previous peak in the second quarter of 1960. This has been accompanied by a 1.7 million rise in employment and a drop in unemployment of nearly 7 percent to an average of 5-1/2 percent in recent months. Business expenditures for plant and equipment are finally regaining the 1957 peak, after remaining well below that level for five years. Corporate profits, before taxes, have increased from $39.8 billion in early 1961 to $50.9 billion in the second quarter of 1962.

3. An improved balance of payments situation --

Our balance of payments deficit has been sharply reduced -- from $3.9 billion in 1960 to $2-1/2 billion in 1961 and to a substantially lesser annual rate somewhat over $1-1/2 billion so far in 1962. This improvement is due to a diverse combination of measures, some governmental, some of private initiative, and some resulting from the cooperative actions of some of our Allies, particularly in the field of debt prepayment and arrangements for the purchase of additional military equipment and services from U. S. sources.

4. New opportunities for trade expansion --

The passage of the Trade Expansion Act of 1962 is a milestone on the road to the future of the U. S. in Free World trade and a giant step towards a stronger and more closely knit Atlantic Community. It also opens the door towards the preservation of competitive opportunity for expanding U. S. trade in the world's fastest growing market. If our industrial economy is sufficiently competitive and enterprising to seize this opportunity, it will make possible the achievement of equilibrium in our balance of payments and the earning of a commercial trade surplus that will permit this Nation to continue to discharge its full role in Free World security and development. The initiation of a new export credit insurance program by the Export-Import Bank in cooperation with private banks and insurance companies and an Export Promotion drive by the Department of Commerce can prove to be significant administrative auxiliaries.

5. A new attack on limitations on research and development --

A new organizational and educational effort has been mounted to lessen the limitations on expanding research and development and its application, particularly in the civilian sector.

6. Tax policies to encourage increased investment in machinery and equipment --

In moving toward a comprehensive tax reform program looking to a higher rate of economic growth and a more equitable tax structure, the President gave first priority to forging tax policies that would encourage investment in productive equipment stating that:

> "The immediate need is for encouraging economic growth through modernization and capital expansion."

This initiative resulted in a two-pronged program -- both now accomplished facts -- administrative liberalization of the tax treatment of depreciation and legislative enactment of the investment tax credit. The change in the administrative rules concerning depreciation of machinery and equipment became effective on July 12 of this year. The investment tax credit provides a credit reducing taxes for a business by 7 percent of annual expenditures for new machinery and equipment. It became law with the President's signature last week, applicable to qualifying expenditures in 1962. 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. Moreover, the combined effect of the two measures will be to reduce the current tax load on business by about $2.5 billion a year -- an amount equal to about one-tenth of the total corporate tax liabilities. The resulting benefits in cash flow, increased rate of return on new investment, and shortening the period of risk of investment in capital equipment should serve as long run measures to stimulate investment for modernization and growth.

These advances in policy and performance, however gratifying, leave much to be accomplished in relating our industrial economy to its changing role in national security. In many areas programs are being devised and substantial efforts are under way. But their realization will require the support and understanding of the public at large in this country and the cooperation, in some cases, of friendly governments. Perhaps a few examples will suffice to give some flavor of the breadth of the unfinished business on the agenda.

A major task just ahead will be to carry through President Kennedy's proposal that the next Congress promptly enact an "across the board, top to bottom cut" in personal and corporate income tax rates, compensated for by some broadening of the tax base, but involving, overall, net tax reduction.

Broad agreement has developed among our citizens that one of the keys to progress is the taking of this third step in tax reform -- in addition to the two previously mentioned -- a reform designed to stimulate investment, sustain and increase demand, and release the brakes on growth inherent in our present tax rate structure. A meaningful reduction in rates should serve to build the fundamental strength of our economy by removing a serious barrier to long-term economic growth. It should add to the basic level of demand in the economy by increasing the disposable income of consumers -- an essential catalyst to growth in that it adds vitality to markets and increases production, employment, income and profits. A rate reduction involving a net tax reduction will, by increasing sales and bringing production closer to capacity, increase profits on existing equipment, spur spending on inventory, and stimulate demand for new plant and equipment. The reduction of the corporate tax rate, combined with depreciation reform and the investment credit, will provide new incentives for investment in new ventures or expansion of existing ones. Increased business profit margins and return on investment will be the touchstone for an increased utilization of capital in productive investment opportunities.

The successful enactment of a tax program along the lines suggested by the President early in the next session of Congress -- coming on the heels of the steps already taken -- will strengthen immeasurably the long run effectiveness of our industrial economy in its changing security role.

Another area which offers large potential rewards is the forging of a closer economic community in which the strength of our industrial economy can be more effectively conjoined to the rapidly expanding industrial economies of Western Europe and Japan to protect the security of the Free World and assure its steady economic development.

It has been a basic objective of our foreign policy for two decades to encourage a strong and united Europe. The vast progress now being made opens new vistas towards assuring our own long-term national security -- bound as it is to that of the entire Free World. In the words of President Kennedy:

> ". . . We believe that a united Europe will be capable of playing a greater role in the common defense, of responding more generously to the needs of poorer nations, of joining with the United States and others in lowering trade barriers, resolving problems of currency and commodities, and developing coordinated policies in all other economic, diplomatic and political areas. We see in such a Europe a partner with whom we could deal on a basis of full equality in all the great and burdensome tasks of building and defending a community of free nations."

The great diplomatic task implicit in this analysis is the subject of daily and intensive activity. The opportunity to increase the effectiveness of the Organization for Economic Coordination and Development, the International Monetary Fund, and the World Bank -- particularly the role of its affiliated International Development Association -- is real and tangible. But these, with NATO in the military field, provide an institutional framework for multilateral action that must be increasingly adapted to meet the requirements of the future.

The negotiation and consummation of new trade arrangements pursuant to the Trade Expansion Act, if accompanied by a more intensive effort in Western Europe to free its capital markets from outworn restraints, could be a giant step towards an Atlantic Community. These arrangements should provide increasing strength and opportunity not only for that area but for other friendly countries to which we are bound in special ties of friendship such as Canada, Japan and Latin America -- indeed, the entire Free World.

The potential for economic strength and growth of the combination of forces represented in this Atlantic Community, given wise public policies and effective coordination, is an impressive one. One measure will illustrate. On November 17, 1961 the United States joined with the other 19-member nations of the Organization for Economic Cooperation and Development in fixing as a target the attainment of a 50 percent (4.1 percent a year) increase in their combined national product during the decade from 1960 to 1970. That increase would provide an additional dimension to the industrial economy of the member countries roughly equivalent to the size of the U. S. economy at the outset of the Sixties.

Moreover, coordination of Allied economic activities that are directly related to the cold war that could constitute a powerful economic defense program is now being undertaken on an increasing scale.

Against this backdrop, the prospect for an economic defense program -- as distinct from a purely military one -- which could be decisive in the cold war, given coordinated action, is a new challenge to the statesmanship of the Western World. A coordinated program of economic defense, in contrast to the present largely unilateral action of each individual industrial power in the Western world, could add greatly to Free World security. It might include the consideration of coordination for:

(a) The utilization of economic sanctions in dealing with the Sino-Soviet Bloc, or components thereof, in situations involving overt aggression or subversion accompanied by violence,

(b) The control of trade and other commercial relationships with Bloc countries, or components thereof, including credit arrangements, which contribute to military or economic potential, or industrial development, particularly that involving the ready availability of advanced Western industrial know-how, packaged plants, or specialized equipment.

(c) The prevention of excessive dependence on Bloc materials and supplies,

(d) The prevention, countering, checking, or minimizing of Bloc economic penetration or subversion of less developed countries, and

(e) A program covering ordinary normal trade with the Bloc in a manner that will protect private trade from the abuses of Bloc state trading techniques violative of the normal standards of commercial behavior and require the utilization of reasonable commercial terms.

The tasks which lie ahead of us are not easy nor simple. Our objective is a large one and mere half-way success could be a failure. We must fix our sights on our essential goal, which is the creation of a Free World industrial economy strong enough to withstand simultaneously each and every one of the present and potential challenges which lie before us. We must create a Free World industrial economy strong enough to support the direct military expenditures we must make to meet a variety of possible aggressive threats ranging from total to localized war. We must create a Free World industrial economy strong enough to carry, in addition, the essential burden of supplying economic aid to all those around the world now engaged in the struggle upwards out of ignorance and poverty into well-being -- without which there can be no meaningful freedom. We must create a Free World economy strong enough to counter every para-military and non-military -- that is, economic -- threat imposed by the forces of world Communism.

Finally, we must structure our policies for the attainment of this essential economic strength so that the burdens our private industrial economy must carry and the methods we devise for bearing them will not destroy or erode our freedom.

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SECRETARY DILLON SAYS SAVINGS BONDS PROGRAM
IMPORTANT TO NATIONAL THRIFT WEEK OBSERVANCE

October 22, 1962

FOR IMMEDIATE RELEASE

The Treasury made public today the following statement by Secretary Douglas Dillon in observance of National Thrift Week, October 21-31, 1962:

D-650

October 21-31, 1962:

"National Thrift Week provides us with a welcome opportunity to recognize the vital contributions made by savings to this Nation's economic strength.

"The fact that we are joining with other free world countries for the first time in celebrating International Thrift Day on October 31st underscores the importance of savings of all kinds in helping to generate the economic growth that is our mutual goal.

"In this connection, I want to emphasize the part played by the United States Savings Bonds Program in enabling all of our citizens to become partners in thrift for their own future prosperity and the security of their country."

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D-650

TREASURY DEPARTMENT

WASHINGTON, D.C.

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D-650

dealing with Switzerland's problems of fiscal and monetary management, particularly by providing a desired investment outlet for capital funds which might otherwise be sterilized.

Borrowings of this kind can also provide a convenient means of strengthening the Treasury's Swiss franc resources available for exchange operations, although the present borrowing is not needed for this purpose. Large scale flows of funds to Switzerland at times have had destabilizing effects in the exchange markets. Such effects have been and will continue to be counteracted through official transactions, undertaken in full consultation and cooperation between the Swiss and United States authorities. Actually, the flow of funds to Switzerland has ceased since July and official United States commitments have been reduced in an orderly manner since that time. The new arrangements will provide useful flexibility, however, not only for Treasury operations in Swiss francs but also for bringing about a flow of capital into the United States.

FOR IMMEDIATE RELEASE

TREASURY TO ISSUE SECURITIES IN SWISS FRANCS

PRESS RELEASE ON TREASURY BORROWING OF SWISS FRANCS
(For Release on October 23, 1962, 3:00 p. m.)

The Treasury announced today that it is issuing during October $23 million equivalent of bonds denominated in Swiss francs as well as about $50 million equivalent of certificates of indebtedness denominated in Swiss francs. These transactions represent the first Treasury foreign currency borrowings at terms longer than three months -- the bonds carry a 15-month maturity and the certificates of indebtedness maturities of 5 and 8 months. This new type of public debt operation is authorized by the Second Liberty Bond Act, as amended -- the same authority under which three-month foreign currency-denominated certificates of indebtedness were issued beginning in October 1961. Previous borrowings of $46 million of Swiss francs undertaken at that time were repaid in the spring of 1962.

The longer-term borrowings of Swiss francs now undertaken are to the mutual advantage of Switzerland and the United States. They afford the Treasury an opportunity to tap at a very reasonable cost a large pool of capital funds arising from Swiss Government surpluses and other fiscal measures designed to mop up excess liquidity in the Swiss money and capital markets. At the same time, the Treasury's borrowing transactions will assist the Swiss authorities in

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The Honorable Ortiz-Mena October 23, 1962

Chairman, Conference of IA-ECOSOC

I deeply regret that I have had to recall Secretary of the Treasury Douglas Dillon to Washington before the close of your meeting. However, as a member of the National Security Council of the United States, as well as a principal executive officer of my government, his presence in Washington is essential in the conduct of the urgent and hazardous affairs which will occupy the days and weeks ahead. I am designating Teodoro Moscoso, the Coordinator of Alliance for Progress activities in the U. S. Government, and a man who carries the highest responsibilities of the Alliance with my complete confidence, as Chairman of the United States delgation.

There is little doubt that we are in the midst of a grave moment in the history of the hemisphere. The security and freedom of all our nations is at stake. Yet your meeting is a vital reminder that the central task of this generation of Americans is not merely the avoidance of conflict. It is the construction of a new community of American nations in which all our citizens can live not only free from fear but full of hope.

The protection of our liberties -- resistance to aggression -- firmness in the face of danger -- these are essential to the preservation of our free society. But it is only through economic progress and social justice that we can move forward to a hemisphere where freedom accompanies ever-expanding horizons of opportunity and hope. This is the work in which you are engaged. Just as the unyielding determination of today is essential if we are to realize the future promise of the Alliance for Progress -- the future success of the Alliance for Progress will be the final vindication of the resolute course we are undertaking today.

With every best wish,

John F. Kennedy.

when the people of Cuba will be free once again to lead their own lives within a framework of free institutions of their own choosing. We continue to extend the hand of friendship to the Cuban people. And we pray that a delegation of Cubans representing a free people will soon sit among us. On that day the people of Cuba will begin to share in the social, economic and spiritual promise of the great Alliance which we have undertaken so that human dignity can accompany human freedom in every corner of this Hemisphere.

I deeply regret that recent developments in Cuba will not permit me to remain in Mexico City throughout this conference. For the most basic hopes and ideals of my country as well as my own deep convictions are intimately involved in the work we are doing here.

I have now been privileged to attend six Inter-American Ministerial meetings dealing with economic matters. This will be the first time I have had to leave before the close of a conference -- an unfortunate occurrence which I hope will not be repeated. For on thesuccess of the work which we are carrying forward this week, largely rests the cause of freedom and progress in this hemisphere.

In conclusion, I want to say that I am confident that every Government and people of the Americas represented here today looks forward, as do the government and people of the United States, to the day -- and may it not be long in coming --

And, third, private enterprise must, through one means or another, be brought actively into the Alliance.

For we must recognize that the task ahead of us is so vast that all the resources available to us -- both public and private -- must be enlisted if the enterprise on which we are embarked is to succeed. We of the United States pledge our continuing and generous support. We are confident that our partners in the Alliance will continue and intensify their own efforts in behalf of their own people. For ours is a genuine alliance, truly dedicated to progress in which all the peoples of the Americas will share increasingly in the years ahead.

the Alliance. And yet the private sector must become stronger and more vigorous every year if the Alliance is to flourish. Public funds simply do not exist anywhere on a scale adequate to finance the enormous needs of the Alliance. The vast resources -- both financial and managerial -- of the private sector must be enlisted if the Alliance is to have lasting meaning.

There are three things which must be done if the private sector is to assume its rightful role in the Alliance:

First, the governments of Latin America should take every reasonable step to encourage the growth of the private sector and to reassure private enterprise, both foreign and domestic.

Second, whatever measures governments may take for public purposes, such measures should be fair and equitable to the private interests involved.

social problems and that in many countries, necessary as these reform measures may be to the well-being of the people, they are strongly and even bitterly opposed by minority groups. But, as President Kennedy stated last March, "Those who make peaceful REVOLUTION impossible will make violent revolution inevitable."

There is one area in which during the past year we have not only made no progress but where we have suffered a serious setback. Private investment, both domestic and foreign has suffered damaging blows and has lost confidence. Not only has foreign private investment in Latin America declined, but private domestic capital has been seeking safe havens outside Latin America. This capital flight has in some cases reached serious proportions.

The plain fact of the matter is that private enterprise has not always been made to feel that it is truly a part of to economic growth and social progress. Without these vital domestic measures external assistance cannot achieve the purpose for which it is intended no matter how generous the scale.

That is the true relationship between self-help and reform on the one hand and external economic assistance on the other. Together they comprise a true partnership between the United States and Latin America. This partnership means steady progress in carrying out essential self-help and reform measures and the extension of ~~extend~~ assistance for constructive, well thought out projects and not for those which would result in ineffective or wasteful expenditures. We hope and believe that the pace with which self-help and reform measures are being adopted in Latin America will be stepped up substantially. This is particularly true of measures to combat inflation, which have assumed such overriding importance in recent months in several Latin American countries. We recognize that many of these measures deal with complex and difficult economic and emphasize the importance attached by other industrialized free countries to the self-help measures provided for in the Charter, for they know, as we do, that these measures are necessary if external economic assistance is to be effective in achieving growth and social progress.

These, then, are the major accomplishments of the first year.

Now, where have we fallen short?

The reports of the OAS Secretariat, of the Panel of Nine, and of the meeting of Experts, analyze the defects in detail. I shall limit my remarks to two major aspects: First, the pace of self-help and its relationship to external assistance. Second, the role of private enterprise, foreign and domestic, in the Alliance.

Self-help and reform are provided for explicitly in the Charter of Punta del Este because they are absolutely indispensable supply and sanitation, and to private enterprise. The Bank has demonstrated outstanding competence in the short period of its existence and I congratulate its management. The United States ~~will be~~ is prepared to participate in replenishing the Bank's regular callable resources in an amount of 1 billion dollars as recommended by the Board ~~and~~. In addition, the United States intends to continue to make available a substantial and appropriate part of its economic assistance through the Bank ~~for~~ TO CARRY ON THE important WORK OF the Social Progress Trust Fund.

Free industrialized countries other than the United States have begun to interest themselves in helping to achieve the objectives of the Alliance. Extensive credits, although often on short term, have been provided by European nations to Brazil and Argentina. The industrial countries in the Development Assistance Committee of the OECD have initiated useful discussions on aid to Columbia. The Inter-American Bank has obtained resources through the sale of bonds in Italy. Modest as these efforts have been, they are a PROMISING beginning. And I should like to

Assistance has been provided by the Agency for International Development and the Export-Import Bank, by agricultural commodities under Public Law 480, and from resources given by the United States to the Social Progress Trust Fund administered by the Inter-American Development Bank. The United States is prepared to continue its assistance during the year ahead on the same general order of magnitude, within the context of continuing progress in implementing the self-help measures provided for in the Charter of Punta del Este and the Act of Bogota.

The Inter-American Development Bank has achieved a high rate of lending for development, both from its own resources and from those provided by the U.S. under the Social Progress Trust Fund. Total commitments by the Bank during the past year have amounted to nearly $400 million. An important part of these funds has been directed to low-cost housing, water

Our new Trade Expansion Act authorizes the President of the United States to conclude agreements with the European Economic Community providing for sweeping reductions and eliminations of tariffs and other trade barriers on a non-discriminatory basis. We intend to use this new authority to substantially reduce trade barriers affecting Latin American exports to the industrialized countries of the Free World, including the maximum possible freedom of trade for tropical products.

Finally, the flow of external public assistance to Latin America during the past year has sharply increased. At Punta del Este the United States undertook to provide public assistance under the Alliance totaling more than $1 billion in the year ending March 1962. That pledge has been fulfilled. An important part of our assistance has been in very long-term loans with no interest or charge except a small service fee.

in the FAO. The U.S. fully intends to play its part in these discussions.

The United States fully appreciates the desire of the countries of Latin America to establish a mechanism to protect and advance their trade interests. The United States is convinced that the long-term interests of Latin America will be best served by expanding opportunities for trade on a non-discriminatory basis. We have in the past and will continue in the future to lend our full~~y~~ and energetic support to this objective. But we do not believe that it is appropriate or effective for this purpose to create a regional bloc of American states ~~designed~~ for the purpose ~~to~~ of presenting a united front vis-a-vis other regional groups.

We are keenly alive to the rapid evolution of trade policies in the European community, and the expanding trade needs of the developing countries in Latin America and elsewhere.

quotas in excess of world demand and to make the agreement truly effective.

At Punta del Este the need was foreseen for sources of seasonal financing accompanied by adjustments in the coffee marketing and exporting mechanisms of the countries of Central America. Since that time, the U.S. has indicated readiness to assist in the creation of a fund for seasonal financing of coffee. The Central American countries for their part have made good progress toward agreeing on the prerequisite steps to put this scheme into operation. We hope that this can be accomplished at an early date and believe that it would be an important step to relieve unnecessary pressure on prices during the critical export season.

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The signature last month of the International Coffee Agreement a truly great achievement in the effort to provide support for basic products in world trade. The U.S., as the largest consuming country, has contributed its best efforts to this agreement, which is of such great importance to the economies of fourteen Latin American countries. Its great promise lies in the fact that a mechanism now exists through which declines in coffee prices can be arrested and more remunerative levels of earnings achieved. Success will be achieved only if the agreement is operated in an effective manner. The U.S. stands ready to give serious consideration to any sound project for reducing excess coffee production in the exporting countries, so as to relieve the pressure for reform is being implemented or considered in nearly all of Latin America. Large scale programs to provide low-cost housing for low-income groups have been undertaken in a number of countries, including Panama, Chile, Peru, Colombia and Venezuela. Several countries have launched programs to modernize their educational systems and in a number of countries expenditures for education have risen sharply.

The work of planning for economic development is beginning to bear fruit. The Panel of Experts has received ~~economic~~ economic development programs for evaluation from Bolivia, Chile, Colombia and Mexico, with plans from Panama and Venezuela expected soon. The development program of Colombia is now receiving attention from the World Bank, the IDB, and industrialized countries interested in providing financial support.

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continent creative techniques which contributed so much to the success of the Marshall Plan. Several of the resolutions submitted for our approval by the officials are designed to intensify and broaden this process of confrontation.

The work of the experts has been truly productive. We owe a debt of gratitude to the Secretariat of the OAS for its detailed preparation and documentation, and to the Panel of Nine for its penetrating analysis and evaluation of the Alliance as well as its valuable recommendations for improvement.

What have we accomplished in the first year of the Alliance? In the field of self-help and reform, a solid beginning has been made. An extensive land redistribution program in Venezuela is being vigorously implemented. Colombia has now adopted an agrarian reform law to improve substantially the use of farm land. In our host country, of course, land reform has been carried out for several decades with beneficial results. Tax

On the contrary. The criticisms are that we are moving too slowly; that we must do much more and do it more quickly to advance the vital principles which form the heart and core of the Alliance for Progress.

It is to those constructive criticisms that we address ourselves this week. In so doing we must not neglect our accomplishments.

Our deliberations follow upon three weeks of intensive work by representatives at the expert level. These three weeks have been characterized by frank self-criticism on the part of the Latin American representatives. The representatives of the United States have also recognized the need for improving our own participation in the Alliance.

Thus, here in Mexico City, we have successfully instituted in inter-American economic relations a productive process of confrontation, adapting to the development problems of this

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Fourteen months ago, meeting at Punta del Este, the governments here represented agreed upon the Charter of an Alliance for Progress -- an Alliance inspired by the vision of dramatically bettering the lives of 200 million Latin Americans in 10 short years.

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The principles of the Alliance for Progress are Latin American in inspiration. Operation Pan America -- the Act of Bogota -- Punta del Este -- those great landmarks in the history of the Western Hemisphere were born of a ferment generated within Latin America itself. This is a fact of tremendous importance.

are removed or effectively neutralized, hopefully by the immediate acceptance by Cuba of the resolution we have offered to the Security Council of the U.N. requiring the prompt dismantling of all offensive weapons in Cuba under United Nations supervision and inspection.

I now turn to the statement that I had prepared for this conference. But before I do so I would like to read to you a telegram ~~[illegible]~~ from President Kennedy ~~which I have~~ addressed to ~~you~~ the distinguished Chairman of this conference which I have just delivered. ~~to [illegible] the Hon~~

This morning on the request of the U.S. and without objection the Council of the OAS constituted itself as the Organ of Consultation provided for by the Rio Treaty. It is now considering the request by the United States to invoke Article 8 of the Rio Treaty in response to the threat to hemispheric security posed by ~~Soviet weapons~~ offensive Soviet weapons now in Cuba. ~~I am sure that all of you are [illegible] of the [illegible] for [illegible] of Article 8. I am [illegible] I have just learned from the [illegible] that there is no objection.~~

~~No objection has been [illegible] to the [illegible] of this [illegible].~~

I am ~~glad to~~ ~~report that~~ ... reports that this request is receiving ... support with the sole exception of Bolivia ...

At the very moment this statement was made, the missiles were en route to Cuba in Soviet vessels. And just last Thursday, the Foreign Minister of the Soviet Union, Mr. Gromyko, deliberately lied to our President when he assured him that the Soviet Union would never install offensive weapons in Cuba.

As President Kennedy announced last night, we have now been forced to initiate action. A quarantine of Cuba which will prevent the delivery of additional offensive weapons to Cuba by the Soviet Union is being initiated. ~~The Organ of Consultation of the OAS has been called into consultative session and we~~ We have also referred the matter to an emergency meeting of the Security Council of the United Nations. It is absolutely essential that the offensive preparations in Cuba come to an immediate halt. If not further action will ~~be~~ fully justified. I can assure you that the United States is resolutely determined to continue on the course that it has set until the offensive weapons now in Cuba ...

~~which as you know authorizes among other things the use of armed force to repel any threat to the security of the Hemisphere.~~

evidence, in the form of aerial photographs which I myself have seen, that two types of missiles were being deployed in Cuba: missiles with a range of just over 1000 miles, and missiles with a range of just over 2000 miles. This means that most of the United States, all of Mexico and Central America, and all of South America as far south as Lima, Peru, would be within range of surprise nuclear attack by these missiles. We also learned that a shipment of jet bombers has arrived and that they are in process of assembly.

I am sure that you will readily understand that this situation is intolerable and that it cannot and will not be accepted by the United States. It represents a direct challenge to our entire hemisphere one that must be met and turned back. It is a case of utter perfidy on the part of the Soviet Union. For the Soviet Government told the world just last month that it would not station offensive missiles outside of Soviet borders.

Since this is a meeting of the Finance Ministers of the Americas to review the economic progress of the past year, I had intended to speak only of economic matters. But this is a fateful day, [redacted]]the activities of the Soviet Union [redacted] ~~developments~~ in Cuba followed by yesterdays developments ~~and~~ Washington pose issues of such gravity for our entire hemisphere that I feel it incumbent upon me to comment briefly about them. This is appropriate, because the future course of economic and social progress in all our countries will inevitably be deeply affected by the outcome of the current crisis.

As a result of the surveillance of the heavy military buildup in Cuba which we have been carrying out in accordance with the communique of the Foreign Ministers of the Americas following their meeting in Washington on October 6, we learned early last week that offensive ballistic missiles with nuclear capabilities were being deployed in Cuba. We immediately intensified our surveillance. By the week's end we had irrefutable

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CABLED

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STATEMENT BY THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY OF THE UNITED STATES
AT THE MINISTERIAL MEETING OF THE
INTER-AMERICAN ECONOMIC AND SOCIAL COUNCIL
MEXICO CITY, MEXICO
TUESDAY, OCTOBER 23, 1962

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Especially significant was the signature last month of the International Coffee Agreement -- a truly great achievement in the effort to provide support for basic products in world trade. The United States, as the largest consuming country, has contributed its best efforts to this agreement, which is of such great importance to the economies of fourteen Latin American countries. Its great promise lies in the fact that a mechanism now exists through which declines in coffee prices can be arrested and more remunerative levels of earnings achieved. Success will be achieved only if the agreement is operated in an effective manner. The United States stands ready to give serious consideration to any sound project for reducing excess coffee production in the exporting countries, so as to relieve the pressure for quotas in excess of world demand and to make the agreement truly effective.

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We have also moved forward toward ways and means to stabilize and improve the world market for cocoa. The idea of a world cocoa agreement is now under active consideration in the FAO. The United States fully intends to play its part in these discussions.

The United States fully appreciates the desire of the countries of Latin America to establish a mechanism to protect and advance their trade interests. The United States is convinced that the long-term interests of Latin America will be best served by expanding opportunities for trade on a non-discriminatory basis. We have in the past and will continue in the future to lend our full and energetic support to this objective. But we do not believe that it is appropriate or effective for this purpose to create a regional bloc of American states for the purpose of presenting a united front vis-a-vis other regional groups.

We are keenly alive to the rapid evolution of trade policies in the European community, and the expanding trade needs of the developing countries in Latin America and elsewhere. Our new Trade Expansion Act authorizes the President of the United States to conclude agreements with the European Economic Community providing for sweeping reductions and eliminations of tariffs and other trade barriers on a non-discriminatory basis. We intend to use this new authority to substantially reduce trade barriers affecting Latin American exports to the industrialized countries of the Free World, including the maximum possible freedom of trade for tropical products.

Finally, the flow of external public assistance to Latin America during the past year has sharply increased. At Punta del Este the United States undertook to provide public assistance under the Alliance totaling more than $1 billion in the year ending March 1962. That pledge has been fulfilled. An important part of our assistance has been in very long-term loans with no interest or charge except a small service fee. Assistance has been provided by the Agency for International Development and the Export-Import Bank, by agricultural commodities under Public Law 480, and from resources given by the United States to the Social Progress Trust Fund administered by the Inter-American Development Bank. The United States is prepared to continue its assistance during the year ahead on the same general order of magnitude, within the context of continuing progress in implementing the self-help measures provided for in the Charter of Punta del Este and the Act of Bogota.

The Inter-American Development Bank has achieved a high rate of lending for development, both from its own resources and from those provided by the United States under the Social Progress Trust Fund. Total commitments by the Bank during the past year have amounted to nearly $400 million. An important part of these funds has been directed to low-cost housing, water supply and sanitation, and to private enterprise. The Bank has demonstrated outstanding competence in the short period of its existence and I congratulate its management. The United States is prepared to participate in replenishing the Bank's regular callable resources in an amount of $1 billion as recommended by the Bank. In addition, the United States intends to continue to make available a substantial and appropriate part of its economic assistance through the Bank to carry on the important work of the Social Progress Trust Fund.

Free industrialized countries other than the United States have begun to interest themselves in helping to achieve the objectives of the Alliance. Extensive credits, although often on short term, have been provided by European nations to Brazil and Argentina. The industrial countries in the Development Assistance Committee of the OECD have initiated useful discussions on aid to Columbia. The Inter-American Bank has obtained resources through the sale of bonds in Italy. Modest as these efforts have been, they are a promising beginning. And I should like to emphasize the importance attached by other industrialized free countries to the self-help measures provided for in the Charter, for they know, as we do, that these measures are necessary if external economic assistance is to be effective in achieving growth and social progress.

These, then, are the major accomplishments of the first year.

Now, where have we fallen short?

The reports of the OAS Secretariat, of the Panel of Nine, and of the meeting of Experts, analyze the defects in detail. I shall limit my remarks to two major aspects: First, the pace of self-help and its relationship to external assistance. Second, the role of private enterprise, foreign and domestic, in the Alliance.

Self-help and reform are provided for explicitly in the Charter of Punta del Este because they are absolutely indispensable to economic growth and social progress. Without these vital domestic measures external assistance cannot achieve the purpose for which it is intended no matter how generous the scale.

That is the true relationship between self-help and reform on the one hand and external economic assistance on the other. Together they comprise a true partnership between the United States and Latin America. This partnership means steady progress in carrying out essential self-help and reform measures and the extension of assistance for constructive, well thought out projects and not for those which would result in ineffective or wasteful expenditures. We hope and believe that the pace with which self-help and reform measures are being adopted in Latin America will be stepped up substantially. This is particularly true of measures to combat inflation, which have assumed such overriding importance in recent months in several Latin American countries. We recognize that many of these measures deal with complex and difficult economic and social problems and that in many countries, necessary as these reform measures may be to the well-being of the people, they are strongly and even bitterly opposed by minority groups. But, as President Kennedy stated last March, "Those who make peaceful revolution impossible will make violent revolution inevitable."

There is one area in which during the past year we have not only made no progress but where we have suffered a serious setback. Private investment, both domestic and foreign has suffered damaging blows and has lost confidence. Not only has foreign private investment in Latin America declined, but private domestic capital has been seeking safe havens outside Latin America. This capital flight has in some cases reached serious proportions.

The plain fact of the matter is that private enterprise has not always been made to feel that it is truly a part of the Alliance. And yet the private sector must become stronger and more vigorous every year if the Alliance is to flourish. Public funds simply do not exist anywhere on a scale adequate to finance the enormous needs of the Alliance. The vast resources -- both financial and managerial -- of the private sector must be enlisted if the Alliance is to have lasting meaning.

There are three things which must be done if the private sector is to assume its rightful role in the Alliance.

First, the governments of Latin America should take every reasonable step to encourage the growth of the private sector and to reassure private enterprise, both foreign and domestic.

Second, whatever measures governments may take for public purpose, such measures should be fair and equitable to the private interests involved.

And, third, private enterprise must, through one means or another, be brought actively into the Alliance.

For we must recognize that the task ahead of us is so vast that all the resources available to us -- both public and private -- must be enlisted if the enterprise on which we are embarked is to succeed. We of the United States pledge our continuing and generous support. We are confident that our partners in the Alliance will continue and intensify their own efforts in behalf of their own people. For ours is a genuine alliance, truly dedicated to progress in which all the peoples of the Americas will share increasingly in the years ahead.

I deeply regret that recent developments in Cuba will not permit me to remain in Mexico City throughout this conference. For the most basic hopes and ideals of my country as well as my own deep convictions are intimately involved in the work we are doing here.

I have now been privileged to attend six Inter-American Ministerial meetings dealing with economic matters. This will be the first time I have had to leave before the close of a conference -- an unfortunate occurrence which I hope will not be repeated. For on the success of the work which we are carrying forward this week, largely rests the cause of freedom and progress in this hemisphere.

In conclusion, I want to say that I am confident that every Government and people of the Americas represented here today looks forward, as do the government and people of the United States, to the day -- and may it not be long in coming -- when the people of Cuba will be free once again to lead their own lives within a framework of free institutions of their own choosing. We continue to extend the hand of friendship to the Cuban people. And we pray that a delegation of Cubans representing a free people will soon sit among us. On that day the people of Cuba will begin to share in the social, economic and spiritual promise of the great Alliance which we have undertaken so that human dignity can accompany human freedom in every corner of this Hemisphere.

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The Honorable Ortiz-Mena October 23, 1962

Chairman, Conference of IA-ECOSOC

I deeply regret that I have had to recall Secretary of the Treasury Douglas Dillon to Washington before the close of your meeting. However, as a member of the National Security Council of the United States, as well as a principal executive officer of my government, his presence in Washington is essential in the conduct of the urgent and hazardous affairs which will occupy the days and weeks ahead. I am designating Teodoro Moscoso, the Coordinator of Alliance for Progress activities in the U. S. Government, and a man who carries the highest responsibilities of the Alliance with my complete confidence, as Chairman of the United States delgation.

There is little doubt that we are in the midst of a grave moment in the history of the hemisphere. The security and freedom of all our nations is at stake. Yet your meeting is a vital reminder that the central task of this generation of Americans is not merely the avoidance of conflict. It is the construction of a new community of American nations in which all our citizens can live not only free from fear but full of hope.

The protection of our liberties -- resistance to aggression -- firmness in the face of danger -- these are essential to the preservation of our free society. But it is only through economic progress and social justice that we can move forward to a hemisphere where freedom accompanies ever-expanding horizons of opportunity and hope. This is the work in which you are engaged. Just as the unyielding determination of today is essential if we are to realize the future promise of the Alliance for Progress -- the future success of the Alliance for Progress will be the final vindication of the resolute course we are undertaking today.

With every best wish,

John F. Kennedy.

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 (X16X) or less for the additional bills dated August 2, 1962 (X17X), (91 (X18X) days remaining until maturity date on January 31, 1963 (X19X)) and noncompetitive tenders for $ 100,000 (X20X) or less for the 182 (X21X) -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 November 1, 1962 (X22X), in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 1, 1962 (X23X). Cash

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, October 24, 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 November 1, 1962, in the amount of $1,900,735,000, as follows:

91-day bills (to maturity date) to be issued November 1, 1962, in the amount of $1,300,000,000, or thereabouts, representing an additional amount of bills dated August 2, 1962, and to mature January 31, 1963, originally issued in the amount of $700,229,000, the additional and original bills to be freely interchangeable.

182-day bills, for $700,000,000, or thereabouts, to be dated November 1, 1962, and to mature May 2, 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 Standard time, Monday, October 29, 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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182-day bills, for $ 700,000,000, or thereabouts, to be dated November 1, 1962, and to mature May 2, 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 Standard time, Monday, October 29, 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 August 2, 1962 (91-days remaining until maturity date on January 31, 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 November 1, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 1,1962. 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.

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October 24, 1962

FOR IMMEDIATE RELEASE

IMF GIVEN FORMAL U. S. WORD ON
SPECIAL BORROWING ARRANGEMENTS

Secretary Dillon today notified the International Monetary Fund of the formal adherence of the United States to the special borrowing arrangements of the IMF. With the adherence of the United States, eight of the ten participating countries with total commitments of $5,650 million have notified the Fund of their adherence, and the arrangement becomes immediately effective. The appropriation necessary for United States adherence was contained in the Foreign Aid Appropriation Act signed by the President on October 23, 1962.

Under the special borrowing arrangement there are made available to the IMF additional resources of $6 billion to be used if necessary to forestall or cope with an impairment of the international monetary system. Under the arrangement countries which are in a surplus position and which are gaining reserves may lend their own currencies to the Fund which in turn will supply them to other participating countries which might need additional resources. The arrangement may be of particular benefit to the United States because through it substantial additional resources would be available to the United States if the need should ever arise. The availability of these additional resources should aid materially in deterring speculation and in this and other ways will contribute significantly to the maintenance of sound international monetary conditions.

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D-654

TREASURY DEPARTMENT

WASHINGTON, D.C.

October 27, 1962

FOR RELEASE: P.M. NEWSPAPERS
SATURDAY, OCT 27, 1962

CLYDE A. HILL, JR., APPOINTED NEW MEXICO SAVINGS BONDS CHAIRMAN

Secretary of the Treasury Douglas Dillon today appointed Clyde A. Hill, Jr., State Chairman of the New Mexico Savings Bonds Committee. Mr. Hill is Senior Vice-President and a Director of the First National Bank in Albuquerque. He succeeds John P. Brandenburg, President of the First State Bank of Taos, who was appointed in 1957.

In announcing the appointment, the Secretary said: "The Savings Bonds program is one of the most important activities in which we are engaged. It is not only an essential feature of our debt management program but also serves to encourage thrift. The addition of a leader of your stature will help us tremendously."

Mr. Hill has been very active in civic and professional organizations. He is currently a member of the Board of the Red Cross; Member of the Board and Director of the Community Chest; Member of the Board of the Salvation Army; President of the Tuberculosis Association; Director of the Albuquerque Country Club; Chairman of the Board of the Better Business Bureau; Director of the State Association of Credit Men; and Chairman of the Albuquerque Clearing House District.

Mr. Hill, who started his banking career in Ohio at the early age of 16, has been associated with the First National Bank in Albuquerque for the past 21 years. He was promoted to Senior Vice President in 1960, and made a Director in January, 1962.

Born in Coventry, England, Mr. Hill came to this country in 1912 and attended grade and high school in Cleveland, Ohio. He started his banking career in Cleveland on a part-time basis in 1919, reverted to it full-time in 1920, and, seven years later, for reasons of health, went to Albuquerque where he attended the University of New Mexico.

From 1929 to 1933, Mr. Hill was associated with the First Savings Bank and Trust Company in Albuquerque, and with the United States Indian Service and the University of New Mexico from 1933 to 1941. On January 10, 1941, Mr. Hill resumed his banking career with the First National Bank in Albuquerque.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

October 27, 1962

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FOR RELEASE A. M. NEWSPAPERS,
Tuesday, October 30, 1962.

October 29, 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 August 2, 1962, and the other series to be dated November 1, 1962, which were offered on October 24, were opened at the Federal Reserve Banks on October 29. 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 January 31, 1963		:	182-day Treasury bills maturing May 2, 1963	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.325	2.670%	:	98.601	2.767%
Low	99.318	2.698%	:	98.596	2.777%
Average	99.321	2.686% 1/	:	98.597	2.774% 1/

41 percent of the amount of 91-day bills bid for at the low price was accepted
71 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	$ 28,906,000	$ 14,726,000	:	$ 1,326,000	$ 1,226,000
New York	1,661,374,000	922,754,000	:	1,295,621,000	594,849,000
Philadelphia	29,998,000	12,978,000	:	8,238,000	1,738,000
Cleveland	25,221,000	24,721,000	:	7,082,000	4,641,000
Richmond	16,667,000	16,608,000	:	12,940,000	9,790,000
Atlanta	22,822,000	20,497,000	:	7,183,000	4,783,000
Chicago	184,764,000	108,459,000	:	120,367,000	28,055,000
St. Louis	34,329,000	28,149,000	:	8,208,000	6,208,000
Minneapolis	27,368,000	21,243,000	:	8,450,000	4,850,000
Kansas City	36,785,000	26,484,000	:	13,480,000	7,666,000
Dallas	25,293,000	15,293,000	:	10,001,000	4,841,000
San Francisco	113,374,000	89,183,000	:	79,687,000	32,137,000
TOTALS	$2,206,901,000	$1,301,095,000 a/		$1,572,583,000	$700,784,000 b/

a/ Includes $236,442,000 noncompetitive tenders accepted at the average price of 99.321
b/ Includes $57,283,000 noncompetitive tenders accepted at the average price of 98.597
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.74%, for the 91-day bills, and 2.85%, 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.

R RELEASE A. M. NEWSPAPERS,
esday, October 30, 1962.

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Richmond	16,667,000	16,608,000	12,940,000	9,790,000
Atlanta	22,822,000	20,497,000	7,183,000	4,783,000
Chicago	184,764,000	108,459,000	120,367,000	28,055,000
St. Louis	34,329,000	28,149,000	8,208,000	6,208,000
Minneapolis	27,368,000	21,243,000	8,450,000	4,850,000
Kansas City	36,785,000	26,484,000	13,480,000	7,666,000
Dallas	25,293,000	15,293,000	10,001,000	4,841,000
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TOTALS	$2,206,901,000	$1,301,095,000 a/	$1,572,583,000	$700,784,000 b/

Includes $236,442,000 noncompetitive tenders accepted at the average price of 99.321
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TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR IMMEDIATE RELEASE October 25, 1962

TREASURY TO REFUND $11 BILLION OF SECURITIES MATURING NOVEMBER 15 AND DECEMBER 15

The Treasury is offering holders of Treasury securities maturing November 15 and maturing or called December 15, 1962, aggregating $10,980 million, the right to exchange them for any of the following securities:

3-1/8% Treasury certificates of indebtedness to be dated November 15, 1962, and to mature November 15, 1963, at par;

3-1/2% Treasury notes to be dated November 15, 1962, and to mature November 15, 1965, at par; or

4% Treasury bonds to be dated November 15, 1962, and to mature February 15, 1972, at par.

Cash subscriptions for the new securities will not be received. The maturing issues eligible for exchange are as follows:

$1,143 million of 3-3/4% Treasury Notes of Series C-1962, dated November 29, 1957, maturing November 15, 1962;

$6,082 million of 3-1/4% Treasury Notes of Series H-1962, dated August 1, 1961, maturing November 15, 1962;

$2,269 million of 2-1/4% Treasury Bonds of 1959-62, dated November 15, 1945, maturing December 15, 1962; and

$1,486 million of 2-3/4% Treasury Bonds of 1960-65, dated December 15, 1938, called for redemption December 15, 1962.

The subscription books will be open only on October 29 through October 31 for the receipt of subscriptions. Subscriptions for any issue addressed to a Federal Reserve Bank or Branch, or to the Office of the Treasurer of the United States, and placed in the mail before midnight October 31, will be considered as timely. The new securities will be delivered November 15, 1962. Interest adjustments on the 2-1/4% and 2-3/4% bonds which are exchanged will be made through November 15 and December 15, respectively, as indicated below. The new certificates of indebtedness will be available only in bearer form. The new notes and bonds will be made available in registered as well as bearer form.

Interest on the 3-1/8% certificates of indebtedness will be paid on May 15 and November 15, 1963. Interest on the 3-1/2% notes will be paid semiannually on May 15 and November 15. Interest on the 4% bonds will be paid semiannually on February 15 and August 15.

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Exchanges of 3-3/4% and 3-1/4% notes

Exchanges of the 3-3/4% and 3-1/4% notes maturing November 15, 1962, may be made for a like face amount of any of the securities included in this exchange offering. Coupons dated November 15, 1962, on the maturing notes in bearer form should be detached by holders and cashed when due.

Exchanges of 2-1/4% bonds

Exchanges of the 2-1/4% bonds maturing December 15, 1962, may be made for a like face amount of any of the securities included in this exchange offering. Coupons dated December 15, 1962, must be attached to the maturing 2-1/4% bonds in bearer form when surrendered for exchange. Accrued interest from June 15 to November 15, 1962 ($9.40574 per $1,000) on the securities exchanged will be paid subscribers.

Exchanges of called 2-3/4% bonds

Exchanges of 2-3/4% bonds called for redemption December 15, 1962, may be made for a like face amount of any of the securities included in this exchange offering. Coupons dated December 15, 1962, on the called 2-3/4% bonds in bearer form should be detached and cashed when due. The coupons dated June 15, 1963, and all subsequent coupons must be attached to the called 2-3/4% bonds in bearer form when surrendered for exchange. Subscribers to the new securities must pay accrued interest from November 15 to December 15, 1962 - on the certificates $2.58978 per $1,000, on the notes $2.90055 per $1,000 and on the bonds $3.26087 per $1,000 - which should accompany the subscription.

Estimated Ownership of November 15 and December 15 Maturities
as of September 30, 1962

(In millions of dollars)

	November 15		December 15		
	3-3/4% Note	3-1/4% Note	2-1/4% Bond	2-3/4% Bond	Total
Commercial banks	655	1,135	800	1,405	3,995
Mutual savings banks	52	51	12	*	116
Insurance companies:					
Life	1	5	10	*	16
Fire, Casualty and Marine	62	66	118	27	273
Total, insurance companies	63	71	128	27	289
Corporate pension funds	10	40	15	*	65
Corporations	35	300	425	10	770
Savings and loan associations	30	35	30	5	100
State and local governments	75	400	100	*	575
All other private investors	173	661	381	38	1,252
Total privately held	1,093	2,693	1,891	1,485	7,162
Federal Reserve banks and Government Investment Accounts	50	3,389	379	*	3,818
Total outstanding	1,143	6,082	2,269	1,485	10,980

Office of the Secretary of the Treasury
Office of Debt Analysis

October 24, 1962

* Less than $500,000.

Note: Figures may not add to totals because of rounding.

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There thus exist opportunities for valuable contributions by many of you in this audience. At this end of the Alliance, in your practices, through your clients, and through your organizational and academic affiliations, you can and should lend your energies to assisting and stimulating the lawyers, accountants, businessmen, and professors in Latin America to participate constructively and effectively in the taxing process in their own countries. Conferences, bi-lingual publications, and the international extension of national tax organizations are some of the organized means at your disposal. The opportunities for meaningful and lasting contributions are real. Government and private citizens alike can thus join in the challenging and vital task of helping Latin America to make the Alliance for Progress a success.

institutional research vaccuum in the Latin American tax scene. Our Government and our universities and foundations can be of significant help in this area.

From experience in this country we know that the taxing process and tax policy decisions are greatly enriched by informed discussion and participation by private citizens. My impression is that there is very little responsible, active, and continuing discussion of tax issues by the business, legal, and accounting communities in Latin America. Conferences and symposia such as this one are rare. Professional tax journals are found in very few countries and little attention is being given to the improvement of professional standards of tax accounting and tax law practice. In short, a crucial dimension of the taxing process is missing.

The Latin American countries are desperately short of qualified economists, statisticians, administrators, legal experts, and other technicians for work in the tax area. Indeed, hardly any of the finance ministries maintain professional tax staffs on a continuing basis for compiling data, exploring policy issues, and evaluating the performance of the tax system. With only a few exceptions, the universities in Latin America do not sytematically contribute to tax research. Foreign technicians may partly fill this institutional gap, although probably not satisfactorily or for very long. The task of continually evaluating and revising their tax systems must be undertaken as soon as possible by the countries themselves. Any effort that the United States can expand in helping the countries prepare themselves for these particular tasks would certainly be a worthwhile investment. This calls for a major emphasis on training and on filling the

At the same time, research on comparative fiscal systems, together with multi-national conferences, may develop generalizations regarding Latin American tax structures that can usefully guide the policy-making officials and technical assistance missions in particular countries. International conferences could also develop thinking on ways to harmonize the tax systems of Latin American countries in the interest of greater freedom of investment and trade. With progress in these directions, the Latin American countries will be able to make better use of technical aid from the United States and other countries in planning their tax reforms, formulating the needed structural changes, drafting the needed legislation and regulations, and establishing an up-to-date tax collection organization. Here also any such technical assistance should be of a high caliber and on a continuing basis.

Latin American requests for aid and overseeing the progress of technical assistance missions. After all, when taxes evaded approach or even exceed taxes paid, there is ample scope for improvement. The recent accomplishments of Argentina in tax administration show that successes can be achieved.

As to substantive tax reform, more intensive and persistent efforts are needed in each country to search for the tax structure that will best facilitate economic growth and foster tax equity. Appropriate revenue targets, the weight to be placed on income taxes relative to other levies, and the design of effective incentive tax provisions are problems on which these analytical efforts should be focused. The Shoup report on Venezuela is an example of the type of critical examination and hard thinking about tax policies that is requisite to basic tax reform.

While basic tax reform must come from within each particular country and cannot be imposed from without, there are ways in which the United States might facilitate the process. Progress in improving tax administration, for example, could be accelerated by combining the serious concern over improvement that exists in many Latin American countries with a high and sustained level of technical assistance from the United States. Both qualities -- a high level of ability in the personnel involved and a sustained continuing cooperation in the assistance -- are essential, since anything less is likely to be frittered away in only minor improvements. The United States, through the Internal Revenue Service of the Treasury Department, is prepared to give the needed aid on an expanded scale. The Organization of American States and the Agency for International Development can help in assisting the

In the shaping of all our international policies, the success of the Alliance for Progress in Latin America is of paramount concern. But no steps which the United States might take in the tax field or elsewhere can reach the core of the problem of expanding the flow of private investment to Latin America. The primary consideration is that private investment will flourish only in a setting of relative political and economic stability.

Reform of Latin American tax systems is of central importance in fostering a healthy investment climate. Such reform would help provide the needed revenue for public investment in education, transportation, land development, and other "social overhead" activities. Tax reform, in addition, could also contribute to political and financial stability and to building an attractive environment for private investment to further economic growth.

developed countries would have an equity and management interest? These and other questions are obviously present in any consideration of tax incentives in this area.

Finally, it is possible that our tax treaty activities will assume more importance for the less developed countries in the years ahead. As investment and trade increase, it will be important to smooth out the rough spots in the resulting international tax relationships. This smoothing-out process is presently the primary function of tax treaties generally. Perhaps further thinking may suggest new treaty functions helpful to the less developed countries. Thus, could the treaties, through an appropriate exchange of information or the adoption of new collection procedures, benefit countries seeking to protect their foreign exchange holdings against capital flight by their own residents?

new money to flow to these countries and keeping it at work there. Incentives tied to the act of new investment would seem to offer more fruitful possibilities. Thus, it would appear more rewarding to consider approaches similar to the investment credit recently enacted to stimulate U. S. domestic investment. Such approaches might prove equally suitable in raising the level of U. S. private investment in less developed countries.

This discussion on tax incentives of course deals with only a few of the many and difficult issues involved. For example, aside from the form of the investment incentive, it might be appropriate to consider whether we want to encourage all kinds of private investment in less developed countries, or perhaps be more selective in identifying the investments, or even the countries, which would qualify. Also, should there be special encouragement to joint ventures, in which residents or governments of the less economic interests of the less developed countries. The history of special tax inducements to attract investment, especially when they draw attention away from needed revisions in the basic tax systems of these countries, is not at all convincing in terms of lasting advantages. Finally, in the past too intensive a focus on tax sparing may have kept us from looking for fresh insights to our problems.

A similar limiting of consideration of the possible ways to increase investment may have resulted from suggestions for direct tax reductions on foreign income when it becomes taxable by the United States. Again, like tax sparing, this places the stress on repatriation of profits, and indeed could have the effect in a few years of causing the return flow to offset the outflow of new funds.

These and like suggestions have unfortunately drawn attention away from our main purpose -- that of inducing current earnings. In bried, it should encourage funds to move to these countries and then stay at work there as long as possible.

Tax sparing has been urged at times as a possible incentive, but it has serious weaknesses when tested against the above standards. Its primary focus is on a quick repatriation of profits. Also, since its tax reduction effect on repatriated profits depends on the relationship between the foreign tax rate and the United States rate, it both operates erratically and forces the United States to yield control over the effect and direction of its tax.system. Moreover, the adoption of tax sparing, with its dependence on the nature and extent of tax inducements in the foreign country and its encouragement to competition among countries in offering inducements, may not always be regarded as in the long-run fiscal and

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the last item to be added to complete the picture that other measures produce rather than be the focus around which these other measures develop. And the question must always be asked whether the picture would really be improved by the addition of this last item, considering the costs involved.

(8) But passing these observations applicable generally to tax incentives, we may inquire what are the particular purposes which a possible tax incentive should serve in the area of private investment in less developed countries. rate,

it Three purposes come immediately to mind. First, it should induce a larger gross outflow of new capital for investment in productive facilities in those countries; second, it should encourage more reinvestment in those countries of earnings from existing and new investment, and third, it should avoid any encouragement to capital repatriation or undue repatriation of effects on investment in less developed countries. The safeguards so established thus, in effect, become tax inducements to such investment.

In considering possible tax incentives to increased private investment in less developed countries it is necessary to realize that tax incentives do not possess a magic that will permit investment to occur under any conditions or climate. If tax incentives are not to be sheer waste and windfall, they have to be joined with other forces to create more promising investment opportunities. Further, since a tax incentive generally operates on a broader scale and with less continuing scrutiny as to its effects and utility than is the case with other inducement programs, it is important that the incentive be carefully planned. On the whole, it is probably a wise use of resources that tax incentives generally be viewed as

I have attempted to sketch the broad international aspects of United States tax policy. Against this background we may now consider those aspects affecting the less developed countries. Here the paramount factor is the firm commitment of the United States to encourage increased private investment in those areas. Although we are not alone among the advanced countries in this effort, we are far ahead of them in accomplishment, and we are conducting a continued search for ways to do more. I might mention our new investment guaranty program, the various financing arrangements that are offered to investors, and Department of Commerce and AID activities to interest and encourage U. S. firms to invest in less developed countries. Care was also taken in the 1962 Revenue Act provisions -- affecting tax haven activities and the liquidation or sale of foreign corporations having tax-deferred profits -- to avoid adverse

Committee, whose main objective is removal of tax obstacles to international trade and payments, plans to propose specific principles to be applied by member countries in their double taxation agreements. The Committee has already made a number of recommendations for standardizing tax conventions. Moreover, it is exploring largely at the urging of the United States, the problems growing out of differences in jurisdictional concepts of taxation and the issues involved in the tax relationships between developed countries and less developed countries. We hope that this truly international exploration of international tax problems will prove to be an important avenue to progress.

Balance of payments effects must likewise be weighed in negotiating revisions in the treaty rates on dividend and interest payments.

We hope that even broader international tax accommodations may be made through the OECD. The OECD members have agreed to work together to promote closer coordination of national economic policies, and to accelerated economic expansion in the member countries and in the less developed countries as well. Two high-level "working parties" of the OECD have been meeting regularly since the Spring of 1961, to study problems of economic growth and to examine fiscal and monetary policies as they relate to international payments imbalances. In addition, the United States now is officially represented on the OECD Fiscal Committee, as it was not on the predecessor committee of the OEEC. This and prevent their leading to artificial arrangements and distortions. The recent re-examination of the Netherlands Antilles treaty is an example.

The growth of international corporations may also have its effect on treaty techniques. Thus, the possible development of a world-wide distribution of stock ownership in such corporations suggests that our tax systems, as modified by our treaty rules, must be kept under careful scrutiny to ensure that they do not place unjustifiable obstacles to foreign investment in United States corporations or to United States investment in foreign corporations. In addition the basic treaty rules and any suggested revisions must be examined against the economic requirements of our current position. Thus, in framing a definition of permanent establishment for tax treaty purposes we must keep in mind our balance of payments position and our need to increase exports.

For example, a Technical Information Release dealing with allocation problems of firms operating in Puerto Rico will be issued shortly.

In our overall endeavor to improve the use of present administrative tools, we seek the informed and imaginative assistance of the tax bar.

Our policies with respect to tax treaties also require continued re-examination. With the expected approval of the pending double taxation agreement with Luxembourg, all the European Common Market countries will be covered by tax treaties, although negotiations are always in process on treaty revisions as well as on new treaties. With expanding international trade and activity, the transactions affected by tax treaties increase, as does the importance of the techniques embodied in the treaties and their technical operation. We hope that continued scrutiny of the treaties will enable us both to improve their usefulness

The increasing volume of tax problems in the international field also requires careful exploration of the possibilities of greater flexibility in the administrative use of existing statutory tools. Section 482, relating to adjustments between related organizations, is one example. While the Congress in the new Act decided not to adopt statutory formulas for allocating income and deductions under Section 482, the Conference Report, referring to the broad authority already given to the Secretary of the Treasury under that section, suggested instead that the Treasury explore the possibility of issuing regulations providing additional allocation guidelines and formulas. Greater uniformity as well as more appropriate solutions might thus be achieved in the resolution of cases involving inter-company pricing or similar arrangements.

enforcement of our tax laws on foreign income, and they will enable us to keep abreast of developments in these fields.

The new Act thus embodies many significant steps toward accommodating our tax system to the changes that have occurred in our international position. With this accomplished, we must consider what further moves appear desirable. Clearly one important matter is the development of appropriate regulations to implement the new Act, regulations that will provide as much guidance as possible and ensure the workability of the new legislation. The Treasury Department plans to publish the proposed regulations as promptly as possible and we know that we can count on the assistance of the tax fraternity in identifying and resolving the problems that may arise.

Another provision of the new law removes an artificial inducement to the outflow of short-term United States capital -- an inducement which was harmful to our balance of payments position in 1961. The law now requires separate computation of the foreign tax credit for certain interest income in order to avoid the use of any excess foreign tax credit on business income to reduce or eliminate the tax on the interest income. This change illustrates the new requirement that we scrutinize our technical tax rules in the light of our international balance-of-payments position.

Finally, the new law provides expanded information and reporting requirements, covering both parent corporations and United States citizens or residents who are officers, directors, or 5-percent shareholders of a foreign corporation. These requirements will permit more complete of dividends received from subsidiaries in developed countries, the law ends what is in effect a partial double counting for taxes paid to these countries and a consequent lower combined effective tax rate on those dividends. The transfer abroad of patents involving values representing what is really United States source income may no longer be effected at capital gain rates. In addition, it will no longer be possible for individuals to escape United States taxation on unlimited amounts of earned income abroad by establishing foreign residence, or to accumulate tax-free income by creating foreign trusts, or to resort to foreign investment companies to convert ordinary income into capital gains. Also, investment in foreign real estate will no longer escape our estate tax laws.

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Undoubtedly these rules have their share of complexities. But the lawyers who are guiding our international corporations through the intricacies of foreign corporate and business laws, and the accountants who are developing principles that will properly reflect the progress of foreign operations, are well aware that complexities in this area are unavoidable. I am sure they recognize no one can expect the tax rules to be a little valley of simplicity surrounded by these other peaks of complexity.

The new law removes other gross abuses that have grown up over the years and have made our tax rules non-neutral in the international area. By requiring a gross-up required -- is provided which, if complied with, justifies foregoing the United States tax on the undistributed income of the foreign corporation. In such a case the foreign form of organization has not operated as a tax inducement to investment abroad since no tax saving has been effected, either because of the level of rates paid abroad or the amount~~s~~ of foreign earnings that were actually repatriated. In the latter connection, the Act sets a precedent for looking at the foreign activities of a United States corporation on a consolidated basis, as if together they comprised a single entity. In this respect the tax law is beginning to recognize the "international corporation" and to grapple with the technical tax problems which it involves.

Finally, in the area of tax deferral, the Act places limits on the tax maneuvering under prior law that permitted an actual distribution to stockholders.

Tax deferral will not be denied, however, where the dividend or interest income is derived from less developed countries and is reinvested in those countries, so that the holding company remains an attractive form of organization for less developed country operations.

There are two other major exceptions, the first of which continues deferral of taxes on tax haven export-trade income utilized in ways that will directly promote further exports. The new rules will thus operate in harmony with our need for export expansion.

The second exception continues deferral where the enterprise is taxed at a combined foreign and United States rate not substantially below the United States rate. A schedule of overall effective foreign tax rates and corresponding percentages of income distributions to the United States -- the lower the foreign rate the higher the percentage of distribution our international tax rules that has ever occurred in a single tax measure.

The Act removes the principal artificial tax inducement to investment in developed countries -- an inducement hardly appropriate under present conditions -- by effectively neutralizing the so-called "tax haven" form of operation. Now that the law is changed, and the usefulness of this tax avoidance device ended, the damage to our balance of payments position as a result of the mushrooming of tax haven subsidiaries will be stopped.

The new law ends tax deferral on the various classes of tax haven income of United States-controlled foreign corporations. On those types of income -- arising from insurance or reinsurance abroad of United States risks, from passive investments, from licensing, and from sales, purchases or service operations -- the United States tax will be applied currently to the parent corporation without waiting for ~~an~~

accomplished so far. The Revenue Act of 1962 represents a major advance toward a better adaptation of our tax system to these new policy requirements in the international area. A large number of its provisions directly relate to international tax rules. Even the investment credit, which is a central feature of the Act, has important international aspects. It will better enable United States industry to meet foreign competition by accelerating modernization of productive equipment. In combination with the Treasury's administrative reform of depreciation, announced in July, the credit provides our business -- for the first time -- tax treatment of new investment comparable with that of its chief international competitors.

The provisions of the new revenue law relating to foreign income involve the most comprehensive revision of tax adjustments appropriate to these Markets. We must be alert to any implications these developments will have, both for our domestic tax structure and our international rules.

Finally, it is necessary to consider how the fiscal policies of the industrially developed nations of the world can be harmonized so that international problems are solved in an international manner. The main forum today for the discussion of these issues is the Organization for Economic Cooperation and Development, whose membership includes the United States, Canada, along with the Western European countries.

Against this background of guidelines for our international tax policy, we may consider what has been problems in the application of our tax rules. Tax rules should not place needless barriers in the way of these international enterprises or require their artificial structuring. At the same time, the tax rules should not, because of developing changes in non-tax operational arrangements, offer escapes from taxation or lead to distortions in resource allocation. We are in an era of evolving changes in the legal and accounting techniques affecting our international activities, and the tax law must keep pace with these changes.

Our international tax rules should also take account of the existing and proposed Common Market arrangements in Europe and Latin America, and the effect of these arrangements on the tax systems of the member countries. Inevitably these arrangements will move in the direction of a harmonization of tax systems and in the development of international to the new conditions created by our international payments situation. A parallel adjustment of policies is being followed in the tax area.

We do not, for example, have any desire to impede the flow of investment capital between nations, and our tax policy is designed with that in mind. We feel the same about the importance of free competitive trade between nations, and this is also taken account of in shaping tax policy. In that connection, I believe we should press for the removal of artificial tax barriers to trade which now exist in other nations, such as discriminatory transaction or turnover taxes on our exports.

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ASSISTANT SECRETARY OF THE TREASURY
BEFORE THE TAX INSTITUTE SYMPOSIUM
MAYFLOWER HOTEL, WASHINGTON, D. C.
THURSDAY, OCTOBER 25, 1962, 7:30 P.M. EDT

The United States Tax System and International Tax Relationships

We have an opportunity at these meetings to examine the recently enacted Revenue Act of 1962, as well as the problems and progress of tax reform in Latin America. In that context, I would like to begin by discussing some of the broad international aspects of United States tax policy. In recent years we have had to re-examine the international rules of our tax system to assure their continuing consistency with our foreign economic policy.

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Washington

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The appearance of an essentially new type of enterprise -- that of the international corporation with its many and varied forign subsidiaries and activities -- has raised fresh problems in the application of our tax rules. Tax rules should not place needless barriers in the way of these international enterprises or require their artificial structuring. At the same time, the tax rules should not, because of developing changes in non-tax operational arrangements, offer escapes from taxation or lead to distortions in resource allocation. We are in an era of evolving changes in the legal and accounting techniques affecting our international activities, and the tax law must keep pace with these changes.

Our international tax rules should also take account of the existing and proposed Common Market arrangements in Europe and Latin America, and the effect of these arrangements on the tax systems of the member countries. Inevitably these arrangements will move in the direction of a harmonization of tax systems and in the development of international tax adjustments appropriate to these Markets. We must be alert to any implications these developments will have, both for our domestic tax structure and our international rules.

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The Act removes the principal artificial tax inducement to investment in developed countries -- an inducement hardly appropriate under present conditions -- by effectively neutralizing the so-called "tax haven" form of operation. Now that the law is changed, and the usefulness of this tax avoidance device ended, the damage to our balance of payments position as a result of the mushrooming of tax haven subsidiaries will be stopped.

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Tax deferral will not be denied, however, where the dividend or interest income is derived from less developed countries and is reinvested in those countries, so that the holding company remains an attractive form of organization for less developed country operations.

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Finally, the new law provides expanded information and reporting requirements, covering both parent corporations and United States citizens or residents who are officers, directors, or 5-percent shareholders of a foreign corporation. These requirements will permit more complete enforcement of our tax laws on foreign income, and they will enable us to keep abreast of developments in these fields.

The new Act thus embodies many significant steps toward accomodating our tax system to the changes that have occurred in our international position. With this accomplished, we must consider what further moves appear desirable. Clearly one important matter is the development of appropriate regulations to implement the new Act, regulations that will provide as much guidance as possible and ensure the workability of the new legislation. The Treasury Department plans to publish the proposed regulations as promptly as possible and we know that we can count on the assistance of the tax fraternity in identifying and resolving the problems that may arise.

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Market countries will be covered by tax treaties, although negotiations are already in process on treaty revisions as well as on new treaties. With expanding international trade and activity, the transactions affected by tax treaties increase, as does the importance of the techniques embodied in the treaties and their technical operation. We hope that continued scrutiny of the treaties will enable us both to improve their usefulness and prevent their leading to artificial arrangements and distortions. The recent re-examination of the Netherlands Antilles treaty is an example.

The growth of international corporations may also have its effect on treaty techniques. Thus, the possible development of a world-wide distribution of stock ownership in such corporations suggests that our tax systems, as modified by our treaty rules, must be kept under careful scrutiny to ensure that they do not place unjustifiable obstacles to foreign investment in United States corporations or to United States investment in foreign corporations. In addition the basic treaty rules and any suggested revisions must be examined against the economic requirements of our current position. Thus, in framing a definition of permanent establishment for tax treaty purposes we must keep in mind our balance of payments position and our need to increase exports. Balance of payments effects must likewise be weighed in negotiating revisions in the treaty rates on dividend and interest payments.

We hope that even broader international tax accomodations may be made through the OECD. The OECD members have agreed to work together to promote closer coordination of national economic policies, and to accelerated economic expansion in the member countries and in the less developed countries as well. Two high-level "working parties" of the OECD have been meeting regularly since the Spring of 1961, to study problems of economic growth and to examine fiscal and monetary policies as they relate to international payments imbalances. In addition, the United States now is officially represented on the OECD Fiscal Committee, as it was not on the predecessor committee of the OEEC. This Committee whose main objective is removal of tax obstacles to international trade and payments, plans to propose specific principles to be applied by member countries in their double taxation agreements. The Committee has already made a number of recommendations for standardizing tax conventions. Moreover, it is exploring largely at the urging of the United States, the problems growing out of differences in jurisdictional concepts of taxation and the issues involved in the tax relationships between developed countries and less developed countries. We hope that this truly international exploration of international tax problems will prove to be an important avenue to progress.

I have attempted to sketch the broad international aspects of United States tax policy. Against this background we may now consider those aspects affecting the less developed countries. Here the paramount factor is the firm commitment of the United States to encourage increased private investment in those areas. Although we are not alone among the advanced countires in this effort, we are far ahead of them in accomplishment, and we are conducting a continued search for ways to do more. I might mention our new investment guaranty program, the various financing arrangements that are offered to investors, and Department of Commerce and AID activities to interest and encourage U. S. firms to invest in less developed countries. Care was also taken in the 1962 Revenue Act provisions -- affecting tax haven activities and the liquidation or sale of foreign corporations having tax-deferred profits -- to avoid adverse effects on investment in less developed countries. The safeguards so established thus, in effect, become tax inducements to such investment.

In considering possible tax incentives to increased private investment in less developed countries it is necessary to realize that tax incentives do not possess a magic that will permit investment to occur under any conditions or climate. If tax incentives are not to be sheer waste and windfall, they have to be joined with other forces to create more promising investment opportunities. Further, since a tax incentive generally operates on a broader scale and with less continuing scrutiny as to its effects and utility than is the case with other inducement programs, it is important that the incentive be carefully planned. On the whole, it is probably a wise use of resources that tax incentives generally be viewed as the last item to be added to complete the picture that other measures produce rather than be the focus around which these other measures develop. And the question must always be asked whether the picture would really be improved by the addition of this last item, considering the costs involved.

But passing these observations applicable generally to tax incentives, we may inquire what are the particular purposes which a possible tax incentive should serve in the area of private investment in less developed countries.

Three purposes come immediately to mind. First, it should induce a larger gross outflow of new capital for investment in productive facilities in those countries; second, it should encourage more reinvestment in those countries of earnings from existing and new investment; and third, it should avoid any encouragement to capital repatriation or undue repatriation of current earnings. In brief, it should encourage funds to move to these countries and then stay at work there as long as possible.

Tax sparing has been urged at times as a possible incentive, but it has serious weaknesses when tested against the above standards. Its primary focus is on a quick repatriation of profits. Also, since its tax reduction effect on repatriated profits depends on the relationship between the foreign tax rate and the United States rate, it both operates erratically and forces the United States to yield control over the effect and direction of its tax system. Moreover, the adoption of tax sparing, with its dependence on the nature and extent of tax inducements in the foreign country and its encouragement to competition among countries in offering inducements, may not always be regarded as in the long-run fiscal and economic interests of the less developed countries. The history of special tax inducements to attract investment, especially when they draw attention away from needed revisions in the basic tax systems of these countries, is not at all convincing in terms of lasting advantages. Finally, in the past too intensive a focus on tax sparing may have kpet us from looking for fresh insights to our problems.

A similar limiting of consideration of the possible ways to increase investment may have resulted from suggestions for direct tax reductions on foreign income when it becomes taxable by the United States. Again, like tax sparing, this places the stress on repatriation of profits, and indeed could have the effect in a few years of causing the return flow to offset the outflow of new funds.

These and like suggestions have unfortunately drawn attention away from our main purpose -- that of inducing new money to flow to these countries and keeping it at work there. Incentives tied to the act of new investment would seem to offer more fruitful possibilities. Thus, it would appear more rewarding to consider approaches similar to the investment credit recently enacted to stimulate U. S. domestic investment. Such approaches might prove equally suitable in raising the level of U. S. private investment in less developed countries.

This discussion on tax incentives of course deals with only a few of the many and difficult issues involved. For example, aside from the form of the investment incentive, it might be appropriate to consider whether we want to encourage all kinds of private investment in less developed countries, or perhaps be more selective in identifying the investments, or even the countries, which would qualify. Also, should there be special encouragement to joint ventures, in which residents or governments of the less developed countries would have an equity and management interest? These and other questions are obviously present in any consideration of tax incentives in this area.

Finally, it is possible that our tax treaty activities will assume more importance for the less developed countries in the years ahead. As investment and trade increase, it will be important to smooth out the rough spots in the resulting international tax relationships. This smoothing-out process is presently the primary function of tax treaties generally. Perhaps further thinking may suggest new treaty functions helpful to the less developed countries. Thus, could the treaties, through an appropriate exchange of information or the adoption of new collection procedures, benefit countries seeking to protect their foreign exchange holdings against capital flight by their own residents?

In the shaping of all our international policies, the success of the Alliance for Progress in Latin America is of paramount concern. But no steps which the United States might take in the tax field or elsewhere can reach the core of the problem of expanding the flow of private investment to Latin America. The primary consideration is that private investment will flourish only in a setting of relative political and economic stability.

Reform of Latin American tax systems is of central importance in fostering a healthy investment climate. Such reform would help provide the needed revenue for public investment in education, transportation, land development, and other "social overhead" activities. Tax reform, in addition, could also contribute to political and financial stability and to building an attractive environment for private investment to further economic growth.

While basic tax reform must come from within each particular country and cannot be imposed from without, there are ways in which the United States might facilitate the process. Progress in improving tax administration, for example, could be accelerated by combining the serious concern over improvement that exists in many Latin American countries with a high and sustained level of technical assistance from the United States. Both qualities -- a high level of ability in the personnel involved and a sustained continuing cooperation in the assistance -- are essential, since anything less is likely to be frittered away in only minor improvements. The United States, through the Internal Revenue Service of the Treasury Department, is prepared to give the needed aid on an expanded scale. The Organization of American States and the Agency for International Development can help in assisting the Latin American requests for aid and overseeing the progress of technical assistance missions. After all, when taxes evaded approach or even exceed taxes paid, there is ample scope for improvement. The recent accomplishments of Argentina in tax administration show that successes can be achieved.

As to substantive tax reform, more intensive and persistent efforts are needed in each country to search for the tax structure that will best facilitate economic growth and foster tax equity. Appropriate revenue targets, the weight to be placed on income taxes relative to other levies, and the design of effective incentive tax provisions are problems on which these analytical efforts should be focused. The Shoup report on Venezuela is an example of the type of critical examination and hard thinking about tax policies that is requisite to basic tax reform

At the same time, research on comparative fiscal systems, together with multi-national conferences, may develop generalizations regarding Latin American tax structures that can usefully guide the policy-making officials and technical assistance missions in particular countries. International conferences could also develop thinking on ways to harmonize the tax systems of Latin American countries in the interest of greater freedom of investment and trade. With progress in these directions, the Latin American countries will be able to make better use of technical aid from the

United States and other countries in planning their tax reforms, formulating the needed structural changes, drafting the needed legislation and regulations, and establishing an up-to-date tax collection organization. Here also any such technical assistance should be of a high caliber and on a continuing basis.

The Latin American countries are desperately short of qualified economists, statisticians, administrators, legal experts, and other technicians for work in the tax area. Indeed, hardly any of the finance ministries maintain professional tax staffs on a continuing basis for compiling data, exploring policy issues, and evaluating the performance of the tax system. With only a few exceptions, the universities in Latin America do not sytematically contribute to tax research. Foreign technicians may partly fill this institutional gap, although probably not satisfactorily or for very long. The task of continually evaluating and revising their tax systems must be undertaken as soon as possible by the countries themselves. Any effort that the United States can expand in helping the countries prepare themselves for these particular tasks would certainly be a worthwhile investment. This calls for a major emphasis on training and on filling the institutional research vaccuum in the Latin American tax scene. Our Government and our universities and foundations can be of significant help in this area.

From experience in this country we know that the taxing process and tax policy decisions are greatly enriched by informed discussion and participation by private citizens. My impression is that there is very little responsible, active, and continuing discussion of tax issues by the business, legal, and accounting communities in Latin America. Conferences and symposia such as this one are rare. Professional tax journals are found in very few countries and little attention is being given to the improvement of professional standards of tax accounting and tax law practice. In short, a crucial dimension of the taxing process is missing.

There thus exist opportunities for valuable contributions by many of you in this audience. At this end of the Alliance, in your practices, through your clients, and through your organizational and academic affiliations, you can and should lend your energies to assisting and stimulating the lawyers, accountants, businessmen, and professors in Latin American to participate constructively and effectively in the taxing process in their own countries. Conferences, bi-lingual publications, and the international extension of national tax organizations are some of the organized means at your disposal. The opportunities for meaningful and lasting contributions are real. Government and private citizens alike can thus join in the challenging and vital task of helping Latin America to make the Alliance for Progress a success.

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He was born in Freehold, New York, in 1897. He was graduated from Amherst College in 1919 with an A. B. degree. He is a member of the University Club and the Broad Street Club in New York City and the Maryland Club in Baltimore.

Mr. Norton is married to the former Miss Katherine Chesney of Pittsfield, Massachusetts. They reside in New York City. They have one daughter, Mrs. Barbara N. Thorne, of Amityville, L. I.

FOR IMMEDIATE RELEASE

A. SIDNEY NORTON NAMED TO ADVISE
TREASURY ON NEW BOND SALE METHOD

Treasury Secretary Douglas Dillon today announced the appointment of A. Sidney Norton, recently retired vice president of Bankers Trust Company of New York, as the Treasury's consultant on matters relating to the [redacted] plan to sell long-term bonds through competitive bidding.

Mr. Norton retired from Bankers Trust Company on September 30 of this year, after a total of 25 years of service with that institution. He held the post of vice president since 1950. His principal area of responsibility was the purchase of securities for pension funds administered by the Bank as trustee.

Mr. Norton first went to the Bankers Trust Company in 1920, after service in the First World War as an Ensign in the United States Navy, on duty in the North Atlantic. He resigned from the bank in 1928 to serve with various firms on Wall Street over a period of 16 years. In 1944 he returned to the Bankers Trust.

TREASURY DEPARTMENT

WASHINGTON, D.C.

October 29, 1962

FOR IMMEDIATE RELEASE

A. SIDNEY NORTON NAMED TO ADVISE TREASURY ON NEW BOND SALE METHOD

Treasury Secretary Douglas Dillon today announced the appointment of A. Sidney Norton, recently retired vice president of Bankers Trust Company of New York, as the Treasury's consultant on matters relating to the plan to sell long-term bonds through competitive bidding.

Mr. Norton retired from Bankers Trust Company on September 30 of this year, after a total of 25 years service with that institution. He held the post of vice president since 1950. His principal area of responsibility was the purchase of securities for pension funds administered by the Bank as trustee.

Mr. Norton first went to the Bankers Trust Company in 1920, after service in the First World War as an Ensign in the United States Navy, on duty in the North Atlantic. He resigned from the bank in 1928 to serve with various firms on Wall Street over a period of 16 years. In 1944 he returned to the Bankers Trust.

He was born in Freehold, New York, in 1897. He was graduated from Amherst College in 1919 with an A.B. degree. He is a member of the University Club and the Broad Street Club in New York City and the Maryland Club in Baltimore.

Mr. Norton is married to the former Miss Katherine Chesney of Pittsfield, Massachusetts. They reside in New York City. They have one daughter, Mrs. Barbara N. Thorne, of Amityville, Long Island.

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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 (16) or less for the additional bills dated August 9, 1962 (2), (91 (2bis) days remaining until maturity date on February 7, 1963 (19)) and noncompetitive tenders for $ 100,000 (20) or less for the 182 (20) -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 November 8, 1962 (21), in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 8, 1962 (22). Cash

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, October 31, 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 November 8, 1962, in the amount of $1,902,540,000, as follows:

91-day bills (to maturity date) to be issued November 8, 1962, in the amount of $1,300,000,000, or thereabouts, representing an additional amount of bills dated August 9, 1962, and to mature February 7, 1963, originally issued in the amount of $ 700,352,000, the additional and original bills to be freely interchangeable.

182-day bills, for $700,000,000, or thereabouts, to be dated November 8, 1962, and to mature May 9, 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 Standard time, Monday, November 5, 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.

October 31, 1962

FOR IMMEDIATE RELEASE

TREASURY'S WEEKLY BILL OFFERING

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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).

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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.

D-659

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 August 9, 1962, (91-days remaining until maturity date on February 7,1963) 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 November 8, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 8,1962. 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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United States Savings Bonds Issued and Redeemed Through October 31, 1962

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

275

	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	25,910	172	.66
UNMATURED				
Series E: 3/				
1941	1,817	1,516	301	16.57
1942	8,029	6,697	1,331	16.58
1943	12,926	10,792	2,134	16.51
1944	15,042	12,469	2,572	17.10
1945	11,772	9,545	2,227	18.92
1946	5,285	4,053	1,232	23.31
1947	4,973	3,625	1,348	27.11
1948	5,121	3,618	1,502	29.33
1949	5,033	3,463	1,570	31.19
1950	4,384	2,922	1,462	33.35
1951	3,797	2,502	1,295	34.11
1952	3,973	2,501	1,473	37.08
1953	4,497	2,663	1,834	40.78
1954	4,537	2,630	1,907	42.03
1955	4,703	2,683	2,020	42.95
1956	4,520	2,580	1,940	42.92
1957	4,239	2,309	1,929	45.51
1958	4,091	2,069	2,022	49.43
1959	3,820	1,851	1,969	51.54
1960	3,795	1,653	2,142	56.44
1961	3,799	1,342	2,457	64.67
1962	2,240	423	1,817	81.12
Unclassified	493	543	-49	-
Total Series E	122,886	84,450	38,436	31.28
Series H-1952 - 1962 3/	8,608	1,760	6,848	79.55
Total Series E and H	131,493	86,210	45,284	34.44
Series F and G:				
1950	2,430	2,105	4/ 324	13.33
1951	793	424	369	46.53
1952	212	106	106	50.00
Unclassified	-	168	-168	-
Total Series F and G	3,435	2,803	631	18.37
Series J and K-1952 - 1957	3,687	1,922	1,764	47.84
Total Series F, G, J and K	7,121	4,725	2,396	33.65
All Series — Total matured	31,085	30,898	187	.60
All Series — Total unmatured	138,615	90,935	47,680	34.40
All Series — Grand Total	169,700	121,833	47,867	28.21

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 October 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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1957	4,239	2,309	1,929	45.51
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1960	3,795	1,653	2,142	56.44
1961	3,799	1,342	2,457	64.67
1962	2,240	423	1,817	81.12
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Total Series E	122,886	84,450	38,436	31.28
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All Series — Total unmatured	138,615	90,935	47,680	34.40
All Series — Grand Total	169,700	121,833	47,867	28.21

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

Roger Redondo Gonzalez - Age 27
730 S. W. 11th Ave.
Miami, Florida

Manuel Arsenio Gomez Fonseca - Age 26
835 Collins Ave.
Miami Beach, Florida

Jose Mouriz Antonio y Febles - Age 58
638 S. W. 6th St.
Miami, Florida

Customs men involved included Agent George W. Murphy and Customs Port Investigators William Buchanan, Henry Conrad, George Donahue, Clayton Hime and Don Henning.

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TREASURY DEPARTMENT

27 WASHINGTON, D.C.

October 31, 1962

FOR IMMEDIATE RELEASE

CUSTOMS AGENTS SEIZE SHIP

U. S. Customs agents early today boarded a cabin cruiser in the Miami River in Florida and took 10 Cuban exiles into custody.

The 32-foot cruiser was believed enroute to a port in Southern Cuba. The Cubans said they belonged to a group they identified as the Second Front Escambray Organization. They were armed with carbines and pistols and carried a cargo of radio equipment and food. They indicated their intention was to land in Cuba and foment sabotage against the Castro regime.

The exiles were taken before a United States Commissioner and charged with violating the Munitions Control Act. They were released under $2,500 bail each for hearing December 4, 1962.

The Cubans were identified as:

Domingo Ortega Acosta - Age 25
1152 S. W. 13th Ct.
Miami, Florida

Jesus LaRosa Sabina - Age 28
545 N. W. 43rd St.
Miami, Florida

Ernesto Diaz Rodriguez - Age 22
552 N. W. 31st St.
Miami, Florida

Mario DeLaCruz Gonzalez - Age 22
59 N. E. 11th St.
Miami, Florida

Santiago Eugenio Ripoll Delabat - Age 24
552 N. W. 31st St.
Miami, Florida

Humberto Curbelo Nadal - Age 20
147 N. W. 32nd St.
Miami, Florida

Ricardo J. Curbelo Rey - Age 38
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TREASURY DEPARTMENT

WASHINGTON, D.C.

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(OVER)

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Customs men involved included Agent George W. Murphy and Customs Port Investigators William Buchanan, Henry Conrad, George Donahue, Clayton Hime and Don Henning.

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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. Purchasers of a strip of the bills offered hereunder should, for tax purposes, take such bills on to their books on the basis of their purchase price prorated to each of the ten outstanding issues using as a basis for proration the closing market prices for each of the issues on November 15, 1962. (Federal Reserve Banks will have available a list of these market prices, based on the mean between the bid and asked quotations furnished by the Federal Reserve Bank of New York.)

Treasury Department Circular No. 418, Revised, and this notice, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or Branch.

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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. Noncompetitive tenders for $ 100,000 or less (in even multiples of $ 10,000) without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids, provided, however, that if the total of noncompetitive tenders exceeds $ 200,000,000, the Secretary of the Treasury reserves the right to allot less than the amount applied for on a straight percentage basis with adjustments where necessary to the next higher multiple of $ 10,000 . Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank or Branch in cash or other immediately available funds on November 15, 1962. ~~provided, however, any qualified depositary will be permitted to make payment by credit in 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.

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The bills offered hereunder 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 time, Wednesday, November 7, 1962. Tenders will not be received at the Treasury Department, Washington. 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. A single price must be submitted for each unit of $ 10,000 , or even multiple thereof. A unit represents $1,000 face amount of each issue of bills offered hereunder, as previously described. 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 and 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

~~Exhibit 1-C. FORM ALPHA-STRIP for public notice of a single offering of additional amounts of several series of Treasury bills.~~

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, November 1, 1962

~~XXXXXXXXXXX(1)XXXXXXXXXXXXXXXX~~

TREASURY OFFERS $ 1,000,000,000 STRIP OF WEEKLY BILLS

The Treasury Department, by this public notice, invites tenders for additional amounts of ten series of Treasury bills to an aggregate amount of $ 1,000,000,000 , or thereabouts, for cash. The additional bills will be issued November 15, 1962 , will be in the amounts, and will be in addition to the bills originally issued and maturing, as follows:

Amount of Additional Issue	Original Issue Dates 1962	Maturity Dates 1963	Days from November 15, 1962 to Maturity	Amount Currently Outstanding (in millions)
$ 100,000,000	July 19	January 17	63	$ ~~700~~ 2000
100,000,000	July 26	January 24	70	~~703~~ 2003
100,000,000	August 2	January 31	77	700 2001
100,000,000	August 9	February 7	84	700
100,000,000	August 16	February 14	91	704
100,000,000	August 23	February 21	98	700
100,000,000	August 30	February 28	105	700
100,000,000	September 6	March 7	112	700
100,000,000	September 13	March 14	119	701
100,000,000	September 20	March 21	126	700
$ 1,000,000,000				

The additional and original bills will be freely interchangeable.

Each tender submitted must be in the amount of $ 10,000, or an even multiple thereof, and the amount tendered will be applied to each of the above series of bills on the basis of the ratio of each series to the total of all series. (For example, an accepted tender for $ 50,000 will be applied $ 5,000 to the issue with original date of July 19, 1962 , and $ 5,000 to each of the additional weekly issues through the issue with original date of September 20, 1962.)

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TREASURY DEPARTMENT

WASHINGTON, D.C.

November 1, 1962

FOR IMMEDIATE RELEASE

TREASURY OFFERS $1,000,000,000 STRIP OF WEEKLY BILLS

The Treasury Department, by this public notice, invites tenders for additional amounts of ten series of Treasury bills to an aggregate amount of $1,000,000,000, or thereabouts, for cash. The additional bills will be issued November 15, 1962, will be in the amounts, and will be in addition to the bills originally issued and maturing as follows:

Amount of Additional Issue	Original Issue Dates 1962	Maturity Dates 1963	Days from November 15, 1962 to Maturity	Amount Currently Outstanding (in millions)
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100,000,000	August 9	February 7	84	700
100,000,000	August 16	February 14	91	704
100,000,000	August 23	February 21	98	700
100,000,000	August 30	February 28	105	700
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100,000,000	September 20	March 21	126	700
$1,000,000,000				

The additional and original bills will be freely interchangeable.

Each tender submitted must be in the amount of $10,000, or an even multiple thereof, and the amount tendered will be applied to each of the above series of bills on the basis of the ratio of each series to the total of all series. (For example, an accepted tender for $50,000 will be applied $5,000 to the issue with original date of July 19, 1962, and $5,000 to each of the additional weekly issues through the issue with original date of September 20, 1962.)

The bills offered hereunder 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 time, Wednesday, November 7, 1962. Tenders will not be received at the

Treasury Department, Washington. 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. A single price must be submitted for each unit of $10,000, or even multiple thereof. A unit represents $1,000 face amount of each issue of bills offered hereunder, as previously described. 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 and 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. Noncompetitive tenders for $100,000 or less (in even multiples of $10,000) without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids, provided, however, that if the total of noncompetitive tenders exceeds $200,000,000, the Secretary of the Treasury reserves the right to allot less than the amount applied for on a straight percentage basis with adjustments where necessary to the next higher multiple of $10,000. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank or Branch in cash or other immediately available funds on November 15, 1962.

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. Purchasers of a strip of the bills offered hereunder should, for tax purposes, take such bills on to their books on the basis of their purchase price prorated to each of the ten outstanding issues using as a basis for proration the closing market prices for each of the issues on November 15, 1962. (Federal Reserve Banks will have available a list of these market prices, based on the mean between the bid and asked quotations furnished by the Federal Reserve Bank of New York.)

Treasury Department Circular No. 418, Revised, and this notice, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or Branch.

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DRAFT OF PRESS RELEASE

FOR IMMEDIATE RELEASE
4:00 p.m., EST
Thursday, November 1, 1962

TREASURY OFFERS $1 BILLION STRIP OF WEEKLY BILLS

The Treasury announced today the offering of a strip of $1 billion in Treasury bills. The bills will be auctioned on Wednesday, November 7, 1962. The bill strip will take the form of additions [redacted] of $100 million to each of the outstanding bills maturing weekly between January 17, 1963 and March 21, 1963 inclusive. Payment for the bills must be made in cash or other immediately available funds on November 15, 1962. Payments ~~may not be made~~ by credit to Treasury Tax and Loan accounts will not be permitted.

The proceeds will provide funds both to take care of any attrition on the issues involved in our recent refunding offering and to meet forthcoming Treasury cash requirements. The manner and character of this offering reflects both the Treasury's cash needs and its continuing concern with the implications for the bal of payments position of ~~for~~ the performance of the Treasury bill market with ~~and its implications for our balance of payments position~~

TREASURY DEPARTMENT

WASHINGTON, D.C.

November 1, 1962

FOR IMMEDIATE RELEASE
THURSDAY, 4:00 P.M., EST

TREASURY OFFERS $1 BILLION STRIP OF WEEKLY BILLS

The Treasury announced today the offering of a strip of $1 billion in Treasury bills. The bills will be auctioned on Wednesday, November 7, 1962. The bill strip will take the form of additions of $100 million to each of the outstanding bills maturing weekly between January 17, 1963 and March 21, 1963, inclusive. Payment for the bills must be made in cash or other immediately available funds on November 15, 1962. Payments by credit to Treasury Tax and Loan accounts will not be permitted.

The proceeds will provide funds both to take care of any attrition on the issues involved in our recent refunding offering and to meet forthcoming Treasury cash requirements. The manner and character of this offering reflects both the Treasury's cash needs and its continuing concern with the implications for the balance of payments position of the performance of the Treasury bill market.

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D-661

TREASURY DEPARTMENT
Washington

November 5, 1962

FACT SHEET CONCERNING REFUNDING OF
TREASURY BORROWING OF ITALIAN LIRE

The Treasury's Daily Statement for October 31, 1962 shows that the Treasury has issued bonds denominated in Italian lire of approximately $25 million equivalent (15.5 billion lire). These bonds will bear interest at 3 per cent per annum. The Statement also shows that the Treasury's outstanding certificates of indebtedness denominated in Italian lire have declined by a corresponding amount. This is the first step in a program, which will be completed before year-end, of refunding into 15-month bonds all outstanding Italian lira-denominated certificates of indebtedness, which total about $150 million or 93 billion lire.

The borrowings of lire were undertaken by the Treasury beginning in January 1962 to provide resources for exchange operations in the market for both spot and forward lire. Such operations, conducted in close cooperation with the Italian authorities, have proven their usefulness in slowing down the accumulation of dollars in Italy's official reserves. However, exchange market developments have not yet permitted a reversal of these operations, and therefore it has been deemed desirable to place the Treasury's lire indebtedness on a 15-month maturity basis, which should permit greater flexibility in the gradual liquidation of the Treasury's lire operations.

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TREASURY DEPARTMENT
Washington

November 5, 1962

FACT SHEET CONCERNING REFUNDING OF
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TREASURY DEPARTMENT

WASHINGTON, D.C.

November 2, 1962

FOR IMMEDIATE RELEASE

PRELIMINARY RESULTS OF TREASURY'S CURRENT EXCHANGE OFFERING

Preliminary figures show that about $10,412 million, or 94.8%, of Treasury notes maturing November 15, 1962, and Treasury bonds maturing or called for redemption December 15, 1962, aggregating $10,980 million, have been exchanged for the three new issues included in the current exchange offering. About $568 million, or 5.2%, of the four issues eligible for exchange remain for cash redemption.

Of the maturing or called securities held outside the Federal Reserve Banks and Government accounts, 7.7% were not exchanged. The unexchanged part of the notes maturing November 15 amounted to 5.9% of the public holdings. The unexchanged part of the bonds maturing or called December 15 amounted to 9.7% of those publicly held.

A breakdown of the subscriptions is as follows: (in millions)

sues eligible r exchange	Exchanged for Nov. 15, 1963 3-1/8% Ctfs.	Nov. 15, 1965 3-1/2% Notes	Feb. 15, 1972 4% Bonds	Total Exchanged	Outstanding	Unexchanged
v. 15 -						
3-3/4% notes	$ 124	$ 473	$ 442	$ 1,039	$ 1,143	$104
3-1/4% notes	4,037	1,276	637	5,950	6,082	132
c. 15 -						
2-1/4% bonds	563	808	655	2,026	2,269	243
2-3/4% bonds	121	707	569	1,397	1,486	89
Total	$4,845	$3,264	$2,303	$10,412	$10,980	$568

Subscribers				
Federal Reserve Banks and Govt. accounts	$3,796	$ 1	$ 6	$ 3,803
All others	1,049	3,263	2,297	6,609
Total	$4,845	$3,264	$2,303	$10,412

Final figures regarding the exchange will be announced after final reports are received from the Federal Reserve Banks.

D-662

November 5, 1962

FOR RELEASE A. M. NEWSPAPERS, Tuesday, November 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 August 9, 1962, and the other series to be dated November 8, 1962, which were offered on October 31, were opened at the Federal Reserve Banks on November 5. 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 February 7, 1963		182-day Treasury bills maturing May 9, 1963	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.287 a/	2.821%	98.526 b/	2.916%
Low	99.279	2.852%	98.519	2.929%
Average	99.282	2.841% 1/	98.520	2.927% 1/

a/ Excepting one tender of $1,500,000; b/ Excepting three tenders totaling $400,000
24 percent of the amount of 91-day bills bid for at the low price was accepted
35 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	$ 27,504,000	$ 23,604,000	$ 24,075,000	$ 3,045,000
New York	1,658,214,000	918,878,000	1,403,797,000	606,345,000
Philadelphia	35,722,000	19,207,000	10,163,000	3,269,000
Cleveland	28,326,000	23,326,000	48,223,000	17,073,000
Richmond	17,936,000	13,860,000	2,453,000	2,353,000
Atlanta	21,418,000	17,816,000	15,592,000	4,787,000
Chicago	233,408,000	122,128,000	145,274,000	28,696,000
St. Louis	29,536,000	22,254,000	7,068,000	4,568,000
Minneapolis	28,252,000	20,992,000	8,527,000	6,027,000
Kansas City	39,327,000	30,567,000	15,790,000	8,087,000
Dallas	29,392,000	19,632,000	10,875,000	5,675,000
San Francisco	99,864,000	68,324,000	69,302,000	12,798,000
TOTALS	$2,248,899,000	$1,300,588,000 c/	$1,761,139,000	$702,723,000 d/

c/ Includes $234,241,000 noncompetitive tenders accepted at the average price of 99.282
d/ Includes $58,177,000 noncompetitive tenders accepted at the average price of 98.520
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 91-day bills, and 3.01%, 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.
November 5, 1962

FOR RELEASE A. M. NEWSPAPERS, Tuesday, November 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 August 9, 1962, and the other series to be dated November 8, 1962, which were offered on October 31, were opened at the Federal Reserve Banks on November 5. 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 February 7, 1963		:	182-day Treasury bills maturing May 9, 1963	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.287 a/	2.821%	:	98.526 b/	2.916%
Low	99.279	2.852%	:	98.519	2.929%
Average	99.282	2.841% 1/	:	98.520	2.927% 1/

a/ Excepting one tender of $1,500,000; b/ Excepting three tenders totaling $400,000
24 percent of the amount of 91-day bills bid for at the low price was accepted
35 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	$ 27,504,000	$ 23,604,000	:	$ 24,075,000	$ 3,045,000
New York	1,658,214,000	918,878,000	:	1,403,797,000	606,345,000
Philadelphia	35,722,000	19,207,000	:	10,163,000	3,269,000
Cleveland	28,326,000	23,326,000	:	48,223,000	17,073,000
Richmond	17,936,000	13,860,000	:	2,453,000	2,353,000
Atlanta	21,418,000	17,816,000	:	15,592,000	4,787,000
Chicago	233,408,000	122,128,000	:	145,274,000	28,696,000
St. Louis	29,536,000	22,254,000	:	7,068,000	4,568,000
Minneapolis	28,252,000	20,992,000	:	8,527,000	6,027,000
Kansas City	39,327,000	30,567,000	:	15,790,000	8,087,000
Dallas	29,392,000	19,632,000	:	10,875,000	5,675,000
San Francisco	99,864,000	68,324,000	:	69,302,000	12,798,000
TOTALS	$2,248,899,000	$1,300,588,000 c/		$1,761,139,000	$702,723,000 d/

c/ Includes $234,241,000 noncompetitive tenders accepted at the average price of 99.282
d/ Includes $58,177,000 noncompetitive tenders accepted at the average price of 98.520
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 91-day bills, and 3.01%, 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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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 ~~(16)~~ or less for the additional bills dated August 16, 1962 ~~(17)~~, (91 ~~(18)~~ days remaining until maturity date on February 14, 1963 ~~(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 November 15, 1962 ~~(22)~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 15, 1962 ~~(23)~~. Cash

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, November 5, 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 November 15, 1962 , in the amount of $ 1,900,792,000 , as follows:

91 -day bills (to maturity date) to be issued November 15, 1962 , in the amount of $ 1,300,000,000 , or thereabouts, representing an additional amount of bills dated August 16, 1962 , and to mature February 14, 1963 , originally issued in the amount of $ 703,844,000 (an additional $100,000,000 will be auctioned November 7 and will be outstanding November 15), the additional and original bills to be freely interchangeable.

182 -day bills, for $ 700,000,000 , or thereabouts, to be dated November 15, 1962 , and to mature May 16, 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 Standard time, Friday, November 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.

November 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 November 15, 1962, in the amount of $ 1,900,792,000, as follows:

91-day bills (to maturity date) to be issued November 15, 1962, in the amount of $1,300,000,000, or thereabouts, representing an additional amount of bills dated August 16, 1962, and to mature February 14, 1963, originally issued in the amount of $703,844,000 (an additional $100,000,000 will be auctioned November 7 and will be outstanding November 15), the additional and original bills to be freely interchangeable.

182-day bills, for $700,000,000, or thereabouts, to be dated November 15, 1962, and to mature May 16, 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 Standard time, Friday, November 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.

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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 August 16, 1962, (91-days remaining until maturity date on February 14, 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 November 15, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 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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FOR RELEASE A. M. NEWSPAPERS,
Thursday, November 8, 1962.

November 7, 1962

RESULTS OF OFFERING OF $1,000,000,000 STRIP OF TREASURY BILLS

The Treasury Department announced last evening that tenders for additional amounts of ten series of Treasury bills to an aggregate amount of $1,000,000,000, or thereabout to be issued November 15, 1962, which were offered on November 1, were opened at the Federal Reserve Banks on November 7. The amount of accepted tenders will be equally divided among the ten regular weekly issues of outstanding Treasury bills maturing January 17, 1963, to March 21, 1963, inclusive. The details of the offering are as follows:

Total applied for - $2,409,960,000
Total accepted - 1,001,210,000 (includes $13,160,000 entered on a noncompetitive basis and accepted in full at the average price shown below)

RANGE OF ACCEPTED COMPETITIVE BIDS:	Price	Approximate equivalent annual rate of discount based on 94.5 days (average number of days to maturity)
High	99.258	2.827%
Low	99.245	2.876%
Average	99.248	2.866% 1/

18 percent of the amount bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted
Boston	$ 31,450,000	$ 25,750,000
New York	2,010,220,000	853,020,000
Philadelphia	10,310,000	310,000
Cleveland	32,470,000	27,470,000
Richmond	21,050,000	13,410,000
Atlanta	16,860,000	6,950,000
Chicago	144,440,000	27,680,000
St. Louis	8,240,000	1,740,000
Minneapolis	12,960,000	6,140,000
Kansas City	12,660,000	1,660,000
Dallas	21,100,000	1,280,000
San Francisco	88,200,000	35,800,000
TOTALS	$2,409,960,000	$1,001,210,000

1/ On a coupon issue of the same length as the average for the bills and for the same amount invested, the return on these bills would provide a yield of 2.93%. 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, yield 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,
Thursday, November 8, 1962.

November 7, 1962

RESULTS OF OFFERING OF $1,000,000,000 STRIP OF TREASURY BILLS

The Treasury Department announced last evening that tenders for additional amounts of ten series of Treasury bills to an aggregate amount of $1,000,000,000, or thereabouts, to be issued November 15, 1962, which were offered on November 1, were opened at the Federal Reserve Banks on November 7. The amount of accepted tenders will be equally divided among the ten regular weekly issues of outstanding Treasury bills maturing January 17, 1963, to March 21, 1963, inclusive. The details of the offering are as follows:

Total applied for - $2,409,960,000
Total accepted - 1,001,210,000 (includes $13,160,000 entered on a noncompetitive basis and accepted in full at the average price shown below)

RANGE OF ACCEPTED COMPETITIVE BIDS:	Price	Approximate equivalent annual rate of discount based on 94.5 days (average number of days to maturity)
High	99.258	2.827%
Low	99.245	2.876%
Average	99.248	2.866% 1/

18 percent of the amount bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted
Boston	$ 31,450,000	$ 25,750,000
New York	2,010,220,000	853,020,000
Philadelphia	10,310,000	310,000
Cleveland	32,470,000	27,470,000
Richmond	21,050,000	13,410,000
Atlanta	16,860,000	6,950,000
Chicago	144,440,000	27,680,000
St. Louis	8,240,000	1,740,000
Minneapolis	12,960,000	6,140,000
Kansas City	12,660,000	1,660,000
Dallas	21,100,000	1,280,000
San Francisco	88,200,000	35,800,000
TOTALS	$2,409,960,000	$1,001,210,000

1/ On a coupon issue of the same length as the average for the bills and for the same amount invested, the return on these bills would provide a yield of 2.93%. 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.

FOR RELEASE A. M. NEWSPAPERS,
Saturday, November 10, 1962.

November 9, 1962

RESULTSOOF 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 August 16, 1962, and the other series to be dated November 15, 1962, which were offered on November 5, were opened at the Federal Reserve Banks on November 9. Tenders were invited for $1,300,000,00 or thereabouts, of 91-day bills and for $700,000,000, or thereabouts, of 182-day bills. details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing February 14, 1963		182-day Treasury bills maturing May 16, 1963	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.295	2.789%	98.570 a/	2.829%
Low	99.290	2.809%	98.559	2.850%
Average	99.292	2.801% 1/	98.561	2.846% 1/

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

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 32,918,000	$ 16,113,000	$ 17,637,000	$ 7,287,000
New York	1,628,755,000	858,353,000	1,167,276,000	581,426,000
Philadelphia	32,020,000	16,377,000	9,991,000	4,991,000
Cleveland	31,671,000	31,171,000	19,219,000	10,935,000
Richmond	25,879,000	13,576,000	3,602,000	3,602,000
Atlanta	26,168,000	17,796,000	9,568,000	6,712,000
Chicago	297,379,000	187,854,000	111,988,000	37,588,000
St. Louis	33,402,000	26,592,000	7,480,000	4,980,000
Minneapolis	22,357,000	12,827,000	8,942,000	4,442,000
Kansas City	43,108,000	34,369,000	16,604,000	11,504,000
Dallas	36,163,000	18,163,000	10,535,000	5,535,000
San Francisco	113,505,000	67,717,000	52,597,000	22,077,000
TOTALS	$2,323,325,000	$1,300,908,000 b/	$1,435,439,000	$701,079,000 c/

b/ Includes $238,708,000 noncompetitive tenders accepted at the average price of 99.292
c/ Includes $62,262,000 noncompetitive tenders accepted at the average price of 98.561
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 2.93%, for the 182-day bills. Interest rates on bills are quoted in terms of banksdiscount 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.

OR RELEASE A. M. NEWSPAPERS,
aturday, November 10, 1962.

November 9, 1962

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced last evening that the tenders for two series of reasury bills, one series to be an additional issue of the bills dated August 16, 1962, nd the other series to be dated November 15, 1962, which were offered on November 5, were pened at the Federal Reserve Banks on November 9. Tenders were invited for $1,300,000,000, r thereabouts, of 91-day bills and for $700,000,000, or thereabouts, of 182-day bills. The etails of the two series are as follows:

ANGE OF ACCEPTED OMPETITIVE BIDS:	91-day Treasury bills maturing February 14, 1963		:	182-day Treasury bills maturing May 16, 1963	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.295	2.789%	:	98.570 a/	2.829%
Low	99.290	2.809%	:	98.559	2.850%
Average	99.292	2.801% 1/	:	98.561	2.846% 1/

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

TAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 32,918,000	$ 16,113,000	:	$ 17,637,000	$ 7,287,000
New York	1,628,755,000	858,353,000	:	1,167,276,000	581,426,000
Philadelphia	32,020,000	16,377,000	:	9,991,000	4,991,000
Cleveland	31,671,000	31,171,000	:	19,219,000	10,935,000
Richmond	25,879,000	13,576,000	:	3,602,000	3,602,000
Atlanta	26,168,000	17,796,000	:	9,568,000	6,712,000
Chicago	297,379,000	187,854,000	:	111,988,000	37,588,000
St. Louis	33,402,000	26,592,000	:	7,480,000	4,980,000
Minneapolis	22,357,000	12,827,000	:	8,942,000	4,442,000
Kansas City	43,108,000	34,369,000	:	16,604,000	11,504,000
Dallas	36,163,000	18,163,000	:	10,535,000	5,535,000
San Francisco	113,505,000	67,717,000	:	52,597,000	22,077,000
TOTALS	$2,323,325,000	$1,300,908,000 b/		$1,435,439,000	$701,079,000 c/

Includes $238,708,000 noncompetitive tenders accepted at the average price of 99.292
Includes $62,262,000 noncompetitive tenders accepted at the average price of 98.561
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 2.93%, 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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FOR IMMEDIATE RELEASE

TREASURY DECISION ON PORTLAND CEMENT
UNDER THE ANTIDUMPING ACT

The Treasury Department has determined that white portland cement 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.

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

The dollar value of imports of the involved merchandise received during 1961 was approximately $294,000.

2cc: Mr. Hendrick
cc: Mr. Settel

TREASURY DEPARTMENT

WASHINGTON, D.C.

November 13, 1962

FOR IMMEDIATE RELEASE

TREASURY DECISION ON PORTLAND CEMENT
UNDER THE ANTIDUMPING ACT

The Treasury Department has determined that white portland cement 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.

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

The dollar value of imports of the involved merchandise received during 1961 was approximately $294,000.

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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-X 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 ~~(16)~~ or less for the additional bills dated August 23, 1962 ~~(17)~~, (90 ~~(18)~~ days remaining until maturity date on February 21, 1963 ~~(19)~~) and noncompetitive tenders for $100,000 ~~(20)~~ or less for the 181 ~~(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 November 23, 1962 ~~(22)~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 23, 1962 ~~(23)~~. Cash

~~EXHIBIT 2-A~~

~~BETA - MODIFIED~~

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,x November 14, 1962

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
X(1)X

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 $2,100,000,000 (2), or thereabouts, for cash and in exchange for Treasury bills maturing November 23, 1962 x(3)x, in the amount of $1,901,122,000 (4)x, as follows:

90 (5)x -day bills (to maturity date) to be issued November 23, 1962 x(6)x, in the amount of $1,300,000,000 x(7)x, or thereabouts, representing an additional amount of bills dated August 23, 1962 (8)x, and to mature February 21, 1963 x(9)x, originally issued in the amount of $699,743,000 (10)x, the additional and original bills to be freely interchangeable.

181 (11)x -day bills, for $800,000,000 (12)x, or thereabouts, to be dated November 23, 1962 (13)x, and to mature May 23, 1963 (14)x.

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 time, Monday, November 19, 1962 x(15)x. 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

(an additional $100,131,000 was auctioned November 7 and will be outstanding Novembe

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TREASURY DEPARTMENT

WASHINGTON, D.C.

November 14, 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 $2,100,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing November 23, 1962, in the amount of $ 1,901,122,000, as follows:

90-day bills (to maturity date) to be issued November 23, 1962, in the amount of $1,300,000,000, or thereabouts, representing an additional amount of bills dated August 23, 1962, and to mature February 21, 1963, originally issued in the amount of $699,743,000 (an additional $100,131,000 was auctioned November 7 and will be outstanding November 15), the additional and original bills to be freely interchangeable.

181-day bills, for $800,000,000, or thereabouts, to be dated November 23, 1962, and to mature May 23, 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 Standard time, Monday, November 19, 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 August 23, 1962, (90-days remaining until maturity date on February 21, 1963) and noncompetitive tenders for $ 100,000 or less for the 181-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 November 23, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 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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TREASURY DEPARTMENT

WASHINGTON, D.C.

November 14, 1962

'OR IMMEDIATE RELEASE

SUBSCRIPTION FIGURES FOR CURRENT EXCHANGE OFFERING

The results of the Treasury's current exchange offering of

3-1/8% certificates of indebtedness dated November 15, 1962, maturing November 15, 1963,
3-1/2% notes dated November 15, 1962, maturing November 15, 1965, and
4% bonds dated November 15, 1962, maturing February 15, 1972,

are summarized in the following tables.

Issues Eligible for Exchange	Amount Eligible for Exchange	Exchanged For 3-1/8% Ctfs.	Exchanged For 3-1/2% Notes	Exchanged For 4% Bonds	Exchanged For Total	For Cash Redemption
	(In millions)					
3-3/4% Notes, C-1962	$ 1,143	$ 121	$ 485	$ 444	$ 1,050	$ 93
3-1/4% Notes, H-1962	6,082	4,044	1,284	645	5,973	109
2-1/4% Bonds of 1959-62	2,269	570	810	675	2,055	214
2-3/4% Bonds of 1960-65	1,486	121	713	579	1,413	73
Total	$10,980	$4,856	$3,292	$2,343	$10,491	$489

Exchanges for 3-1/8% Certificates of Series D-1963

Federal Reserve District	3-3/4% Notes, Series C-1962	3-1/4% Notes, Series H-1962	2-1/4% Bonds of 1959-62	2-3/4% Bonds of 1960-65	Total for D-1963 Ctfs.
Boston	$ 5,686,000	$ 27,859,000	$ 7,043,000	$ 1,552,000	$ 42,140,000
New York	61,084,000	3,687,638,000	445,592,000	41,190,000	4,235,504,000
Philadelphia	1,857,000	18,772,000	3,304,000	2,515,000	26,448,000
Cleveland	13,091,000	23,114,000	6,383,000	648,000	43,236,000
Richmond	4,527,000	26,300,000	11,587,000	2,964,000	45,378,000
Atlanta	5,250,000	28,837,000	17,695,000	1,150,000	52,932,000
Chicago	13,084,000	99,404,000	34,217,000	58,541,000	205,246,000
St. Louis	4,894,000	46,384,000	7,752,000	8,094,000	67,124,000
Minneapolis	2,702,000	21,046,000	2,022,000	516,000	26,286,000
Kansas City	4,584,000	17,650,000	8,157,000	600,000	30,991,000
Dallas	1,237,000	17,788,000	13,084,000	333,000	32,442,000
San Francisco	3,381,000	21,685,000	12,892,000	2,853,000	40,811,000
Treasury	40,000	7,684,000	155,000	2,000	7,881,000
Total	$121,417,000	$4,044,161,000	$569,883,000	$120,958,000	$4,856,419,000

Exchanges for 3-1/2% Notes of Series B-1965

Federal Reserve District	3-3/4% Notes, Series C-1962	3-1/4% Notes, Series H-1962	2-1/4% Bonds of 1959-62	2-3/4% Bonds of 1960-65	Total for B-1965 Notes
Boston	$ 33,575,000	$ 57,519,000	$ 18,118,000	$ 44,872,000	$ 154,084,00
New York	209,545,000	449,155,000	453,280,000	318,379,000	1,430,359,00
Philadelphia	15,392,000	40,204,000	14,239,000	34,165,000	104,000,00
Cleveland	48,589,000	177,651,000	20,511,000	71,338,000	318,089,00
Richmond	24,306,000	19,031,000	9,213,500	42,617,500	95,168,00
Atlanta	16,866,000	38,966,000	28,718,000	22,459,000	107,009,00
Chicago	63,464,000	188,199,000	165,764,000	77,761,000	495,188,00
St. Louis	12,326,000	46,931,000	13,360,000	40,487,000	113,104,00
Minneapolis	19,865,000	15,264,000	13,741,000	12,056,000	60,926,00
Kansas City	10,941,000	36,594,000	16,682,500	13,072,500	77,290,00
Dallas	9,715,000	28,533,000	19,470,500	14,869,500	72,588,00
San Francisco	20,011,000	182,862,000	35,833,500	13,418,500	252,125,00
Treasury	100,000	2,897,000	1,041,000	7,622,000	11,660,00
Total	$484,695,000	$1,283,806,000	$809,972,000	$713,117,000	$3,291,590,00

Exchanges for 4% Bonds of 1972

Federal Reserve District	3-3/4% Notes, Series C-1962	3-1/4% Notes, Series H-1962	2-1/4% Bonds of 1959-62	2-3/4% Bonds of 1960-65	Total for Bonds of 1972
Boston	$ 21,342,000	$ 24,874,000	$ 22,311,000	$ 16,048,000	$ 84,575,00
New York	217,191,000	285,598,000	361,728,000	219,772,000	1,084,289,00
Philadelphia	12,932,000	10,650,000	8,424,000	21,804,000	53,810,00
Cleveland	47,218,000	24,175,000	29,422,000	3,339,000	104,154,00
Richmond	6,059,000	6,258,000	11,205,000	15,624,000	39,146,00
Atlanta	7,689,000	24,720,000	10,730,500	1,035,000	44,174,50
Chicago	60,534,000	93,857,000	163,684,500	169,205,500	487,281,00
St. Louis	12,684,000	16,522,000	10,948,000	37,040,000	77,194,00
Minneapolis	11,273,000	13,907,000	12,133,000	7,860,500	45,173,50
Kansas City	9,721,000	17,805,000	8,146,500	19,865,000	55,537,50
Dallas	9,177,000	6,375,000	9,603,000	1,460,000	26,615,00
San Francisco	22,315,000	120,410,000	27,014,500	63,517,000	233,256,50
Treasury	5,191,000	298,000	39,000	2,106,500	7,634,50
Total	$443,326,000	$645,449,000	$675,389,000	$578,676,500	$2,342,840,50

Maturing or Called Issues	Eligible for Exchange		For Cash Redemption	
	Publicly Held	Federal Reserve Banks and Government Accounts	% of Total Outstanding	% of Public Holdings
	(In millions)			
3-3/4% Notes, C-1962	$1,093	$ 50	8.1	7.4
3-1/4% Notes, H-1962	2,693	3,389	1.8	4.0
2-1/4% Bonds of 1959-62	1,890	379	9.4	11.2
2-3/4% Bonds of 1960-65	1,486	-	4.9	4.9
Total	$7,162	$3,818	4.5	6.6

in increased employment, greater prosperity, and a stronger nation both at home and abroad, are not ones we can afford to ignore.

We have no intention of doing so, and the President's tax program will clearly demonstrate that fact.

There will be reforms -- and not merely token reforms. And the net reduction after the reforms and rate cuts have been taken into account will be a significant one.

The President will present to the Congress next year a tax program as he has described it -- a balanced program to ensure more rapid economic expansion, in an atmosphere of greater tax equity and simplicity.

With significant tax reduction, and significant reform, and with the reforms already enacted in this year's tax legislation, we will have come a long way. The investment credit, depreciation reform, and the other gains of our tax changes, will pay benefits, in increasing number, for years to come.

Our ~~The~~ major economic goal ~~of this Administration~~ is not merely to cope with problems as they arise, but to make a lasting contribution to the growth potential of the American economy. The benefits,

~~(End of speech, beginning middle of Page 14)~~

One thing is clear. That is that the goal of our tax program will not be merely to give the economy a quick shot in the arm. Our tax program is not intended to be an antidote for a temporary cyclical anemia. It is intended to be a long-range lightening of the drag of the entire tax system on the economy, which involves both individuals and business firms.

In short, it will be tailored to deal with the economic outlook existing at the time it is enacted, but it will not be designed solely with this in mind. Our concern is not just for next month or just next year, but for the next decade and beyond.

With that in mind, the reforms included in the program should be measured primarily against the yardstick of what they will contribute to accelerating economic growth. I can assure you they will be so measured. There will be sizable rate cuts, across the board.

hard we should press for some reform measures to promote equity and broaden the tax base - permitting in turn sharper cuts in marginal rates. Finally, there are the basic issues of the aggregate size of the tax reduction that is needed, and its broad distribution between business and individuals, and between income groups.

These are the DIFFICULT, tough, controversial questions today, and your own wide-ranging interchange can make a vital contribution to the necessary debate. In the end, we cannot expect to avoid controversy on matters so important as these, cutting across so many interests. But what we do expect and need is wide recognition of the basic economic problems before us, and a willingness to apply fresh and hard thinking to the means of their solution.

Responsible financial opinion abroad recognizes that a tax cut can contribute to the strength and efficiency of the American economy, and that ~~it~~ A BUDGET DEFICIT will not be inflationary in current circumstances. In fact, a tax cut has been urged upon us by many [illegible] abroad as a means ~~for~~ OF encouraging domestic growth. ~~an providing more freedom of action for monetary policy.~~

For all these reasons, a broad consensus has been reached on the need for tax reduction and reform - the sooner the better. But many important questions are still open. Some have argued that we should press ahead with a minimum program as promptly as possible - that speed is as least as urgent as amount, and that some refinements of reform and further reductions can be further considered at a later stage. The question of a permanent reduction providing a base for more confident forward planning by businesses and individuals - against a larger but temporary cut is being actively debated. There are differences of opinion as to how

The tax structure we propose will generate a surplus as the economy PROVIDES returns to full employment in the years ahead. The essential point is that, by increasing incentives and reducing the tax burden, the prospects for attaining sustained prosperity - and thus a budget surplus - will be greater than with the current tax structure.

We should also be clear about the implications of the prospective deficit for the balance of payments. There is no NECESSARILY ANY direct and necessary connection BETWEEN BUDGET DEFICITS AND BALANCE OF PAYMENTS DEFICITS - if any proof is required, one only need look at the record of the 1930's, when gold literally poured into this country at a time when we ran much larger BUDGET deficits, relative to the size of the economy, than at any time in recent years.

However, we must also recognize that a deficit at the wrong time can and has been inflationary, and for that reason a deficit can have a psychological influence on international flows of funds.

Fortunately, there is no reason to anticipate any adverse psychological impact on our balance of payments in our current situation FROM BUDGET DEFICIT.

~~next year~~ as inflationary, in view of the widespread excess capacity and WIDESPREAD unemployment that exist today - and that are certain to remain with us for some time to come. It is also important to realize that ~~prospective expenditure increases do~~ tax reduction does not mean the we will face we will be saddled with AN ENDLESS a succession of BUDGET deficits. On the contrary

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VAIN

knew - that we cannot delay tax reform indefinitely in the [false] hope that tax reduction can be matched by cutbacks in spending.

~~There simply is no possibility that, within the foreseeable future, expenditures can be reduced below current levels - in fact the~~

EXPANDING DEMANDS (B ~~need for~~)

[continuing needs] imposed by the cold war and our ~~domestic growth~~ growing population

INCREASE EXAMPLES

will make some [rise] inevitable. For [instance,] defense and space expenditures will rise substantially in fiscal 1964 merely to pay for programs already underway in accordance with ~~[illegible]~~ post appropriations.

~~If we are to justify the sort of tax reduction we seek,~~ no one is more conscious than I am of the need to reinforce our controls over all expenditure programs, seeking out savings wherever ~~[illegible]~~ they can be made, and increasing Government efficiency. That is our objective. We shall pursue it vigorously. However, there is simply no possibility within the foreseeable future that expenditures can be reduced below current levels. In fact, the

It is now clear that ~~O~~our commitments to the defense and development of the free world, coupled with the current state of our economy, will mean a further budget deficit in fiscal 1964. We need not fear that deficit

in $3\frac{1}{8}$%, and ~~and~~ a further increase
the social security tax on employees ~~will be raised again~~ to 3-5/8% is scheduled for 1963. Even this does not tell the full picture, for the percentage of income ~~drained~~ diverted into personal taxes on the state and local level has increased by over ~~1/3~~ one-half since 1950.

This brings me back to the point from which I started - the urgent need we see for ~~thoroughgoing tax reform~~ and tax reduction. Having acted to improve the climate for investment — IN ADDITION TO THE STEPS WE HAVE ALREADY TAKEN, it is clear that what is needed is a reduction in the over-all tax load that will increase demand, and so lead to better utilization of our industrial capacity, more employment, and higher profits. But we are not MERELY only interested in expanding purchasing power, we also must aim at increasing incentives to work and to take risks, to cut costs and to produce efficiently.

I see no reason, at this juncture for the Cuban crisis and the new international tensions to alter this analysis in any basic way. What that crisis does emphasize is something we already

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the typical taxpaying family ~~in~~ with their income 1961 found itself faced with Federal income taxes ~~more than 3~~ 2½ times larger than the average taxpayer would have paid in 1950, with the same rate structure. Over the same period - 1950-1961 - the family breadwinner saw his social security contribution increase 3 times, as the rate was raised from 1½% to ~~3 1/8%~~ 3%, and the taxable earnings ~~have~~ were ~~even~~ increased from $3,600 to $4,800. ~~Next year~~, This year

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TO overcome the restrictive impact of an onerous tax structure

WHICH WAS BUILT

the essential outlines of which were set in the quite different

THE IMMEDIATE

and inflationary circumstances of war and postwar inflation. PERIOD

I THINK THAT BOTH LABOR AND MANAGEMENT

General agreement has emerged that taxes today are simply too high.

The basic structure of individual income taxes - with rates running from 20% on the first bracket to 91% at the top - was set in the Revenue Act of 1950. Money incomes have risen substantially since that time, partly reflecting real growth, but also reflecting the inflation that took place during much of the 1950's. Meanwhile, the progressive tax

SIPHONED

structure has drained off an increasing proportion of buying power into Federal taxes.

From 1950 to 1961, for instance, average family income rose by 5 %, from a ~~little over~~ $4,000 to over $7,000. But the economy has failed to expand as rapidly as we had hoped and expected. This failure underscores something that many had already suspected - that the natural expansionary forces

ENOUGH

in the private economy are no longer so strong that they can measures are reducing the current tax load on business by $2 billion per year.

George Terborgh of the Machinery and Allied Products Institute, ~~and~~ one of the nation's leading analysts of investment behavior, has calculated that the result THESE MEASURES is to increase the potential profitability of a typical new piece of equipment by 20%. That would be equivalent to a ~~[illegible]~~ 10 point reduction in the corporate tax rate, to the same new investment. I am confident that, as businessmen fully appraise the potential value of these measures, in terms of their own individual situations, we will find ~~an~~ a steadily increasing response in terms of expanded investment.

We had hoped, a year ago, that with this added stimulus, the economic recovery underway would carry us to full employment by the end of the current fiscal year, although we recognized from the outset that a basic tax reform would also be needed to sustain adequate performance in the years ahead. Unfortunately,

~~It~~ It is also essential if we are to maintain our competitive position in markets at home and abroad

[~~balance of payments implications are especially urgent, for only by providing a favorable climate for investment can we~~ 319
~~attract investment in this country and protect our international competitive position.~~]

TO STIMULATE INVESTMENT

A major part of our effort over the past year has BEEN [taken the form of pressing ahead and pushing to a conclusion] long overdue reform~~s~~ in our treatment of depreciation for tax purposes. We [now] have PUT INTO EFFECT new guidelines and simplified, flexible administrative arrangements that will permit business the freedom it needs to depreciate equipment on the basis of its ACTUAL [current] experience, and with full allowance for the impact of new technology on the useful life of equipment.

This administrative depreciation reform has been complemented and supplemented by the new 7% investment credit -- THE PRINCIPAL PROVISION OF THE REVENUE ACT OF 1962. THIS measure [that] directly increases the profitability of new investment and the after-tax income ~~for~~ of any firm [undertaking to ~~modernize or expand by~~] purchasing new equipment. Together, these failed to expand in keeping with our ability to produce.

These same factors have naturally tended to make investment in other countries appear relatively attractive--with a visible impact on our balance of payments.

The contrast with our leading foreign competitors, who ~~had~~ have provided much more favorable tax treatment for investment, is striking. Typically, the industrialized countries of Continental Western

HAVE BEEN INVESTING BETWEEN 1½ AND 2 TIMES AS MUCH

Europe and Japan invested 8 % to 12% of their total out-

AS HAS THE UNITED STATES,

put in new equipment during the 1950's. Their growth rate has IS HAVE

FURTHERMORE,

averaged 1½ to over 2 times our own, and there is evidence in a number of industries that our wide advantage in technology and worker productivity has been reduced--at the expense of our international trading position.

As a consequence, action in this area deserved first attention. It is important for domestic growth. ~~And the~~

— AND THIS IS NO COINCIDENCE —

ALSO AVERAGED 1½ TO 2 TIMES OUR OWN, OR EVEN HIGHER.

At the same time, we have moved to improve the incentives for new investment in this country, as well as the internal flow of funds available to business.

In appraising the economic record of this country in recent years, we found substantial agreement that many of our ECONOMIC difficulties CAN could be traced to two central and related facts -- an inadequate rate of productive investment, and a lessening of the intense demands for goods and services accumulated over years of depression and war.

As a result of LAGGING INVESTMENT, devoting less than 6 % of our gross national product to new equipment since 1957, we have been permitting THE AVERAGE AGE OF PRODUCTIVE EQUIPMENT our capital stock to INCREASE, become older with the passage of time and its EFFICIENCY growth has failed to keep pace with the potential needs of a full employment economy. But at the same time, there is excess capacity and a profits squeeze--both dampening incentives for new investment--because demand has the freedom to follow the sort of monetary policies that would drive short-term rates to very low levels. [out of ~~touch with comparable~~ rates in foreign money markets.] But, that does not mean that we cannot maintain an ample supply of long-term credit for productive investment, for better housing, and for needed community facilities. That is what we have been trying to do, and rates for corporate and municipal bonds and for mortgages - which are most significant for investment and business activity - are actually lower today than during the recession months of 1961.

~~CAPITAL ABROAD IN SEARCH OF HIGHER INTERESTS~~

Unless our short term rates maintain a proper relationship to similar rates in foreign markets, our funds will surely flow abroad [and] in volume which we cannot afford.

familiar with the use of fiscal and monetary policies to achieve full employment, an adequate growth rate, and price stability. ~~Today, we also recognize that we must be more~~ conscious of ~~the need to provide a climate conducive to rapid~~ economic growth. ~~And~~ But, in recent years the balance of payments problem has added a wholly new dimension to our economic objectives and to the problems of achieving a coordinated set of financial policies.

~~In part, the need to restore balance in our international accounts~~ It has reinforced the urgency of one of our basic domestic goals - maintenance of relative price stability. But, it has many other implications for economic policy as well. Thus, monetary policy must now be shaped with a view toward its impact on international capital flows, which are influenced particularly by the level of short-term interest rates. Very simply, we no longer have

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to the Congress in January a major program of tax reform and reduction - something that has not been undertaken in an equally comprehensive fashion since World War II. These proposals must be widely debated and fully understood, for the results will have a major bearing on our success in meeting our economic goals, not only in 1963, but for many years ahead.

Your discussions today are especially timely ~~, and I welcome~~ in this respect your study of the key issues at stake.

No H. Tax reform and reduction crucial as it is ~~can of course~~ can play a vital role in improving our performance ~~However,~~ be only one part of a coordinated ~~set of fiscal and monetary~~ policies. Each of the tools at our disposal have a role to play in achieving our goals, but these interlocking facets must be carefully meshed together - with full recognition of their varying impact on each of our basic objectives - if we are to attain success in each. ¶ For a long time, we have been years has unemployment dropped below 5 percent of the labor force, and a 4 percent unemployment rate -- roughly the average of the first postwar decade -- has not been closely approached since the spring of 1957. Output per manhour has increased more slowly since the mid-50's than during the earlier postwar years, and less than the average for this century.

While we have made progress toward eliminating the deficit in our balance of payments, that deficit still persists, and its eventual elimination will require continued effort. Even the price stability of recent years, gratifying as it is, can be traced in part to the same excess capacity and unemployment that are MEASURES OF OUR DEFICIENT PERFORMANCE IN OTHER DIRECTIONS.

women, willing and able to work, can find useful employment. The duty of the Federal government to shape its policies to that end has been embodied in law. But our goal cannot simply be one of providing enough jobs today. We also want our economy to grow more rapidly over the years ahead. That is a must if we are to provide jobs for the new workers who will be entering the labor force in increasing numbers, if we are to banish remaining poverty, and if we are to continue to carry the heavy burdens imposed by our role in the world.

For the past five years, our country's performance in meeting these goals has clearly been inadequate ~~[illegible]~~. True, production is now running at record levels, ~~almost [illegible]~~ 16 percent above the rate of early 1961, unemployment has been cut by 30 percent over the same period, and total profits have been well maintained. But in only one month during the past FIVE ~~[4-1/2]~~

For Release on Delivery

Treasury Department
Wash, D.C.

REMARKS OF THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
BEFORE THE WHITE HOUSE LABOR MANAGEMENT CONFERENCE
ON FISCAL AND MONETARY POLICY
THURSDAY, NOVEMBER 15, 1962, 1 P.M., E.S.T.
Mayflower Hotel, Washington, D.C.

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None of us is satisfied with the performance of our economy over recent years. Fiscal and monetary policies play a critical role in that performance. Therefore the need for a fresh look at this area is clear.

The President will submit to the Congress in January a major program of tax reform and reduction. This program will involve a basic reworking of our fiscal structure. The results will have a major bearing on our success in meeting our economic goals, not only in 1963, but for many years ahead. We welcome your inquiry ~~today~~ into the policy issues involved.

Today I will discuss a few of the key factors influencing ~~the~~ the fiscal and monetary policies ~~of this Administration~~.

One of the major responsibilities of any modern society is to provide the sort of economic environment in which men and

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TREASURY DEPARTMENT
Washington

FOR RELEASE ON DELIVERY

REMARKS OF THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
BEFORE THE WHITE HOUSE LABOR-MANAGEMENT CONFERENCE
ON FISCAL AND MONETARY POLICY,
MAYFLOWER HOTEL, WASHINGTON, D. C.
THURSDAY, NOVEMBER 15, 1962, 1 P.M., E.S.T.

None of us is satisfied with the performance of our economy over recent years. Fiscal and monetary policies play a critical role in that performance. Therefore the need for a fresh look at this area is clear.

The President will submit to the Congress in January a major program of tax reform and reduction. This program will involve a basic reworking of our fiscal structure. The results will have a major bearing on our success in meeting our economic goals, not only in 1963, but for many years ahead. We welcome your inquiry into the policy issues involved.

One of the major responsibilities of any modern society is to provide the sort of economic environment in which men and women, willing and able to work, can find useful employment. The duty of the Federal government to shape its policies to that end has been embodied in law. But our goal cannot simply be one of providing enough jobs today. We also want our economy to grow more rapidly over the years ahead. That is a must if we are to provide jobs for the new workers who will be entering the labor force in increasing numbers, if we are to banish remaining poverty, and if we are to continue to carry the heavy burdens imposed by our role in the world.

For the past five years, our country's performance in meeting these goals has clearly been inadequate. True, production is now running at record levels, 16 percent above the rate of early 1961, unemployment has been cut by 30 percent over the same period, and total profits have been well maintained. But in only one month during the past five years has unemployment dropped below 5 percent of the labor force, and a 4 percent unemployment rate -- roughly the average of the first postwar decade -- has not been closely approached since the spring of 1957. Output per manhour has increased more slowly since the mid-50's than during the earlier post-war years, and less than the average for this century.

While we have made progress toward eliminating the deficit in our balance of payments, that deficit still persists, and its eventual elimination will require continued effort. Even the price stability of recent years, gratifying as it is, can be traced in part to the same excess capacity and unemployment that are measures of our deficient performance in other directions. Tax reform and reduction can play a vital role in improving our performance.

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For a long time, we have been familiar with the use of fiscal and monetary policies to achieve full employment, an adequate growth rate, and price stability. But in recent years the balance of payments problem has added a wholly new dimension to our economic objectives and to the problems of achieving a coordinated set of financial policies. It has reinforced the urgency of one of our basic domestic goals -- maintenance of relative price stability. But, it has many other implications for economic policy as well. Thus, monetary policy must now be shaped with a view toward its impact on international capital flows, which are influenced particularly by the level of short-term interest rates. Very simply, we no longer have the freedom to follow the sort of monetary policies that would drive short-term rates to very low levels. Unless our short term rates maintain a proper relationship to similar rates in foreign markets, our funds will simply flow abroad in volume -- which we cannot afford.

But, that does not mean that we cannot maintain an ample supply of long-term credit for productive investment, for better housing, and for needed community facilities. That is what we have been trying to do, and rates for corporate and municipal bonds and for mortgages -- which are most significant for investment and business activity -- are actually lower today than during the recession months of 1961.

At the same time, we have moved to improve the incentives for new investment in this country, as well as the internal flow of funds available to business.

Many of our economic difficulties can be traced to an inadequate rate of productive investment and a lessening of the intense demands for goods and services accumulated over years of depression and war.

As a result of lagging investment, we have been permitting the average age of our productive equipment to increase, and its efficiency has failed to keep pace with the potential needs of a full employment economy.

The contrast with our leading foreign competitors, who have provided much more favorable tax treatment for investment, is striking. Typically, the industrialized countries of Continental Western Europe and Japan have been investing between 1-1/2 and 2 times as much of their total output in new equipment as has the United States. Their growth rates have -- and this is no coincidence -- also averaged 1-1/2 to 2 times our own, or even higher. Furthermore, there is evidence in a number of industries that our wide advantage in technology and worker productivity has been reduced -- at the expense of our international trading position.

As a consequence, action in this area deserved first attention. It is important for domestic growth. It is also essential if we are to maintain our competitive position in markets at home and abroad.

A major part of our effort over the past year to stimulate investment has been long overdue reform in our treatment of depreciation for tax purposes. We have put into effect new guidelines and simplified, flexible administrative arrangements that will permit business the freedom it needs to depreciate equipment on the basis of its actual experience, and with full allowance for the impact of new technology on the useful life of equipment.

This administrative depreciation reform has been complemented and supplemented by the new 7 percent investment credit -- the principal provision of the Revenue Act of 1962. This measure directly increases the profitability of new investment and the after-tax income of any firm purchasing new equipment. Together, these measures are reducing the current tax load on business by $2 billion per year.

George Terborgh of the Machinery and Allied Products Institute, one of the nation's leading analysts of investment behavior, has calculated that these measures increase the potential profitability of a typical new piece of equipment by 20 percent. That would be equivalent to a 10-point reduction in the corporate tax rate, applied to the same new investment. I am confident that, as businessmen fully appraise the potential value of these measures, we will find a steadily increasing response in terms of expanded investment.

We had hoped, a year ago, that with this added stimulus, the economic recovery would carry us to full employment by the end of the current fiscal year. Unfortunately, the economy has failed to expand as rapidly as we had hoped and expected. This failure underscores something that many had already suspected -- that the natural expansionary forces in the economy are no longer strong enough to overcome the restrictive impact of an onerous tax structure which was built in the inflationary circumstances of war and the immediate postwar period. I think that both labor and management will agree that taxes today are simply too high.

The basic structure of individual income taxes -- with rates running from 20 percent on the first bracket to 91 percent at the top -- was set in the Revenue Act of 1950. Incomes have risen substantially since that time, partly reflecting real growth, but also reflecting the inflation that took place during much of the 1950's. Meanwhile, the tax structure has siphoned off an increasing proportion of buying power into Federal taxes.

What is needed -- in addition to the steps we have already taken to improve the climate for investment -- is a reduction in the over-all tax load that will increase demand, and so lead to better utilization of our industrial capacity, more employment, and higher profits. But we are not merely interested in expanding purchasing power. We also must aim at increasing incentives to work and to take risks, to cut costs and to produce efficiently.

I see no reason at this juncture for the Cuban crisis and the new international tensions to alter this analysis in any basic way. What that crisis does emphasize is something we already knew -- that we cannot delay tax reform indefinitely in the vain hope that tax reduction can be matched by cutbacks in spending. No one is more conscious that I am of the need to reinforce our controls over all expenditure programs, seeking out savings wherever they can be made, and increasing Government efficiency. That is our objective and we shall pursue it vigorously. However, there is simply no possibility within the foreseeable future that expenditures can be reduced below current levels. In fact, the expanding demands imposed by the cold war and by our growing population will make some increase inevitable. For example, defense and space expenditures will rise substantially in fiscal 1964, merely to pay for programs already underway in accordance with past appropriations.

It is now clear that our commitments to the defense and development of the free world, coupled with the current state of our economy, will mean a further budget deficit in fiscal 1964. We need not fear that deficit as inflationary, in view of the excess capacity and widespread unemployment that exist today -- and that are certain to remain with us for some time to come. It is also important to realize that tax reduction does not mean that we will face an endless succession of budget deficits. On the contrary,the tax structure we propose will generate budget surpluses as the economy provides full employment in the years ahead. The essential point is, that by increasing incentives and reducing the tax burden, the prospects for attaining sustained prosperity -- and thus budget surpluses -- will be greater than with the current tax structure.

We should also be clear about the implications of the prospective deficit for the balance of payments. There is not necessarily any direct connection between budget deficits and balance of payments deficits. If any proof is required, one need only look at the record of 1930's, when gold literally poured into this country at a time when we ran much larger budget deficits, relative to the size of the economy, than at any time in recent years. However, we must also recognize that a deficit at the wrong time can and has been inflationary, and for that reason a deficit can have a psychological influence on international flows of funds. Fortunately, there is no reason to anticipate any adverse psychological impact on our balance of payments from our current budget deficit. Responsible financial opinion abroad recognizes that a tax cut can contribute to the strength and efficiency of the American economy, and that a budget deficit will not be inflationary in current circumstances. In fact, a tax cut has been urged upon us by many abroad as a means of encouraging domestic growth.

One thing is clear. That is that the goal of our tax program will not be merely to give the economy a quick shot in the arm. Our tax program is not intended to be an antidote for a temporary cyclical anemia. It is intended to be a long-range lightening of the drag of the entire tax system on the economy, which involves both individuals and business firms.

In short, it will be tailored to deal with the economic outlook existing at the time it is enacted, but it will not be designed solely with this in mind. Our concern is not just for next month or just for next year, but for the next decade and beyond.

With that in mind, the reforms included in the program should be measured primarily against the yardstick of what they will contribute to accelerating economic growth. I can assure you they will be so measured. There will be sizable rate cuts, across the board. There will be reforms -- and not merely token reforms. And the net reduction after the reforms and rate cuts have been taken into account will be a significant one.

The President will present to the Congress next year a tax program as he has described it -- a balanced program to ensure more rapid economic expansion, in an atmosphere of greater tax equity and simplicity.

With significant tax reduction, and significant reform, and with the reforms already enacted in this year's tax legislation, we will have come a long way. The investment credit, depreciation reform, and the other gains of our tax changes, will pay benefits, in increasing number, for years to come.

Our major economic goal is not merely to cope with problems as they arise, but to make a lasting contribution to the growth potential of the American economy. The benefits, in increased employment, greater prosperity, and a stronger nation both at home and abroad, are not ones we can afford to ignore.

We have no intention of doing so, and the President's tax program will clearly demonstrate that fact.

oOo

Holders of F and G Bonds who desire a security not subject to market fluctuation may turn them in at maturity ~~without regard to the annual purchase limit~~ for Series E or H Savings Bonds, without regard to the annual purchase limit of $10,000 and $20,000 respectively. ~~or~~ [redacted] Both E and H Bonds yield 3 3/4% interest if held to maturity.

The decision to offer an exchange at this time for all remaining unmatured F and G Bonds, rather than limiting it, as in the past, to those maturing in the coming calendar year, was based largely on the fact that only about $100 million of these bonds mature after the end of 1963. ISSUANCE OF F AND G BONDS WAS DISCONTINUED IN 1952 AND the latest maturity date ~~for~~ of any F or G Bond is April 1, 1964.

Last year, 33 per cent of the holders of maturing F and G Bonds elected to exchange them for the intermediate-term security offered; in 1960, 20 % elected to exchange; and in 1959, 47 per cent. The option of a longer-term security has not previously been offered.

Individuals, private pension funds and private non-profit organizations hold an estimated $285 million of the remaining unmatured F and G Bonds, ~~and~~ financial institutions and state and local government entities hold the balance, with commercial banks holding approximately $85 million of that.

term security. The 4% Bond, priced to yield approximately 4.04 %
[redacted] offers an attractive alternative to investors who wish a somewhat higher return overx a longer period of time.

Subscription books will be open for all holders of the maturing F and G Bonds from November 19 through November 26. Individual holders, however, may submit their bonds for exchange through November 30. The additional time for individuals to make the exchange is being allowed in an effort to assure that all indi individual holders are able to take advantage of the exchange offering.

The delivery date on thexxx marketable bonds will be Decemb 17, with interest adjustments made as of December 15.

The 3 7/8% Bonds will constitute an additional amount of the $1,204 million of thexbx these bonds, now outstanding. They were first offered in May, 1962. $1,446 million of the 4% Bonds, first offered in January, 1959, are now outstanding.

For release at 3:30 p.m., Thursday, November 15, 1962

EXCHANGE OFFERING TO HOLDERS OF SERIES F AND G SAVINGS BOND

Holders of some $458 million of Series F and G Savings Bonds which mature in 1963 and 1964 will be offered the opportunity to exchange them, on favorable terms, for either a 3 7/8% Treasury Bond maturing in 1971 or a 4% Treasury Bond maturing in 1980.

The exchange offering is designed to benefit both the Treasury and investors in F and G bonds by providing the investors an attractive opportunity to continue to hold government securities. The exchange will cover all remaining unmatured F and G Bonds, [the last of which were issued in 1952,] which have not previously been made eligible for exchange into marketable securities. Similar exchanges have been offered to holders of maturing F and G Bonds in each of the past three years.

The 3 7/8% Treasury Bond, priced to yield an interest return of approximately 3.94 %, is expected to meet the requirements of many F and G Bond investors for an intermediate

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TREASURY DEPARTMENT

WASHINGTON, D.C.

November 15, 1962

FOR RELEASE AT 3:30 P.M.

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The 3-7/8% Treasury Bond, priced to yield an interest return of approximately 3.94%, is expected to meet the requirements of many F and G Bond investors for an intermediate-term security. The 4% Bond, priced to yield approximately 4.04%, offers an attractive alternative to investors who wish a somewhat higher return over a longer period of time.

Subscription books will be open for all holders of the maturing F and G Bonds from November 19 through November 26. Individual holders, however, may submit their bonds for exchange through November 30. The additional time for individuals to make the exchange is being allowed in an effort to assure that all individual holders are able to take advantage of the exchange offering.

The delivery date on the marketable bonds will be December 17, with interest adjustments made as of December 15.

The 3-7/8% Bonds will constitute an additional amount of the $1,204 million of these bonds, now outstanding. They were first offered in May, 1962. $1,446 million of the 4% Bonds, first offered in January, 1959, are now outstanding.

The decision to offer an exchange at this time for all remaining unmatured F and G Bonds, rather than limiting it, as in the past, to those maturing in the coming calendar year, was based largely on the fact that only about $100 million of these bonds mature after the end of 1963. Issuance of F and G Bonds was discontinued in 1952 and the latest maturity date of any F or G Bond is April 1, 1964.

Last year, 33% of the holders of maturing F and G Bonds elected to exchange them for the intermediate-term security offered; in 1960, 20% elected to exchange; and in 1959, 47%. The option of a longer-term security has not previously been offered.

Individuals, private pension funds and private non-profit organizations hold an estimated $285 million of the remaining unmatured F and G Bonds. Financial institutions and state and local government entities hold the balance, with commercial banks holding approximately $85 million of that.

Holders of F and G Bonds who desire a security not subject to market fluctuation may turn them in at maturity for Series E or H Savings Bonds, without regard to the annual purchase limit of $10,000 and $20,000 respectively. Both E and H Bonds yield 3-3/4% interest if held to maturity.

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④ TREASURY DEPARTMENT 332

WASHINGTON, D.C.

FOR IMMEDIATE RELEASE November 15, 1962

EXCHANGE OFFERING FOR HOLDERS OF SERIES F AND G
SAVINGS BONDS MATURING IN 1963 AND 1964

The Treasury is offering to the holders of approximately $458 million of Series F and G Savings Bonds ISSUED IN 1951 AND 1952, WHICH MATURE JANUARY 1, 1963, THROUGH APRIL 1, 1964, an opportunity to exchange them at their face amount, with certain interest and other adjustments as of December 15, 1962, for

3-7/8% Treasury Bonds of 1971 (additional issue), dated May 15, 1962, maturing November 15, 1971 (about $1,204 million of these bonds are now outstanding), to be issued at 99.50, or

4% Treasury Bonds of 1980 (additional issue), dated January 23, 1959, maturing February 15, 1980 (about $1,446 million of these bonds are now outstanding), to be issued at 99.50.

Interest is payable May 15 and November 15 on the 3-7/8% bonds and February 15 and August 15 on the 4% bonds.

The Series F and G bonds will be accepted in the exchange at amounts set forth in the offering circulars for their respective months of maturity. THESE EXCHANGE VALUES ARE HIGHER THAN PRESENT REDEMPTION VALUES. THEY HAVE BEEN SET SO THAT HOLDERS OF SERIES F AND G BONDS WHO ELECT TO ACCEPT THIS EXCHANGE OFFER WILL RECEIVE, IN EFFECT, AN INVESTMENT YIELD OF APPROXIMATELY 1% PER ANNUM MORE THAN WOULD OTHERWISE ACCRUE FROM DECEMBER 15, 1962, TO THE MATURITY DATES OF THEIR BONDS, AND WILL RECEIVE AN INVESTMENT YIELD OF APPROXIMATELY 3.94% ON THE 3-7/8% MARKETABLE BONDS AND APPROXIMATELY 4.04% ON THE 4% MARKETABLE BONDS RECEIVED IN EXCHANGE FOR THE PERIOD FROM THE MATURITY DATES OF THEIR SERIES F AND G BONDS TO THE RESPECTIVE MATURITY DATES OF THE MARKETABLE BONDS.

THE SUBSCRIPTION BOOKS FOR EXCHANGES OF THE SERIES F AND G SAVINGS BONDS MATURING IN 1963 AND 1964 WILL BE OPEN FOR THE RECEIPT OF SUBSCRIPTIONS FROM ALL CLASSES OF SUBSCRIBERS DURING THE PERIOD FROM NOVEMBER 19 THROUGH NOVEMBER 26, 1962, AND IN ADDITION, SUBSCRIPTIONS MAY BE SUBMITTED BY INDIVIDUALS THROUGH NOVEMBER 30, 1962. For this purpose, individuals are defined as natural persons in their own right. Any subscription addressed to a Federal Reserve Bank or Branch, or to the Treasurer of the United States, and placed in the mail before midnight of the respective closing dates, accompanied by the Series F and G bonds maturing from January 1, 1963, through April 1, 1964, to be exchanged, together with any cash difference necessary to make up the next higher $500 multiple (the lowest denomination of the new bonds), will be considered timely.

The delivery date for the 3-7/8% bonds of 1971 and the 4% bonds of 1980 will be December 17, 1962. The bonds will be available in registered form, as well as bearer form. The Treasury bonds may be registered jointly in the names

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of two individuals, but not in the beneficiary form as in the case of savings bonds. However, unlike savings bonds, Treasury bonds registered jointly in two names require the signature of each owner to effect transfer or sale.

Exchanges of Series F and G Savings Bonds maturing in 1963 and 1964 will be made on the basis of equal face amounts and will be allotted in full. Since holders of the Series F and G bonds will receive interest on the 3-7/8% bonds of 1971 at the rate of 3-7/8% from November 15, 1962, and on the 4% bonds of 1980 at the rate of 4% from August 15, 1962, interest adjustments will be made as follows: Subscribers to the 3-7/8% bonds will be charged accrued interest from November 15 to December 15, 1962 ($0.32 per $100), and subscribers to the 4% bonds will be charged accrued interest from August 15 to December 15, 1962 ($1.33 per $100). Subscribers to both the 3-7/8% and 4% bonds will be credited with the discount on the issue price of the bonds ($0.50 per $100).

The lowest denomination of the new 3-7/8% and 4% bonds is $500. Holders of smaller denominations of Series F and G bonds may exchange them for the next higher multiple of $500 upon payment of any cash difference.

The marketable 3-7/8% bonds of 1971 and the 4% bonds of 1980 are subject to fluctuations in prices at which they may be sold. Holders of Series F and G bonds (except bonds registered in the names of commercial banks in their own right, as distinguished from a representative or fiduciary capacity) desiring a security not subject to market fluctuations may exchange them at maturity for Series E or H bonds with interest at 3-3/4% if held to maturity.

Full details of this offering to holders of Series F and G bonds appear in the official circulars being released at this time, and which will be available at banking institutions on November 19, 1962, or shortly thereafter. Holders may consult their local banks for further information after that time.

Attachments

UNITED STATES OF AMERICA

3-7/8 PERCENT TREASURY BONDS OF 1971 339

Dated May 15, 1962, with interest from December 15, 1962 Due November 15, 1971

Interest payable May 15 and November 15

ADDITIONAL ISSUE

TREASURY DEPARTMENT,
Office of the Secretary,
Washington, November 15, 1962.

Department Circular
Public Debt Series - No. 20-62

I. OFFERING OF BONDS

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites subscriptions, at 99.50 percent of their face value and accrued interest, for bonds of the United States, designated 3-7/8 percent Treasury Bonds of 1971, in exchange for a like face amount of United States Savings Bonds of Series F and G maturing in the calendar years 1963 and 1964, which will be accepted at exchange values as provided in Section IV hereof. Holders of Series F and G bonds aggregating less than an even multiple of $500 maturity value (the lowest denomination of new bonds available) may exchange such bonds with payment of the difference in cash to make up the next higher $500 multiple. Interest on the bonds will be adjusted as of December 15, 1962, and an adjustment in favor of subscribers representing the discount from the face value of the bonds will be made as provided in Section IV hereof. The amount of the offering under this circular will be limited to the amount of securities, together with cash adjustments, tendered in exchange and accepted. The books will be open for the receipt of subscriptions for this issue from all classes of subscribers from November 19 through November 26, 1962, and in addition, subscriptions may be submitted by individuals through November 30, 1962. For this purpose individuals are defined as natural persons in their own right. Delivery of the new bonds will be made on December 17, 1962.

2. In addition to the offering under this circular, holders of the eligible Series F and G bonds are offered the privilege of exchanging all or any part of such

bonds for 4 percent Treasury Bonds of 1980 (additional issue) which offering is set forth in Department Circular, Public Debt Series - No. 21-62, issued simultaneously with this circular.

II. DESCRIPTION OF BONDS

1. The bonds now offered will be an addition to and will form a part of the series of 3-7/8 percent Treasury Bonds of 1971 issued pursuant to Department Circular, Public Debt Series - No. 11-62, dated April 30, 1962, will be freely interchangeable therewith, and are identical in all respects therewith except that interest on the bonds to be issued under this circular will accrue from December 15, 1962. Subject to the provision for the accrual of interest from December 15, 1962, on the bonds now offered, the bonds are described in the following quotation from Department Circular, Public Debt Series - No. 11-62:

> "1. The bonds will be dated May 15, 1962, and will bear interest from that date at the rate of 3-7/8 percent per annum, payable semiannually on November 15, 1962, and thereafter on May 15 and November 15 in each year until the principal amount becomes payable. They will mature November 15, 1971, and will not be subject to call for redemption prior to maturity.
>
> "2. The income derived from the bonds is subject to all taxes imposed under the Internal Revenue Code of 1954. The bonds 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.
>
> "3. The bonds will be acceptable to secure deposits of public moneys. They will not be acceptable in payment of taxes.
>
> "4. Bearer bonds with interest coupons attached, and bonds registered as to principal and interest, will be issued in denominations of $500, $1,000, $5,000, $10,000, $100,000 and $1,000,000. Provision will be made for the interchange of bonds of different denominations and of coupon and registered bonds, and for the transfer of registered bonds, under rules and regulations prescribed by the Secretary of the Treasury.
>
> "5. The bonds will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing United States bonds."

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III. SUBSCRIPTION AND ALLOTMENT

1. 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, and paying agents eligible to process bonds under Treasury Department Circular No. 388, Revised, may submit exchange subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies.

2. The Secretary of the Treasury reserves the right to reject or reduce any subscription, and to allot less than the amount of bonds applied for; and any action he may take in these respects shall be final. Subject to these reservations, all subscriptions will be allotted in full. Allotment notices will be sent out promptly upon allotment.

IV. PAYMENT

1. Payment for the face amount of bonds allotted hereunder must be made on or before December 17, 1962, or on later allotment, and may be made only in a like face amount of United States Savings Bonds of Series F and Series G maturing from January 1, 1963, to April 1, 1964, inclusive, and any cash difference necessary to make up an even $500 multiple, which bonds and cash should accompany the subscription, together with the net amount, if any, to be collected from the subscriber as set forth in Tables 1 and 2 at the end of this circular. The Series F and G bonds will be accepted in the exchange at amounts set forth thereunder for their respective months of maturity. These exchange values are higher than present redemption values. They have been set so that holders of Series F and G bonds who elect to accept this exchange offer will receive, in effect, an investment yield approximately one percent per annum more than would otherwise accrue from December 15, 1962, to the maturity dates of their bonds, and will receive an investment yield of approximately 3.94

percent on the 3-7/8 percent marketable bonds received in exchange for the period from the maturity dates of their Series F and G bonds to November 15, 1971. All subscribers will be charged the interest from November 15, 1962, to December 15, 1962 ($0.32 per $100) on the bonds allotted. Other adjustments with respect to bonds accepted in exchange will be made as set forth in Tables 1 and 2, which also show the net amounts to be collected from or paid to subscribers for each $100 (face amount) of bonds accepted in exchange.

(a) Series F bonds.--The exchange values of Series F bonds, the differences between such values and the offering price of the 3-7/8 percent bonds, the interest which will accrue on the new bonds and the total amounts to be collected from or paid to holders of Series F bonds per $100 (face amount) are as set forth in Table 1.

(b) Series G bonds.--The exchange values of Series G bonds, the differences between such values and the offering price of the 3-7/8 percent bonds, the accrued interest to be credited on the Series G bonds, the interest which will accrue on the new bonds and the total amounts to be collected from or paid to holders of Series G bonds per $100 (face amount) are as set forth in Table 2.

2. Any qualified depositary will be permitted to make payment by credit in its Treasury Tax and Loan Account for any cash payments authorized or required to be made under this circular for bonds 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.

3. Series F and G bonds tendered in exchange must bear appropriate requests for payment in accordance with the provisions of Treasury Department Circular No. 530, Eighth Revision, as amended, or the special endorsement provided for in Treasury Department Circular No. 888, Revised. In any case in which bonds in bearer form, or registered bonds in another name, are desired, requests for payment must be supplemented by specific instructions signed by the owner who signed the request for payment.

owner's instructions for bearer or registered bonds may be recorded on the surrendered bonds by typing or otherwise recording on the back thereof, or by changing the existing request for payment form to conform to one of the two following forms:

(a) I am the owner of this bond and hereby request exchange for 3-7/8% Treasury Bonds of 1971 in bearer form to be delivered to (insert name and address of person to whom delivery is to be made).

(b) I am the owner of this bond and hereby request exchange for 3-7/8% Treasury Bonds of 1971 registered in the name of (insert exact registration desired - see Section V hereof).

V. REGISTRATION OF BONDS

1. Treasury bonds may be registered only as authorized in Treasury Department Circular No. 300, Revised, as supplemented. Registration in the name of one person payable on death to another is not authorized. Registered Treasury bonds may be transferred to a purchaser only upon proper assignment. Treasury bonds registered in the form "A or B" may be transferred only upon assignment by or on behalf of both, except that if one of them is deceased, an assignment by or on behalf of the survivor will be accepted. Since Treasury bonds are not redeemable before maturity at the option of the owners, the effects of registering them in the names of two or more persons are important. Information concerning the effects of various forms of registration may be obtained from any Federal Reserve Bank or Branch, the Office of the Treasurer of the United States, Washington 25, D. C., or from banking institutions generally.

VI. GENERAL PROVISIONS

1. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions, to make allotments on the basis and up to

the amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective Districts, to issue allotment notices, to receive payment for bonds allotted, to make delivery of bonds on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive bonds.

2. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering, which will be communicated promptly to the Federal Reserve Banks.

DOUGLAS DILLON
Secretary of the Treasury

TABLE 1 - For Series F Bonds

F bonds maturing on the first day of -	Exchange values of F bonds per $100 (face amt.)	Charge or credit for differences between 99.50 (offering price per $100 of new bonds) and exchange values of F bonds: Charge	Credit	Interest Nov. 15 to Dec. 15, 1962 to be charged on new bonds per $100 (face amt.) of F bonds	1/ Total amounts per $100 (face amt.) of F bonds accepted: 2/ TO BE PAID TO SUBSCRIBERS (COLS. 3 minus 4)	TO BE COLLECTED FROM SUBSCRIBERS (COLS. 2 plus 4 minus 3)	3/ Interest accruing per $100 on new bonds from Nov. 15, 1962 to maturity dates of F bonds in 1963 or 1964
	COL. 1	COL. 2	COL. 3	COL. 4	COL. 5	COL. 6	COL. 7
1963							
January	$99.88	-	$0.38	$0.32	$0.06	-	$0.50
February	99.64	-	0.14	0.32	-	$0.18	0.83
March	99.40	$0.10	-	0.32	-	0.42	1.13
April	99.16	0.34	-	0.32	-	0.66	1.47
May	98.92	0.58	-	0.32	-	0.90	1.79
June	98.68	0.82	-	0.32	-	1.14	2.12
July	98.44	1.06	-	0.32	-	1.38	2.43
August	98.20	1.30	-	0.32	-	1.62	2.76
September	97.96	1.54	-	0.32	-	1.86	3.09
October	97.72	1.78	-	0.32	-	2.10	3.40
November	97.48	2.02	-	0.32	-	2.34	3.73
December	97.24	2.26	-	0.32	-	2.58	4.05
1964							
January	97.00	2.50	-	0.32	-	2.82	4.38
February	96.76	2.74	-	0.32	-	3.06	4.71
March	96.52	2.98	-	0.32	-	3.30	5.01
April	96.28	3.22	-	0.32	-	3.54	5.34

1/ In addition, for each $100, or multiple or fraction thereof, between the face amount of Series F bonds submitted and the face amount of bonds subscribed (to next higher multiple of $500) the subscriber must pay $99.82 ($99.50 issue price plus $0.32 accrued interest).

2/ The net amount to be paid to subscribers will be paid following acceptance of the bonds by the agency through which the exchange is made.

3/ Including $0.32 per $100 paid by subscriber as accrued interest from November 15, 1962, to December 15, 1962 (Col. 4). This data is included for information only.

TABLE 2 - For Series G Bonds

G bonds maturing on the first day of -	Exchange values of G bonds per $100 (face amt.)	Charge or credit for differences between $99.50 (offering price per $100 of new bonds) and exchange values of G bonds: Charge	Credit	Interest to be credited on G bonds per $100 (face amt.)	Interest Nov. 15 to Dec. 15, 1962 to be charged on new bonds per $100 (face amt.) of G bonds	1/ Total amounts per $100 (face amt.) of G bonds accepted: 2/ TO BE PAID TO SUBSCRIBERS (COLS. 3 plus 4 minus 2 and 5)	TO BE COLLECTED FROM SUBSCRIBERS (COLS. 2 plus 5 minus 3 and 4)	3/ Interest accruing per $100 on new bonds from Nov. 15, 1962 to maturity dates of G bonds in 1963 & 1964
	COL. 1	COL. 2	COL. 3	COL. 4	COL. 5	COL. 6	COL. 7	COL. 8
1963								
January	$99.98	-	$0.48	$1.15	$0.32	$1.31	-	$0.50
February	99.94	-	0.44	0.94	0.32	1.06	-	0.83
March	99.90	-	0.40	0.73	0.32	0.81	-	1.13
April	99.87	-	0.37	0.52	0.32	0.57	-	1.47
May	99.83	-	0.33	0.31	0.32	0.32	-	1.79
June	99.80	-	0.30	0.10	0.32	0.08	-	2.12
July	99.77	-	0.27	4/	0.32	-	$0.15	2.43
August	99.73	-	0.23	0.94	0.32	0.85	-	2.76
September	99.69	-	0.19	0.73	0.32	0.60	-	3.09
October	99.65	-	0.15	0.52	0.32	0.35	-	3.40
November	99.62	-	0.12	0.31	0.32	0.11	-	3.73
December	99.59	-	0.09	0.10	0.32	-	0.13	4.05
1964								
January	99.56	-	0.06	4/	0.32	-	0.36	4.38
February	99.52	-	0.02	0.94	0.32	0.64	-	4.71
March	99.49	$0.01	-	0.73	0.32	0.40	-	5.01
April	99.45	0.05	-	0.52	0.32	0.15	-	5.34

1/ In addition, for each $100, or multiple thereof, between the face amount of Series G bonds submitted and the face amount of bonds subscribed (to next higher multiple of $500) the subscriber must pay $99.82 ($99.50 issue price plus $0.32 accrued interest).

2/ The net amount to be paid to subscribers will be paid following acceptance of the bonds by the agency through which the exchange is made.

3/ Including $0.32 per $100 paid by subscriber as accrued interest from November 15, 1962, to December 15, 1962, (COL. 5). This data is included for information only.

4/ Interest will be paid to January 1, 1963, on bonds maturing July 1, 1963, and January 1, 1964, in regular course on January 1, 1963, by checks mailed by the Treasury Department. As these checks will include unearned interest for the period from December 15, 1962, to January 1, 1963, each subscriber who tenders these bonds will be required to make an interest refund of $0.10 per $100 (face amount). The above amounts of $0.15 and $0.36 in COL. 7 include such refunds.

UNITED STATES OF AMERICA

4 PERCENT TREASURY BONDS OF 1980

Dated January 23, 1959, with interest from December 15, 1962 Due February 15, 1980

Interest payable February 15 and August 15

ADDITIONAL ISSUE

Department Circular
Public Debt Series - No. 21-62

TREASURY DEPARTMENT,
Office of the Secretary,
Washington, November 15, 1962.

I. OFFERING OF BONDS

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites subscriptions, at 99.50 percent of their face value and accrued interest, for bonds of the United States, designated 4 percent Treasury Bonds of 1980, in exchange for a like face amount of United States Savings Bonds of Series F and G maturing in the calendar years 1963 and 1964, which will be accepted at exchange values as provided in Section IV hereof. Holders of Series F and G bonds aggregating less than an even multiple of $500 maturity value (the lowest denomination of new bonds available) may exchange such bonds with payment of the difference in cash to make up the next higher $500 multiple. Interest on the bonds will be adjusted as of December 15, 1962, and an adjustment in favor of subscribers representing the discount from the face value of the bonds will be made as provided in Section IV hereof. The amount of the offering under this circular will be limited to the amount of securities, together with cash adjustments, tendered in exchange and accepted. The books will be open for the receipt of subscriptions for this issue from all classes of subscribers from November 19 through November 26, 1962, and in addition, subscriptions may be submitted by individuals through November 30, 1962. For this purpose individuals are defined as natural persons in their own right. Delivery of the new bonds will be made on December 17, 1962.

2. In addition to the offering under this circular, holders of the eligible Series F and G bonds are offered the privilege of exchanging all or any part of such bonds for

3-7/8 percent Treasury Bonds of 1971 (additional issue) which offering is set forth in Department Circular, Public Debt Series - No. 20-62, issued simultaneously with this circular.

II. DESCRIPTION OF BONDS

1. The bonds now offered will be an addition to and will form a part of the series of 4 percent Treasury Bonds of 1980 issued pursuant to Department Circulars No. 1020 and Public Debt Series - No. 5-62, dated January 12, 1959, and February 19, 1962, respective will be freely interchangeable therewith, and are identical in all repects therewith except that interest on the bonds to be issued under this circular will accrue from December 15, 1962. Subject to the provision for the accrual of interest from December 1 1962, on the bonds now offered, the bonds are described in the following quotation from Department Circular No. 1020:

"1. The bonds will be dated January 23, 1959, and will bear interest from that date at the rate of 4 percent per annum, payable on a semiannual basis on August 15, 1959, and thereafter on February 15 and August 15 in each year until the principal amount becomes payable. They will mature February 15, 1980, and will not be subject to call for redemption prior to maturity.

"2. The income derived from the bonds is subject to all taxes imposed under the Internal Revenue Code of 1954. The bonds 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.

"3. The bonds will be acceptable to secure deposits of public moneys.

"4. Bearer bonds with interest coupons attached, and bonds registered as to principal and interest, will be issued in denominations of $500, $1,000, $5,000, $10,000, $100,000 and $1,000,000. Provision will be made for the interchange of bonds of different denominations and of coupon and registered bonds, and for the transfer of registered bonds, under rules and regulations prescribed by the Secretary of the Treasury.

"5. Any bonds issued hereunder which upon the death of the owner constitute part of his estate, will be redeemed at the option of the duly constituted representatives of the deceased owner's estate, at par and accrued interest to date of payment,1/ provided:

1/ An exact half-year's interest is computed for each full half-year period irrespecti of the actual number of days in the half year. For a fractional part of any half year, computation is on the basis of the actual number of days in such half year.

(a) that the bonds were actually owned by the decedent at the time of his death; and
(b) that the Secretary of the Treasury be authorized to apply the entire proceeds of redemption to the payment of Federal estate taxes.

Registered bonds submitted for redemption hereunder must be duly assigned to "The Secretary of the Treasury for redemption, the proceeds to be paid to the District Director of Internal Revenue at ______________ for credit on Federal estate taxes due from estate of _______________". Owing to the periodic closing of the transfer books and the impossibility of stopping payment of interest to the registered owner during the closed period, registered bonds received after the closing of the books for payment during such closed period will be paid only at par with a deduction of interest from the date of payment to the next interest payment date;[2] bonds received during the closed period for payment at a date after the books reopen will be paid at par plus accrued interest from the reopening of the books to the date of payment. In either case checks for the full six months' interest due on the last day of the closed period will be forwarded to the owner in due course. All bonds submitted must be accompanied by Form PD 1782,[3] properly completed, signed and certified, and by proof of the representatives' authority in the form of a court certificate or a certified copy of the representatives' letters of appointment issued by the court. The certificate, or the certification to the letters, must be under the seal of the court, and except in the case of a corporate representative, must contain a statement that the appointment is in full force and be dated within six months prior to the submission of the bonds, unless the certificate or letters show that the appointment was made within one year immediately prior to such submission. Upon payment of the bonds appropriate memorandum receipt will be forwarded to the representatives, which will be followed in due course by formal receipt from the District Director of Internal Revenue.

"6. The bonds will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing United States bonds."

III. SUBSCRIPTION AND ALLOTMENT

1. 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, and paying agents eligible to process bonds under Treasury Department Circular No. 888, Revised, may submit exchange subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies.

2/ The transfer books are closed from January 16 to February 15, and from July 16 to August 15 (both dates inclusive) in each year.
3/ Copies of Form PD 1782 may be obtained from any Federal Reserve Bank or from the Treasury Department, Washington 25, D. C.

2. The Secretary of the Treasury reserves the right to reject or reduce any subscription, and to allot less than the amount of bonds applied for; and any action he may take in these respects shall be final. Subject to these reservations, all subscriptions will be allotted in full. Allotment notices will be sent out promptly upon allotment.

IV. PAYMENT

1. Payment for the face amount of bonds allotted hereunder must be made on or before December 17, 1962, or on later allotment, and may be made only in a like face amount of United States Savings Bonds of Series F and Series G maturing from January 1, 1963, to April 1, 1964, inclusive, and any cash difference necessary to make up an even $500 multiple, which bonds and cash should accompany the subscription, together with the net amount, if any, to be collected from the subscriber as set forth in Tables 1 and 2 at the end of this circular. The Series F and G bonds will be accepted in the exchange at amounts set forth thereunder for their respective months of maturity. These exchange values are higher than present redemption values. They have been set so that holders of Series F and G bonds who elect to accept this exchange offer will receive, in effect, an investment yield approximately one percent per annum more than would otherwise accrue from December 15, 1962, to the maturity dates of their bonds, and will receive an investment yield of approximately 4.04 percent on the 4 percent marketable bonds received in exchange for the period from the maturity dates of their Series F and G bonds to February 15, 1980. <u>All subscribers will be charged the interest from August 15, 1962, to December 15, 1962 ($1.33 per $100) on the bonds allotted</u>. Other adjustments with respect to bonds accepted in exchange will be made as set forth in Tables 1 and 2, which also show the net amounts to be collected from or paid to subscribers for each $100 (face amount) of bonds accepted in exchange.

(a) <u>Series F bonds</u>.--The exchange values of Series F bonds, the differences between such values and the offering price of the 4 percent bonds, the interest which will accrue

V. REGISTRATION OF BONDS

1. Treasury bonds may be registered only as authorized in Treasury Department Circular No. 300, Revised, as supplemented. Registration in the name of one person payable on death to another is not authorized. Registered Treasury bonds may be transferred to a purchaser only upon proper assignment. Treasury bonds registered in the form "A or B" may be transferred only upon assignment by or on behalf of both, except that if one of them is deceased, an assignment by or on behalf of the survivor will be accepted. Since Treasury bonds are not redeemable before maturity at the option of the owners, the effects of registering them in the names of two or more persons are important. Information concerning the effects of various forms of registration may be obtained from any Federal Reserve Bank or Branch, the Office of the Treasurer of the United States, Washington 25, D. C., or from banking institutions generally.

VI. GENERAL PROVISIONS

1. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions, to make allotments on the basis and up to the amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective Districts, to issue allotment notices, to receive payment for bonds allotted, to make delivery of bonds on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive bonds.

2. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering, which will be communicated promptly to the Federal Reserve Banks.

DOUGLAS DILLON,
Secretary of the Treasury.

on the new bonds and the total amounts to be collected from holders of Series F bonds per $100 (face amount) are as set forth in Table 1.

(b) Series G bonds.--The exchange values of Series G bonds, the differences between such values and the offering price of the 4 percent bonds, the accrued interest to be credited on the Series G bonds, the interest which will accrue on the new bonds and the total amounts to be collected from or paid to holders of Series G bonds per $100 (face amount) are as set forth in Table 2.

2. Any qualified depositary will be permitted to make payment by credit in its Treasury Tax and Loan Account for any cash payments authorized or required to be made under this circular for bonds allotted to it for itself and its customers up to any amou for which it shall be qualified in excess of existing deposits, when so notified by the Federal Reserve Bank of its District.

3. Series F and G bonds tendered in exchange must bear appropriate requests for payment in accordance with the provisions of Treasury Department Circular No. 530, Eighth Revision, as amended, or the special endorsement provided for in Treasury Department Circular No. 888, Revised. In any case in which bonds in bearer form, or registered bonds in another name, are desired, requests for payment must be supplemented by specifi instructions signed by the owner who signed the request for payment. An owner's instructions for bearer or registered bonds may be recorded on the surrendered bonds by typing or otherwise recording on the back thereof, or by changing the existing request for payment form to conform to one of the two following forms:

(a) I am the owner of this bond and hereby request exchange for 4% Treasury Bonds of 1980 in bearer form to be delivered to (insert name and address of person to whom delivery is to be made).

(b) I am the owner of this bond and hereby request exchange for 4% Treasury Bonds of 1980 registered in the name of (insert exact registration desired - see Section V hereof).

TABLE 1 - For Series F Bonds

F bonds maturing on the first day of -	Exchange values of F bonds per $100 (face amt.)	Charge or credit for differences between $99.50 (offering price per $100 of new bonds) and exchange values of F bonds: Charge	Credit	Interest Aug. 15 to Dec. 15, 1962 to be charged on new bonds per $100 (face amt.) of F bonds	1/ Total amounts per $100 (face amt.) of F bonds accepted TO BE COLLECTED FROM SUBSCRIBERS (COLS. 2 plus 4 minus 3)	2/ Interest accruing per $100 on new bonds from Aug. 15, 1962 to maturity dates of F bonds in 1963 or 1964
	COL. 1	COL. 2	COL. 3	COL. 4	COL. 5	COL. 6
1963						
January	$99.88	-	$0.38	$1.33	$0.95	$1.51
February	99.64	-	0.14	1.33	1.19	1.85
March	99.40	$0.10	-	1.33	1.43	2.15
April	99.16	0.34	-	1.33	1.67	2.50
May	98.92	0.58	-	1.33	1.91	2.83
June	98.68	0.82	-	1.33	2.15	3.17
July	98.44	1.06	-	1.33	2.39	3.50
August	98.20	1.30	-	1.33	2.63	3.85
September	97.96	1.54	-	1.33	2.87	4.18
October	97.72	1.78	-	1.33	3.11	4.51
November	97.48	2.02	-	1.33	3.35	4.85
December	97.24	2.26	-	1.33	3.59	5.17
1964						
January	97.00	2.50	-	1.33	3.83	5.51
February	96.76	2.74	-	1.33	4.07	5.85
March	96.52	2.98	-	1.33	4.31	6.16
April	96.28	3.22	-	1.33	4.55	6.51

1/ In addition, for each $100, or multiple or fraction thereof, between the face amount of Series F bonds submitted and the face amount of bonds subscribed (to next higher multiple of $500) the subscriber must pay $100.83 ($99.50 issue price plus $1.33 accrued interest).

2/ Including $1.33 per $100 paid by subscriber as accrued interest from August 15, 1962, to December 15, 1962 (Col. 4). This data is included for information only.

TABLE 2 - For Series G Bonds

G bonds maturing on the first day of -	Exchange values of G bonds per $100 (face amt.)	Charge or credit for differences between $99.50 (offering price per $100 of new bonds) and exchange values of G bonds		Interest to be credited on G bonds per $100 (face amt.)	Interest Aug. 15 to Dec. 15, 1962 to be charged on new bonds per $100 (face amt.) of G bonds	1/ Total amounts per $100 (face amt.) of G bonds accepted		3/ Interest accruing per $100 on new bonds from Aug. 15, 1962 to maturity dates of G bonds in 1963 & 1964
		Charge	Credit			2/ TO BE PAID TO SUBSCRIBERS (COLS. 3 plus 4 minus 2 and 5)	TO BE COLLECTED FROM SUBSCRIBERS (COLS. 2 plus 5 minus 3 and 4)	
	COL. 1	COL. 2	COL. 3	COL. 4	COL. 5	COL. 6	COL. 7	COL. 8
1963								
January	$99.98	-	$0.48	$1.15	$1.33	$0.30	-	$1.51
February	99.94	-	0.44	0.94	1.33	0.05	-	1.85
March	99.90	-	0.40	0.73	1.33	-	$0.20	2.15
April	99.87	-	0.37	0.52	1.33	-	0.44	2.50
May	99.83	-	0.33	0.31	1.33	-	0.69	2.83
June	99.80	-	0.30	0.10	1.33	-	0.93	3.17
July	99.77	-	0.27	4/	1.33	-	1.16	3.50
August	99.73	-	0.23	0.94	1.33	-	0.16	3.85
September	99.69	-	0.19	0.73	1.33	-	0.41	4.18
October	99.65	-	0.15	0.52	1.33	-	0.66	4.51
November	99.62	-	0.12	0.31	1.33	-	0.90	4.85
December	99.59	-	0.09	0.10	1.33	-	1.14	5.17
1964								
January	99.56	-	0.06	4/	1.33	-	1.37	5.51
February	99.52	-	0.02	0.94	1.33	-	0.37	5.85
March	99.49	$0.01	-	0.73	1.33	-	0.61	6.16
April	99.45	0.05	-	0.52	1.33	-	0.86	6.51

1/ In addition, for each $100, or multiple thereof, between the face amount of Series G bonds submitted and the face amount of bonds subscribed (to next higher multiple of $500) the subscriber must pay $100.83 ($99.50 issue price plus $1.33 accrued interest).

2/ The net amount to be paid to subscribers will be paid following acceptance of the bonds by the agency through which the exchange is made.

3/ Including $1.33 per $100 paid by subscriber as accrued interest from August 15, 1962, to December 15, 1962, (COL. 5). This data is included for information only.

4/ Interest will be paid to January 1, 1963, on bonds maturing July 1, 1963, and January 1, 1964, in regular course on January 1, 1963, by checks mailed by the Treasury Department. As these checks will include unearned interest for the period from December 15, 1962, to January 1, 1963, each subscriber who tenders these bonds will be required to make an interest refund of $0.10 per $100 (face amount). The above amounts of $1.16 and $1.37 include such refunds.

~~DRAFT PRESS RELEASE~~

For Release at 4 p.m., Thursday, November 15, 1962

PROPOSED ~~RULES~~ Regulations ISSUED FOR SALE OF BONDS BY COMPETITIVE BIDDING

The Treasury today made public proposed regulations ~~rules~~ under which Treasury bonds will be offered for sale through competitite bidding.

The proposed regulations, together with an example of an invitation to bid on such bonds, will be published in the Federal Register of Friday, November 16. Copies will also be available at any Federal Reserve Bank or Branch ~~at~~ AND at the Treasury Department.

Written comments on the proposed REGULATIONS ~~rules~~ are invited and should be submitted, in duplicate, to the Office of Debt Analysis, Room 3036, Treasury Department, Washington 25, D.C., within the next thirty days. ~~no later than December 15, 1962.~~

Final regulations will be published shortly ~~promptly~~ after ~~the deadline for receipt of comments.~~ December 15, 1962.

attachment

TREASURY DEPARTMENT

WASHINGTON, D.C.

November 15, 1962

FOR RELEASE AT 4 P.M.

PROPOSED REGULATIONS ISSUED FOR SALE OF
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The Treasury today made public proposed regulations under which Treasury bonds will be offered for sale through competitive bidding.

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Final regulations will be published shortly after December 15, 1962.

oOo

Attachment

(To be published in Federal Register *of November 16, 1962)*

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, November 15, 1962

NOTICE OF PROPOSED RULE MAKING

Notice is hereby given, pursuant to the Administrative Procedure Act, approved June 11, 1946, that regulations concerning the sale of Treasury bonds through competitive bidding are proposed to be prescribed by the Secretary of the Treasury in a Treasury Department Circular entitled "REGULATIONS GOVERNING THE SALE OF TREASURY BONDS THROUGH COMPETITIVE BIDDING" in the form tentatively shown below. An example of a "PUBLIC NOTICE OF INVITATION TO BID" on such bonds is also published herewith. However, prior to final adoption, consideration will be given to any data, views, or arguments pertaining thereto, which are submitted in writing, in duplicate, to the Office of Debt Analysis, Room 3036, Treasury Department, Washington 25, D. C., within the period of thirty days from the date of this notice.

DOUGLAS DILLON,
Secretary of the Treasury.

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, November 15, 1962

Department Circular
Public Debt Series No. 00-62

REGULATIONS GOVERNING THE SALE OF TREASURY BONDS THROUGH COMPETITIVE BIDDING

Sec. 000.0. *Authority for sale of Treasury bonds through competitive bidding.*—The Secretary of the Treasury may, from time to time, by public notice, offer Treasury bonds for sale and invite bids therefor. The bonds so offered and the bids made will be subject to the terms and conditions and the rules and regulations herein set forth, except as they may be modified in the public notice or notices issued by the Secretary in connection with particular offerings.[1] The bonds will be subject also to the general rules and regulations of the Treasury Department, now or hereafter prescribed, governing United States securities. They will be issued pursuant to the authority of the Second Liberty Bond Act, as amended.

AUTHORITY: R.S. 3706; 40 Stat. 288, 290, 1308; 48 Stat. 343; 50 Stat. 481; 31 U.S.C. 738a, 739, 752, 752a, 753, 754, 754a and 754b.

The terms "public notice," "notices," or "announcement" as used herein mean the "Public Notice of Invitation to Bid" on Treasury bonds and any supplementary or amendatory notices or announcements with respect thereto.

Sec. 000.1. *Public notice—description of bonds—terms of offer.*—When bonds are offered for sale through competitive bidding, bids therefor will be invited through the form of a public notice or notices issued by the Secretary of the Treasury. The notice or notices will set forth the terms and conditions of the bonds, including maturities, call features, if any, and the terms and conditions of the offer, including the amount of the issue for which bids are invited, the coupon rate or rates of interest which will be subject to bidding, the date and closing hour for receipt of bids, and the date on which payment for any accepted bid must be completed. When so specified in the public notice, it shall be a condition of each bid that, if accepted by the Secretary of the Treasury, the bidder will make a *bona fide* reoffering to the investing public.

Sec. 000.2. *Denominations and exchanges.*—Bearer bonds with interest coupons attached, and bonds registered as to principal and interest, will be available in denominations of $500, $1,000, $5,000, $10,000, $100,000, and $1,000,000. Provisions will be made for the interchange of bonds of different denominations and of bearer and registered bonds, and for the transfer of registered bonds.

Sec. 000.3. *Taxation.*—The income derived from the bonds will be subject to all taxes imposed under the Internal Revenue Code of 1954. The bonds will be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but will be 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.

Sec. 000.4. *Acceptance as security for public deposits.*—The bonds will be acceptable to secure deposits of public moneys.

Sec. 000.5. *Notice of intent to bid.*—Any individual, organization, syndicate, or other group of any kind, which intends to submit a bid, must, when required by the public notice, give written notice of such intent at the place and within the time specified in the public notice. The filing of such notice will not constitute a commitment to bid.

Sec. 000.6. *Submission of bids.*

(a) *General.*—Bids will be received only at the place specified and not later than the time designated in the public notice. Each bid must be submitted in duplicate on the official form referred to in the public notice and should be enclosed and sealed in the special envelope prescribed by the Treasury Department. Forms and envelopes may be obtained from any Federal Reserve Bank or Branch or the Bureau of the Public Debt, Treasury Department, Washington 25, D. C. Bids shall be irrevocable.

(b) *Bidding.*—Bids, except noncompetitive bids when authorized, must be expressed as a percentage of the principal amount in not to exceed five decimals, *e.g.*, 100.01038%. Provisions relating to the coupon rate or rates of interest on the bonds, if not set forth in the public notice, will be made in a supplemental announcement. The public notice will indicate the timing of any such announcement. If the bidders are permitted to specify the coupon rate, each bidder shall specify a single coupon rate of interest, which shall be a multiple of 1/8 of 1 percent but not in excess of 4 1/4 percent. The Secretary of the Treasury may limit the premium above or the discount below par.

(c) *Group bids.*—A syndicate or other group submitting a bid must act through a representative who must be a member of the group. The representative must warrant to the Secretary of the Treasury that he has all necessary power and authority to act for each of the several members of the group. In addition to whatever other data may be required by the Secretary of the Treasury, in the case of a syndicate the bid must state the name of each member and the amount of each member's participation. In the event of changes in the composition of syndicate membership and the amount of any member's participation, notice of such changes shall be filed promptly at the place specified in the public notice for the receipt of bids.

Sec. 000.7. *Deposits—retention—return.*—Each bid must be accompanied by a deposit in the amount specified in the public notice. The deposit of any successful bidder will be retained as security for the performance of his obligation and will be applied toward payment of the bonds. All other deposits will be returned immediately. No interest will be allowed on account of the deposits.

Sec. 000.8. *Acceptance of bids.*

(a) *Opening of bids.*—Bids will be opened at the time and place specified in the public notice, and each bid accepted will be announced on the date of the opening within the time specified in the notice. Bidders or their representatives may attend the opening of the bids.

(b) *Method of determining accepted bids.*—The lowest basis cost of money[2] computed from the date of the bonds to the date of maturity will be used in determining successful bids.

(c) *Acceptance of successful bid.*—The Secretary of the Treasury, or his representative, will notify any successful bidder of acceptance in the manner and form specified in the public notice.

Sec. 000.9. *Bids—revocations—rejections—postponements—reoffers.*—The Secretary of the Treasury, in his discretion, may (1) revoke the public notice of invitation to bid at any time before opening bids, (2) return all bids unopened either at or prior to the time specified for their opening, (3) reject any or all bids, (4) postpone the time for presentation and opening of bids, and (5) waive any immaterial or obvious defect in any bid. In the event of a postponement, known bidders will be advised thereof and their bids returned unopened. Any action the Secretary of the Treasury may take in these respects shall be final.

[1] These regulations do not apply to Treasury bills, which are governed by Department Circular No. 418, Revised, and do not constitute a specific offering of bonds.

[2] The lowest basis cost of money will be determined by reference to a specially prepared table of bond yields, a copy of which will be made available to all prospective bidders upon written request to the Federal Reserve Bank of New York, or the Bureau of the Public Debt, Treasury Department, Washington 25, D. C. Straight-line interpolation will be applied if necessary.

Sec. 000.10. *Payment for and delivery of bonds.*—Payment for the bonds, including accrued interest, if any, must be made in immediately available funds on the date and at the place specified in the public notice. Delivery of bonds under this section will be made at the risk and expense of the United States at any such place or places in the United States as may be designated in the public notice. Interim receipts, if necessary, will be issued pending delivery of the definitive bonds.

Sec. 000.11. *Failure to complete transaction—liquidated damages.*—If any successful bidder shall fail to pay in full for the bonds on the date and at the place specified in the public notice, the money deposited by or in behalf of such bidder shall be forfeited to the Treasury Department as liquidated damages for such failure.

Sec. 000.12. *Reservations as to terms of circular.*—The Secretary of the Treasury reserves the right, at any time, or from time to time, to amend, repeal, supplement, revise or withdraw all or any of the provisions of this circular.

DOUGLAS DILLON,
Secretary of the Treasury.

FOR IMMEDIATE RELEASE

[This document is an example of an invitation to bid on long-term Treasury bonds]

.... (date)

PUBLIC NOTICE OF INVITATION TO BID ON

.... Treasury Bonds of ....

The Secretary of the Treasury, by this notice and under the terms and conditions prescribed in Treasury Department Circular, Public Debt Series No. 00-62, invites bids for an issue of bonds of the United States, designated as Treasury Bonds of .... The face amount of the issue hereunder will be .... These bonds will be sold as a single block to the successful bidder.

I. *Description of bonds*

The bonds will be dated ...., and will bear interest from that date payable semiannually on ...., and thereafter on .... and .... in each year until the principal amount becomes payable. They will mature .... [but may be redeemed, at par and accrued interest, at the option of the United States on and after ...., on any interest day, on four months' notice given in such manner as the Secretary of the Treasury shall prescribe. From the date of redemption designated in any such notice, interest on the bonds called for redemption shall cease.][1]

If the bonds are owned by a decedent at the time of his death and thereupon become part of his estate, they will be redeemed at par and accrued interest at the option of the representatives of the estate, provided the Secretary of the Treasury is authorized by the decedent's estate to apply the entire proceeds of redemption to payment of the Federal estate taxes on such decedent's estate.

II. *Notice of intent*

Any individual, organization, syndicate, or other group intending to submit a bid must give written notice of such intent to the Federal Reserve Bank of New York on Form PD No. .... before 12:01 A.M., Eastern Standard Time, on .... Forms and envelopes therefor may be obtained from any Federal Reserve Bank or Branch or from the Bureau of the Public Debt, Treasury Department, Washington 25, D. C. The filing of such notice will not constitute a commitment to bid.

III. *Submission of bids*

Only bids submitted in accordance with the provisions of this notice, or any supplement or amendment hereto, and of Treasury Department Circular, Public Debt Series No. 00-62, by qualified bidders will be considered. Each bid must be submitted in duplicate on Form PD No. .... and must be received, enclosed and sealed in an envelope which will be furnished with the form, at the Federal Reserve Bank of New York, Room ...., not later than 11:00 A.M., Eastern Standard Time, on .... Forms and envelopes may be obtained from any Federal Reserve Bank or Branch, or from the Bureau of the Public Debt, Treasury Department, Washington 25, D. C.

Each bidder may submit only one bid which must be for the purchase of *all* of the bonds described in this notice. The price to be paid to the United States by the bidder must be expressed as a percentage of the face amount in not to exceed five decimals, e.g., 100.01038%. Provisions relating to the coupon rate or rates of interest will be set forth in a supplemental notice hereto before 12:01 A.M., Eastern Standard Time, on .... [at least three full business days before the bidding date].

Each bid must be accompanied by an amount equal to 3 percent of the face amount of the bonds in immediately available funds.

IV. *Bids—Opening—Acceptance*

Bids will be opened in Room ...., Federal Reserve Bank of New York, at 11:00 A.M., Eastern Standard Time, on ...., and the accepted bid will be announced not later than 2:00 P.M., Eastern Standard Time, on that date.

The bid to be accepted will be the one resulting in the lowest basis cost of money computed from the date of the bonds to the date of maturity determined and accepted in accordance with the terms of this notice, or any supplement or amendment hereto, and the provisions of Treasury Department Circular, Public Debt Series No. 00-62. It shall be a condition of each bid that, if accepted by the Secretary of the Treasury, the bidder shall make a *bona fide* reoffering of all of the bonds to the investing public.

When the successful bidder has been announced, his deposit will be retained as security for the performance of his obligation and will be applied toward payment of the bonds. Thereafter, the deposits of all other bidders will be returned immediately. No interest will be allowed on the deposits. If [bids based on different coupon rates of interest result in identical basis costs of money computed to maturity, the Secretary of the Treasury will, in the case of an issue with a call provision, accept the bid resulting in the lowest interest cost to the first call date. Otherwise, if][2] identical bids are submitted, the Secretary of the Treasury, in his discretion, shall determine the bid to be accepted by lot in a manner prescribed by him, unless he proposes and those who submitted the identical bids agree on a division of the bonds.

The Secretary of the Treasury, or his representative, will accept the successful bid by signing the duplicate copy of the bid form and delivering it to the bidder, or his representative.

However, the Secretary of the Treasury, in his discretion, reserves the right to reject any or all bids.

V. *Payment for and delivery of bonds*

Payment for the bonds, including accrued interest [if any], must be made in immediately available funds and must be completed by the successful bidder not later than ...., Eastern Standard Time, on .... [approximately ten days from the date of announcement of the accepted bid], at the Federal Reserve Bank of New York.

If the bidder desires registered bonds to be shipped on the payment date, he must notify the Federal Reserve Bank of New York and furnish the necessary registration information within two days after the award. All other bonds will be delivered in bearer form and will be available on the payment date at Federal Reserve Banks and Branches. Shipment of the bonds will be made on the payment date, at the risk and expense of the United States, to any place or places in the United States designated by the bidder. If necessary, the Treasury will issue interim receipts for the bonds on the payment date.

DOUGLAS DILLON,
Secretary of the Treasury.

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[1] A call provision may or may not be included in any particular invitation.

[2] See footnote 1 on this page.

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, 1962, to November 13, 1962	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1962 to November 13, 1962
United Kingdom	4,323,457	945,659	1,441,152	885,490
Canada	239,690	239,690	-	-
France	227,420	13,295	75,807	13,295
British India	69,627	9,036	-	-
Netherlands	68,240	30,146	22,747	-
Switzerland	44,388	11,292	14,796	-
Belgium	38,559	-	12,853	-
Japan	341,535	-	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany	76,329	-	25,443	-
Italy	21,263	-	7,088	-
	5,482,509	1,249,118	1,599,886	898,785

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
MONDAY, NOVEMBER 19, 1962

D-671

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, 1962 - November 13, 1962

Country of Origin	Established Quota	Imports	Country of Origin	Established Quota	Imports
Egypt and the Anglo-Egyptian Sudan	783,816	782,857	Honduras	752	-
Peru	247,952	16,331	Paraguay	871	-
British India	2,003,483	39,639	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	-	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 - November 13, 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

IMMEDIATE RELEASE
MONDAY, NOVEMBER 19, 1962

D-671

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"
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Union of Soviet Socialist Republics ...	475,124	-	Barbados	-	-
Argentina	5,203	-	1/Other British W. Indies	21,321	-
Haiti	237	-	Nigeria	5,377	-
Ecuador	9,333	-	2/Other British W. Africa	16,004	-
			3/Other French Africa ...	689	-
			Algeria and Tunisia ...	-	-

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

Cotton 1-1/8" or more
Imports August 1, 1962 - November 13, 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, 1962, to November 13, 1962	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1962 to November 13, 1962
United Kingdom	4,323,457	945,659	1,441,152	885,490
Canada	239,690	239,690	-	-
France	227,420	13,295	75,807	13,295
British India	69,627	9,036	-	-
Netherlands	68,240	30,146	22,747	-
Switzerland	44,388	11,292	14,796	-
Belgium	38,559	-	12,853	-
Japan	341,535	-	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany	76,329	-	25,443	-
Italy	21,263	-	7,088	-
	5,482,509	1,249,118	1,599,886	898,785

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 November 3, 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, 1962	1,000	Pound	644 1/
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	547,239 1/

1/ Imports through November 9, 1962.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
MONDAY, NOVEMBER 19, 1962 D-672

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 November 3, 1962:

Commodity	Period and Quantity		Unit of Quantity	Imports as of November 3, 1962
Tariff-Rate Quotas:				
Cream, fresh or sour.............	Calendar Year	1,500,000	Gallon	108
Whole Milk, fresh or sour........	Calendar Year	3,000,000	Gallon	313
Cattle, 700 lbs. or more each (other than dairy cows).........	Oct. 1, 1962- Dec. 31, 1962	120,000	Head	9,367
Cattle less than 200 lbs. each...	12 mos. from April 1, 1962	200,000	Head	45,249
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	47,404,873
White or Irish potatoes:				
Certified seed..................	12 mos. from	114,000,000	Pound	none
Other...........................	Sept. 15, 1962	36,000,000	Pound	4,402,345
Walnuts..........................	Calendar Year	5,000,000	Pound	2,615,175
Stainless steel table flatware (table knives, table forks, table spoons)..................	Nov. 1, 1961- Oct. 31, 1962	69,000,000	Pieces	1/ 68,947,932
	Nov. 1, 1962 Oct. 31, 1963	69,000,000	Pieces	2/ 18,734,303

1/ Imports through October 31, 1962.

2/ Imports through November 9, 1962.

TREASURY DEPARTMENT
Washington

'MEDIATE RELEASE
ONDAY, NOVEMBER 19,1962

D-672

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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, 1962	1,000	Pound	644 1/
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	547,239 1/

1/ Imports through November 9, 1962.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE

MONDAY, NOVEMBER 19,1962

D-673

The Bureau of Customs has announced the following preliminary figures showing the imports for consumption from January 1, 1962, to November 3, 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 November 3, 1962
Buttons............	680,000	Gross	230,699
Cigars.............	160,000,000	Number	10,457,295
Coconut oil........	358,400,000	Pound	178,963,713
Cordage............	6,000,000	Pound	4,116,479
Tobacco............	5,200,000	Pound	4,606,376

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
MONDAY, NOVEMBER 19,1962 D-673

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Tobacco............	5,200,000	Pound	4,606,376

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IMMEDIATE RELEASE
MONDAY, NOVEMBER 19, 1962

D-674

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 - October 1 - December 31, 1962

IMPORTS - October 1 - November 9, 1962

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	5,899,202	-	-	-	-
Belgian Congo	-	-	-	-	-	-	5,440,000	110,232
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	7,520,000
Bolivia	5,040,000	4,908,663	-	-	-	-	-	-
Canada	13,440,000	13,440,000	15,920,000	8,682,448	66,480,000	66,480,000	37,840,000	19,719,057
Italy	-	-	-	-	-	-	3,600,000	-
Mexico	-	-	36,880,000	23,214,718	70,480,000	32,355,406	6,320,000	862,072
Peru	16,160,000	1,818,227	12,880,000	8,919,611	35,120,000	5,048,316	3,760,000	1,898,557
Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	2,755,276	-	-	-	-
All other foreign countries (total)	6,560,000	6,560,000	6,080,000	4,434,386	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
MONDAY, NOVEMBER 19, 1962

D-674

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QUARTERLY QUOTA PERIOD - October 1 - December 31, 1962

IMPORTS - October 1 - November 9, 1962

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	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	10,080,000	23,680,000	5,899,202	-	-	-	-
Belgian Congo	-	-	-	-	-	-	5,440,000	110,232
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	7,520,000
Bolivia	5,040,000	4,908,663	-	-	-	-	-	-
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All other foreign countries (total)	6,560,000	6,560,000	6,080,000	4,434,386	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
MONDAY, NOVEMBER 19, 1962.

D-675

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 Nov. 3, 1962	Established Quota	Imports May 29, 1962, to Nov. 3, 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	360
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	3,815,444

TREASURY DEPARTMENT
Washington, D. C.

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MONDAY, NOVEMBER 19, 1962.

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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	3,815,444

FOR RELEASE A. M. NEWSPAPERS, Tuesday, November 20, 1962.

November 19, 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 August 23, 1962, and the other series to be dated November 23, 1962, which were offered on November 14, were opened at the Federal Reserve Banks on November 19. Tenders were invited for $1,300,000,000, or thereabouts, of 90-day bills and for $800,000,000, or thereabouts, of 181-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	90-day Treasury bills maturing February 21, 1963		181-day Treasury bills maturing May 23, 1963	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.297	2.812%	98.552 a/	2.880%
Low	99.290	2.840%	98.539	2.906%
Average	99.292	2.833% 1/	98.546	2.892% 1/

a/ Excepting two tenders totaling $200,000
45 percent of the amount of 90-day bills bid for at the low price was accepted
48 percent of the amount of 181-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 39,988,000	$ 21,795,000	$ 23,103,000	$ 13,103,000
New York	1,714,092,000	851,761,000	1,003,249,000	647,649,000
Philadelphia	33,451,000	18,331,000	9,198,000	4,198,000
Cleveland	35,636,000	29,921,000	18,296,000	13,296,000
Richmond	26,763,000	14,395,000	15,792,000	6,792,000
Atlanta	25,870,000	19,212,000	4,820,000	4,420,000
Chicago	268,007,000	164,257,000	101,682,000	31,682,000
St. Louis	31,838,000	25,838,000	9,102,000	7,602,000
Minneapolis	28,356,000	21,581,000	6,679,000	5,919,000
Kansas City	43,260,000	31,020,000	13,904,000	12,904,000
Dallas	28,351,000	19,301,000	10,086,000	7,086,000
San Francisco	133,710,000	82,785,000	57,913,000	45,393,000
TOTALS	$2,409,322,000	$1,300,197,000 b/	$1,273,824,000	$800,044,000 c/

b/ Includes $269,365,000 noncompetitive tenders accepted at the average price of 99.292
c/ Includes $64,001,000 noncompetitive tenders accepted at the average price of 98.546
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 90-day bills, and 2.98%, for the 181-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, November 20, 1962.

November 19, 1962

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a/ Excepting two tenders totaling $200,000
45 percent of the amount of 90-day bills bid for at the low price was accepted
48 percent of the amount of 181-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 39,988,000	$ 21,795,000	$ 23,103,000	$ 13,103,000
New York	1,714,092,000	851,761,000	1,003,249,000	647,649,000
Philadelphia	33,451,000	18,331,000	9,198,000	4,198,000
Cleveland	35,636,000	29,921,000	18,296,000	13,296,000
Richmond	26,763,000	14,395,000	15,792,000	6,792,000
Atlanta	25,870,000	19,212,000	4,820,000	4,420,000
Chicago	268,007,000	164,257,000	101,682,000	31,682,000
St. Louis	31,838,000	25,838,000	9,102,000	7,602,000
Minneapolis	28,356,000	21,581,000	6,679,000	5,919,000
Kansas City	43,260,000	31,020,000	13,904,000	12,904,000
Dallas	28,351,000	19,301,000	10,086,000	7,086,000
San Francisco	133,710,000	82,785,000	57,913,000	45,393,000
TOTALS	$2,409,322,000	$1,300,197,000 b/	$1,273,824,000	$800,044,000 c/

b/ Includes $269,365,000 noncompetitive tenders accepted at the average price of 99.292
c/ Includes $64,001,000 noncompetitive tenders accepted at the average price of 98.546
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 90-day bills, and 2.98%, for the 181-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-676

in the Treasury of the United States one dollar in silver payable to the bearer on demand." The answer is yes, it is true, and anyone can walk into the Main Treasury with silver certificates and get silver dollars in return. And many people do just that every day.

Back of each dollar of silver certificates there are 371.25 grains of silver, about 3/4 of an ounce. The silver bars in Mint vaults weigh about 75 pounds each. Fortunately, the Mint people don't have to go into the vault and chip off a piece of silver weighing exactly the 371.25 grains for each dollar of silver certificates presented for redemption. They can reach into a coin bag and pull out the exact weight in silver dollars.

Neither silver dollars nor ~~any~~ other coins for general circulation ~~coins~~ are paid out to the public at the Mints since they deal only with the Federal Reserve Banks. If ~~a~~ large amounts of silver dollars are involved, the best thing for the silver dollar enthusiast to do is to bring a sturdy suitcase with him to the doors of the Treasury in Washington where he can "buy" silver dollars to his heart's content.

oOo

Oked by Adams + Wallace

400 for Mint

367 BOB

~~DRAFT RELEASE -- TO BE ISSUED IN ADVANCE~~ FOR RELEASE ON SUNDAY NEWSPAPERS, NOVEMBER 25, 1962

Nov. 20, 1962

SILVER DOLLAR GAINING POPULARITY

The silver dollar is gaining in popularity, according to Eva Adams, Director of the Mint. Long favored in the far West, with the heaviest demand coming from the State of Montana, there is now a greater demand for silver dollars throughout the entire country.

Getting ready for Christmas, the Mint has been sending silver dollars to the Federal Reserve Banks throughout the country -- dollars which will turn up in the traditional Christmas stocking. During the fiscal year 1962 the Mint ~~has~~ shipped 33 million silver dollars to the Federal Reserve Banks for distribution to the nation's banks. This is ~~8~~ 9 million more than was shipped in fiscal 1961 and ~~12~~ 14 million more than in 1960.

The Mints and the Main Treasury in Washington have over 102 million silver dollars on hand. One of the questions most frequently asked ~~questions~~ of the Mint is whether it is true, as stated on silver certificates, that "This certifies that there is on deposit

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TREASURY DEPARTMENT

WASHINGTON, D.C.
November 20, 1962

FOR RELEASE SUNDAY NEWSPAPERS
NOVEMBER 25, 1962

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Getting ready for Christmas, the Mint has been sending silver dollars to the Federal Reserve Banks throughout the country -- dollars which will turn up in the traditional Christmas stocking. During the fiscal year 1962 the Mint shipped 33 million silver dollars to the Federal Reserve Banks for distribution to the nation's banks. This is 9 million more than was shipped in fiscal 1961 and 14 million more than in 1960.

The Mints and the Main Treasury in Washington have over 102 million silver dollars on hand. One of the questions most frequently asked of the Mint is whether it is true, as stated on silver certificates, that "This certifies that there is on deposit in the Treasury of the United States one dollar in silver payable to the bearer on demand." The answer is yes, it is true, and anyone can walk into the Main Treasury with silver certificates and get silver dollars in return. And many people do just that every day.

Back of each dollar of silver certificates there are 371.25 grains of silver, about 3/4 of an ounce. The silver bars in Mint vaults weigh about 75 pounds each. Fortunately, the Mint people don't have to go into the vault and chip off a piece of silver weighing exactly the 371.25 grains for each dollar of silver certificates presented for redemption. They can reach into a coin bag and pull out the exact weight in silver dollars.

Neither silver dollars nor other coins for general circulation are paid out to the public at the Mints since they deal only with the Federal Reserve Banks. If large amounts of silver dollars are involved, the best thing for the silver dollar enthusiast to do is to bring a sturdy suitcase with him to the doors of the Treasury in Washington where he can "buy" silver dollars to his heart's content.

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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 August 30, 1962 (17), (91 (18) days remaining until maturity date on February 28, 1963 (19)) and noncompetitive tenders for $100,000 (20) or less for the 183 (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 November 29, 1962 (22), in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 29, 1962 (23). Cash

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE

November 21, 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 $ 2,100,000,000 , or thereabouts, for cash and in exchange for Treasury bills maturing November 29, 1962 , in the amount of $1,902,163,000 , as follows:

91 -day bills (to maturity date) to be issued November 29, 1962 , in the amount of $ 1,300,000,000 , or thereabouts, representing an additional amount of bills dated August 30, 1962 , and to mature February 28, 1963 , originally issued in the amount of $ 700,150,000 , the additional and original bills to be freely interchangeable.

183 -day bills, for $ 800,000,000 , or thereabouts, to be dated November 29, 1962 , and to mature May 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 Standard time, Monday, November 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

(an additional $100,131,000 was issued November 15)

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TREASURY DEPARTMENT

WASHINGTON, D.C.

November 21, 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 $2,100,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing November 29,1962, in the amount of $1,902,163,000, as follows:

91-day bills (to maturity date) to be issued November 29, 1962, in the amount of $1,300,000,000, or thereabouts, representing an additional amount of bills dated August 30, 1962, and to mature February 28, 1963, originally issued in the amount of $700,150,000 (an additional $100,131,000 was issued November 15), the additional and original bills to be freely interchangeable.

183-day bills, for $800,000,000, or thereabouts, to be dated November 29, 1962, and to mature May 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 Standard time, Monday, November 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.

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 August 30, 1962, (91-days remaining until maturity date on February 28,1963) and noncompetitive tenders for $ 100,000 or less for the 183-day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Banks on November 29, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 29,1962. 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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NOV 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 October:

Purchases	$124,738,500.00
Sales	147,997,500.00
Net Sales	$23,259,000.00

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TREASURY DEPARTMENT

WASHINGTON, D.C.

~~October 15, 1962~~
Nov. 21 1962

FOR IMMEDIATE RELEASE

TREASURY MARKET TRANSACTIONS IN ~~SEPTEMBER~~ OCTOBER

During ~~September~~ October 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 ~~$325,513,500~~ $23,259,000.

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D-679

TREASURY DEPARTMENT

WASHINGTON, D.C.

November 21, 1962

FOR IMMEDIATE RELEASE

TREASURY MARKET TRANSACTIONS IN OCTOBER

During October 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 $23,259,000.

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D-679

UNITED STATES NET MONETARY GOLD TRANSACTIONS WITH

FOREIGN COUNTRIES AND INTERNATIONAL INSTITUTIONS

January 1, 1962 - September 30, 1962

(In millions of dollars at $35 per find troy ounce)

Negative figures represent net sales by the United States; positive figures, net purchases

Country	First Quarter 1962	Second Quarter 1962	Third Quarter 1962
Argentina	+25.0	+60.0	---
Austria	-39.4	-16.9	-56.3
Belgium	-28.0	-35.0	---
Burma	---	-5.0	-6.0
Cambodia	---	---	-1.7
Canada	---	+190.0	---
Colombia	*	*	+10.5
Congo Republic	---	+4.6	---
Costa Rica	*	*	---
Dominican Republic	*	*	*
Egypt	-.3	-.4	-.2
France	-45.0	-97.5	-213.8
Greece	-4.0	-15.0	---
Iceland	-5.0	*	*
Indonesia	-.1	-.1	---
Iran	-.1	*	---
Israel	-10.0	---	---
Kuwait	---	---	-12.5
Lebanon	-.6	-10.5	-21.0
Peru	---	---	-.6
Saudi Arabia	-12.6	---	---
Somalia	---	---	-1.9
Spain	-47.1	-59.0	-20.0
Switzerland	+61.6	+35.0	-45.0
Syria	-1.1	-.1	-.1
Tunisia	-.5	---	---
Turkey	-1.1	---	---
United Kingdom	-181.3	-150.0	-63.7
Yugoslavia	-.3	-.4	---
All Other	-1.1	-1.6	-1.4
Total	-291.0	-101.8	-433.7

Figures may not add to totals because of rounding.
*Less than $50,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

November 23, 1962

FOR IMMEDIATE RELEASE

UNITED STATES FOREIGN GOLD TRANSACTIONS FOR THIRD QUARTER OF 1962

During the third quarter of 1962, the net sale of monetary gold by the United States amounted to $433.7 million. The first quarter showed a net sale of $291.0 million, and the second quarter, a net sale of $101.8 million.

These transactions brought to $826.5 million the net sale of monetary gold in the first nine months of this year.

The Treasury's quarterly report, made public today, summarizes monetary gold transactions with foreign governments, central banks and international institutions for the three quarters of 1962. (table on reverse side)

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D-680

TREASURY DEPARTMENT

WASHINGTON, D.C.

November 23, 1962

FOR IMMEDIATE RELEASE

UNITED STATES FOREIGN GOLD TRANSACTIONS
FOR THIRD QUARTER OF 1962

During the third quarter of 1962, the net sale of monetary gold by the United States amounted to $433.7 million. The first quarter showed a net sale of $291.0 million, and the second quarter, a net sale of $101.8 million.

These transactions brought to $826.5 million the net sale of monetary gold in the first nine months of this year.

The Treasury's quarterly report, made public today, summarizes monetary gold transactions with foreign governments, central banks and international institutions for the three quarters of 1962. (table on reverse side)

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D-680

UNITED STATES NET MONETARY GOLD TRANSACTIONS WITH

FOREIGN COUNTRIES AND INTERNATIONAL INSTITUTIONS

January 1, 1962 - September 30, 1962

(In millions of dollars at $35 per find troy ounce)

Negative figures represent net sales by the United States; positive figures, net purchases

Country	First Quarter 1962	Second Quarter 1962	Third Quarter 1962
Argentina	+25.0	+60.0	---
Austria	-39.4	-16.9	-56.3
Belgium	-28.0	-35.0	---
Burma	---	-5.0	-6.0
Cambodia	---	---	-1.7
Canada	---	+190.0	---
Colombia	*	*	+10.5
Congo Republic	---	+4.6	---
Costa Rica	*	*	---
Dominican Republic	*	*	*
Egypt	-.3	-.4	-.2
France	-45.0	-97.5	-213.8
Greece	-4.0	-15.0	---
Iceland	-5.0	*	*
Indonesia	-.1	-.1	---
Iran	-.1	*	---
Israel	-10.0	---	---
Kuwait	---	---	-12.5
Lebanon	-.6	-10.5	-21.0
Peru	---	---	-.6
Saudi Arabia	-12.6	---	---
Somalia	---	---	-1.9
Spain	-47.1	-59.0	-20.0
Switzerland	+61.6	+35.0	-45.0
Syria	-1.1	-.1	-.1
Tunisia	-.5	---	---
Turkey	-1.1	---	---
United Kingdom	-181.3	-150.0	-63.7
Yugoslavia	-.3	-.4	---
All Other	-1.1	-1.6	-1.4
Total	-291.0	-101.8	-433.7

Figures may not add to totals because of rounding.
*Less than $50,000

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, November 27, 1962.

November 26, 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 August 30, 1962, and the other series to be dated November 29, 1962, which were offered on November 21, were opened at the Federal Reserve Banks on November 26. Tenders were invited for $1,300,000,000, or thereabouts, of 91-day bills and for $800,000,000, or thereabouts, of 183-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing February 28, 1963		183-day Treasury bills maturing May 31, 1963	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.292	2.801%	98.518 a/	2.915%
Low	99.276	2.864%	98.502	2.947%
Average	99.279	2.853% 1/	98.508	2.936% 1/

a/ Excepting two tenders totaling $150,000
80 percent of the amount of 91-day bills bid for at the low price was accepted
7 percent of the amount of 183-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 13,826,000	$ 13,826,000	$ 30,187,000	$ 30,187,000
New York	1,479,832,000	863,832,000	1,210,305,000	594,985,000
Philadelphia	27,992,000	12,992,000	7,477,000	2,477,000
Cleveland	26,213,000	21,213,000	26,902,000	21,902,000
Richmond	26,157,000	23,157,000	14,443,000	5,443,000
Atlanta	20,194,000	18,394,000	10,624,000	10,624,000
Chicago	222,378,000	157,978,000	134,244,000	65,734,000
St. Louis	32,623,000	27,423,000	7,308,000	5,308,000
Minneapolis	22,444,000	17,844,000	9,318,000	6,818,000
Kansas City	48,456,000	43,456,000	10,133,000	10,133,000
Dallas	31,299,000	21,299,000	8,915,000	3,985,000
San Francisco	90,978,000	78,978,000	58,588,000	43,148,000
TOTALS	$2,042,392,000	$1,300,392,000 b/	$1,528,444,000	$800,744,000 c/

b/ Includes $224,613,000 noncompetitive tenders accepted at the average price of 99.279
c/ Includes $49,833,000 noncompetitive tenders accepted at the average price of 98.508
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.91%, for the 91-day bills, and 3.02%, for the 183-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

D-651

TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, November 27, 1962.

November 26, 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 August 30, 1962, and the other series to be dated November 29, 1962, which were offered on November 21, were opened at the Federal Reserve Banks on November 26. Tenders were invited for $1,300,000,000, or thereabouts, of 91-day bills and for $800,000,000, or thereabouts, of 183-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing February 28, 1963		183-day Treasury bills maturing May 31, 1963	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.292	2.801%	98.518 a/	2.915%
Low	99.276	2.864%	98.502	2.947%
Average	99.279	2.853% 1/	98.508	2.936% 1/

a/ Excepting two tenders totaling $150,000
80 percent of the amount of 91-day bills bid for at the low price was accepted
7 percent of the amount of 183-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 13,826,000	$ 13,826,000	$ 30,187,000	$ 30,187,000
New York	1,479,832,000	863,832,000	1,210,305,000	594,985,000
Philadelphia	27,992,000	12,992,000	7,477,000	2,477,000
Cleveland	26,213,000	21,213,000	26,902,000	21,902,000
Richmond	26,157,000	23,157,000	14,443,000	5,443,000
Atlanta	20,194,000	18,394,000	10,624,000	10,624,000
Chicago	222,378,000	157,978,000	134,244,000	65,734,000
St. Louis	32,623,000	27,423,000	7,308,000	5,308,000
Minneapolis	22,444,000	17,844,000	9,318,000	6,818,000
Kansas City	48,456,000	43,456,000	10,133,000	10,133,000
Dallas	31,299,000	21,299,000	8,915,000	3,985,000
San Francisco	90,978,000	78,978,000	58,588,000	43,148,000
TOTALS	$2,042,392,000	$1,300,392,000 b/	$1,528,444,000	$800,744,000 c/

b/ Includes $224,613,000 noncompetitive tenders accepted at the average price of 99.279
c/ Includes $49,833,000 noncompetitive tenders accepted at the average price of 98.508
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.91%, for the 91-day bills, and 3.02%, for the 183-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

D-681

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 September 6, 1962,(91 days remaining until maturity date on March 7, 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 December 6, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing December 6, 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.
November 28, 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 $2,100,000,000 or thereabouts, for cash and in exchange for Treasury bills maturing December 6, 1962, in the amount of $ 2,003,359,000, as follows:

91-day bills (to maturity date) to be issued December 6, 1962, in the amount of $1,300,000,000, or thereabouts, representing an additional amount of bills dated September 6, 1962, and to mature March 7, 1963, originally issued in the amount of $700,303,000 (an additional $100,131,000 was issued November 15), the additional and original bills to be freely interchangeable.

182 -day bills, for $ 800,000,000, or thereabouts, to be dated December 6, 1962, and to mature June 6, 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 Standard time, Monday, December 3, 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.

TREASURY DEPARTMENT

WASHINGTON, D.C.
November 28, 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 $2,100,000,000 or thereabouts, for cash and in exchange for Treasury bills maturing December 6, 1962, in the amount of $ 2,003,359,000, as follows:

91-day bills (to maturity date) to be issued December 6, 1962, in the amount of $1,300,000,000, or thereabouts, representing an additional amount of bills dated September 6, 1962, and to mature March 7, 1963, originally issued in the amount of $700,303,000 (an additional $100,131,000 was issued November 15), the additional and original bills to be freely interchangeable.

182 -day bills, for $ 800,000,000, or thereabouts, to be dated December 6, 1962, and to mature June 6, 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 Standard time, Monday, December 3, 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 September 6, 1962, (91 days remaining until maturity date on March 7, 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 December 6, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing December 6, 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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STATUTORY DEBT LIMITATION

As of October 31, 1962

TREASURY DEPARTMENT
Fiscal Service

Washington, Nov. 29, 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			$308,000,000,000
Outstanding -			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$46,138,639,000		
Certificates of indebtedness	17,854,260,000		
Treasury notes	57,583,373,000	$121,576,272,000	
Bonds -			
Treasury	79,734,339,950		
*Savings (current redemption value)	47,679,590,498		
Depositary	95,040,500		
R. E. A. series	24,144,000		
Investment series	4,490,329,000	132,023,443,948	
Certificates of Indebtedness -			
Foreign series	435,000,000		
Foreign Currency series	172,796,225	607,796,225	
Treas.Bds.-For.Curr. Series	48,116,875	48,116,875	
Special Funds -			
Certificates of indebtedness	6,306,292,000		
Treasury notes	6,161,994,000		
Treasury bonds	31,421,379,000	43,889,665,000	
Total interest-bearing		298,145,294,048	
Matured, interest-ceased		294,747,233	
Bearing no interest:			
United States Savings Stamps	51,488,569		
Excess profits tax refund bonds	721,526		
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	85,000,000	3,254,514,495	
Total		301,694,555,776	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F. H. A. & DC Stad. Bds.	485,073,750		
Matured, interest-ceased	1,313,275	486,387,025	
Grand total outstanding			302,180,942,801
Balance face amount of obligations issuable under above authority			5,819,057,199

Reconcilement with Statement of the Public Debt October 31, 1962
(Date)

(Daily Statement of the United States Treasury, October 31, 1962)
(Date)

Outstanding -	
Total gross public debt	302,067,039,443
Guaranteed obligations not owned by the Treasury	486,387,025
Total gross public debt and guaranteed obligations	302,553,426,468
Deduct - other outstanding public debt obligations not subject to debt limitation	372,483,667
	302,180,942,801

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STATUTORY DEBT LIMITATION

As of October 31, 1962

TREASURY DEPARTMENT
Fiscal Service

Washington, Nov. 29, 1962

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Service in Washington, primarily for audit and control purposes.

The other changes made and the

Details of the information required will be contained in the definite

Dec. 1,

regulations to be published Saturday, in the Federal Register. ~~More~~

concerning

regulations ~~will be issued soon in connection with~~ the "tax haven"

provisions of the 1962 Revenue Act, will be issued shortly.

also

Provisional

information return in that capacity and then file the additional information return required from stockholders before March 31, 1963. However, since the stockholder returns will not be required every year, this necessary duplication of some information will not burden taxpayers unduly.

The information required in both types of returns is vital to the proper enforcement and administration of tax laws governing foreign corporations. Not only will it be necessary for proper audit procedures, but it will also be extremely useful in providing knowledge of an area of taxation where accurate information and statistics have been lacking for years. The annual returns will be tabulated for publication as part of the national income statistics published by the Internal Revenue Service. They will be processed at service centers, while the stockholder returns will be handled at the Office of International Operations of the Internal Revenue

Insert A

Furthermore, changes in current figures for ~~XXXX~~ accounting purposes will not be required where the — nor of current figures unless the difference ~~is~~ would be significant.

proposed. One of the major goals of the changes that were made as a result of the hearings was to avoid unnecessary duplication in filing of returns. For instance, minority stockholders will be excused from filing information in cases where that information has already been filed by another stockholder holding an equal or greater interest in the corporation. Furthermore, officers and directors will be permitted to appoint one of their number to file a joint report for all.

For those taxpayers controlling foreign corporations, steps will be taken to simplify the computation of current earnings and profits required in the annual return. For example, those filing such returns will not be asked to make adjustments of any past figures to conform with U. S. tax accounting conventions. (insert A)

There will, of course, be some duplication in that persons controlling foreign corporations will have to file an annual

Various kinds of information will be required on the returns. Officers and directors of foreign corporations who are U. S. taxpayers will be required to list U. S. stockholders owning five percent or more. Those stockholders, in turn, will be asked for only such information as would generally be available to a minority stockholders, and any minority stockholder who has exercised "ordinary business care and prudence" in attempting to procure the required information and has failed will not ~~cannot~~ be subjected to penalties for failing to file such information. Taxpayers who control a foreign corporation will be required to report more details -- including current earnings and profits -- in their annual returns.

The exchange of views resulting from public hearings on the proposed regulations held earlier this month were very helpful in solving ~~helped to solve~~ a number of problems presented by the regulations as they were first

For Release in Friday AMS

<u>New Tax Forms Required from U. S. Stockholders in Foreign Firms</u>

U. S. taxpayers owning five percent or more of the stock of a foreign corporation will be required -- under the Revenue Act of 1962 -- to file an information return on such holdings before March 31, 1963, the Treasury announced today.

The ~~stockholders~~ stockholder will only have to file such returns once, unless the corporation involved is reorganized, or unless ~~new~~ his stock holdings change. ~~purchases bring their holdings of other such stocks over five percent.~~ This will be the first time a census has been taken of all U. S. taxpayers who hold a significant share in foreign corporations.

In addition to this basic one-time census, periodic information returns are already required annually -- and have been since 1960 -- from any U. S. corporation controlling a foreign corporation. The Revenue Act of 1962 requires more detailed information in such returns and also extends that obligation to individuals who control foreign corporations.

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WASHINGTON, D.C.

November 29, 1962

FOR RELEASE IN FRIDAY AMS
NOVEMBER 30, 1962

NEW TAX FORMS REQUIRED FROM U. S.
STOCKHOLDERS IN FOREIGN FIRMS

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The exchange of views resulting from public hearings on the proposed regulations held earlier this month were very helpful in solving a number of problems presented by the regulations as they were first proposed. One of the major goals of the changes that were made as a result of the hearings was to avoid unnecessary duplication in filing of returns. For instance, minority stockholders will be excused from filing information in cases where that information has already been filed by another stockholder holding an equal or greater interest in the corporation. Furthermore, officers and directors will be permitted to appoint one of their number to file a joint report for all.

For those taxpayers controlling foreign corporations, steps will be taken to simplify the computation of current earnings and profits required in the annual return. For example, those filing such returns will not be asked to make adjustments of any past figures to conform with U. S. tax accounting conventions -- nor of current figures unless the difference would be significant.

There will, of course, be some duplication in that persons controlling foreign corporations will have to file an annual information return in that capacity and then file the additional information return required from stockholders before March 31, 1963. However, since the stockholder returns will not be required every year, this necessary duplication of some information will not burden taxpayers unduly.

The information required in both types of returns is vital to the proper enforcement and administration of tax laws governing foreign corporations. Not only will it be necessary for proper audit procedures, but it will also be extremely useful in providing knowledge of an area of taxation where accurate information and statistics have been lacking for years. The annual returns will be tabulated for publication as part of the national income statistics published by the Internal Revenue Service. They will be processed at service centers, while the stockholder returns will be handled at the Office of International Operations of the Internal Revenue Service in Washington, primarily for audit and control purposes.

The other changes made and the details of the information required will be contained in the definitive regulations to be published Saturday, Dec. 1, in the Federal Register. Provisional Regulations concerning the "tax haven" provisions of the 1962 Revenue Act will also be issued shortly.

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FOR IMMEDIATE RELEASE

TREASURY DECISION ON PORTLAND CEMENT
UNDER THE ANTIDUMPING ACT

The Treasury Department has determined that portland cement, other than white, nonstaining portland cement, from Norway 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 Norway without regard to any question of dumping.

The dollar value of imports of the involved merchandise received during the first 8 months of 1962 was approximately $1,300,000.

2cc: Mr. Hendrick
cc: Mr. Settel

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TREASURY DEPARTMENT

WASHINGTON, D.C.

November 30, 1962

FOR IMMEDIATE RELEASE

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United States Savings Bonds Issued and Redeemed Through November 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	$ 15	.30%
Series F & G-1941 - 1949	26,082	25,917	165	.63
UNMATURED				
Series E: 3/				
1941	1,818	1,518	300	16.50
1942	8,033	6,713	1,320	16.43
1943	12,931	10,809	2,122	16.41
1944	15,047	12,488	2,559	17.01
1945	11,783	9,561	2,222	18.86
1946	5,288	4,062	1,227	23.20
1947	4,976	3,634	1,342	26.97
1948	5,124	3,629	1,495	29.18
1949	5,037	3,474	1,563	31.03
1950	4,388	2,933	1,454	33.14
1951	3,800	2,514	1,286	33.84
1952	3,975	2,521	1,454	36.58
1953	4,508	2,675	1,833	40.66
1954	4,542	2,640	1,902	41.88
1955	4,708	2,693	2,015	42.80
1956	4,525	2,592	1,933	42.72
1957	4,245	2,321	1,923	45.30
1958	4,097	2,084	2,013	49.13
1959	3,826	1,868	1,957	51.15
1960	3,801	1,673	2,128	55.99
1961	3,805	1,380	2,426	63.76
1962	2,582	533	2,048	79.32
Unclassified	435	459	-23	-
Total Series E	123,275	84,775	38,500	31.23
Series H-1952 - 1962 3/	8,665	1,782	6,883	79.43
Total Series E and H	131,941	86,558	45,383	34.40
Series F and G:				
1950	2,430	2,129	4/ 300	12.35
1951	793	426	368	46.41
1952	212	106	105	49.53
Unclassified	-	194	-194	-
Total Series F and G	3,435	2,855	580	16.89
Series J and K-1952 - 1957	3,688	1,930	1,758	47.67
Total Series F, G, J and K	7,123	4,785	2,338	32.82
All Series: Total matured	31,085	30,905	180	.58
All Series: Total unmatured	139,064	91,343	47,720	34.32
All Series: Grand Total	170,149	122,248	47,900	28.15

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

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1943	12,931	10,809	2,122	16.41
1944	15,047	12,488	2,559	17.01
1945	11,783	9,561	2,222	18.86
1946	5,288	4,062	1,227	23.20
1947	4,976	3,634	1,342	26.97
1948	5,124	3,629	1,495	29.18
1949	5,037	3,474	1,563	31.03
1950	4,388	2,933	1,454	33.14
1951	3,800	2,514	1,286	33.84
1952	3,975	2,521	1,454	36.58
1953	4,508	2,675	1,833	40.66
1954	4,542	2,640	1,902	41.88
1955	4,708	2,693	2,015	42.80
1956	4,525	2,592	1,933	42.72
1957	4,245	2,321	1,923	45.30
1958	4,097	2,084	2,013	49.13
1959	3,826	1,868	1,957	51.15
1960	3,801	1,673	2,128	55.99
1961	3,805	1,380	2,426	63.76
1962	2,582	533	2,048	79.32
Unclassified	435	459	-23	-
Total Series E	123,275	84,775	38,500	31.23
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1951	793	426	368	46.41
1952	212	106	105	49.53
Unclassified	-	194	-194	-
Total Series F and G	3,435	2,855	580	16.89
Series J and K-1952 - 1957	3,688	1,930	1,758	47.67
Total Series F, G, J and K	7,123	4,785	2,338	32.82
All Series: Total matured	31,085	30,905	180	.58
All Series: Total unmatured	139,064	91,343	47,720	34.32
All Series: Grand Total	170,149	122,248	47,900	28.15

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

FOR RELEASE A. M. NEWSPAPERS, Tuesday, December 4, 1962.

December 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 September 6, 1962, and the other series to be dated December 6, 1962, which were offered on November 28, were opened at the Federal Reserve Banks on December 3. Tenders were invited for $1,300,000,000, or thereabouts, of 91-day bills and for $800,000,000, 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 March 7, 1963		182-day Treasury bills maturing June 6, 1963	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.281	2.844%	98.520	2.927%
Low	99.274	2.872%	98.509	2.949%
Average	99.277	2.861% 1/	98.511	2.945% 1/

22 percent of the amount of 91-day bills bid for at the low price was accepted
44 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	$ 23,580,000	$ 13,580,000	$ 29,103,000	$ 12,353,000
New York	1,509,775,000	850,155,000	1,301,404,000	661,024,000
Philadelphia	31,177,000	15,942,000	10,892,000	1,992,000
Cleveland	33,698,000	28,698,000	49,834,000	15,164,000
Richmond	13,892,000	13,814,000	2,948,000	2,836,000
Atlanta	22,738,000	19,738,000	5,584,000	4,811,000
Chicago	231,033,000	168,813,000	137,662,000	44,590,000
St. Louis	32,149,000	26,369,000	18,353,000	6,453,000
Minneapolis	25,151,000	16,591,000	8,076,000	3,076,000
Kansas City	45,798,000	38,681,000	15,258,000	8,838,000
Dallas	30,948,000	25,168,000	9,073,000	4,073,000
San Francisco	107,904,000	82,594,000	74,849,000	35,567,000
TOTALS	$2,107,843,000	$1,300,143,000 a/	$1,663,036,000	$800,777,000 b/

a/ Includes $229,907,000 noncompetitive tenders accepted at the average price of 99.277
b/ Includes $51,441,000 noncompetitive tenders accepted at the average price of 98.511
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.92%, for the 91-day bills, and 3.03%, 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

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WASHINGTON, D.C.

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, December 4, 1962.

December 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 September 6, 1962, and the other series to be dated December 6, 1962, which were offered on November 28, were opened at the Federal Reserve Banks on December 3. Tenders were invited for $1,300,000,000, or thereabouts, of 91-day bills and for $800,000,000, 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 March 7, 1963		182-day Treasury bills maturing June 6, 1963	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.281	2.844%	98.520	2.927%
Low	99.274	2.872%	98.509	2.949%
Average	99.277	2.861% 1/	98.511	2.945% 1/

22 percent of the amount of 91-day bills bid for at the low price was accepted
44 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	$ 23,580,000	$ 13,580,000	$ 29,103,000	$ 12,353,000
New York	1,509,775,000	850,155,000	1,301,404,000	661,024,000
Philadelphia	31,177,000	15,942,000	10,892,000	1,992,000
Cleveland	33,698,000	28,698,000	49,834,000	15,164,000
Richmond	13,892,000	13,814,000	2,948,000	2,836,000
Atlanta	22,738,000	19,738,000	5,584,000	4,811,000
Chicago	231,033,000	168,813,000	137,662,000	44,590,000
St. Louis	32,149,000	26,369,000	18,353,000	6,453,000
Minneapolis	25,151,000	16,591,000	8,076,000	3,076,000
Kansas City	45,798,000	38,681,000	15,258,000	8,838,000
Dallas	30,948,000	25,168,000	9,073,000	4,073,000
San Francisco	107,904,000	82,594,000	74,849,000	35,567,000
TOTALS	$2,107,843,000	$1,300,143,000 a/	$1,663,036,000	$800,777,000 b/

a/ Includes $229,907,000 noncompetitive tenders accepted at the average price of 99.277
b/ Includes $51,441,000 noncompetitive tenders accepted at the average price of 98.511
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.92%, for the 91-day bills, and 3.03%, 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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~~Needs attribution~~

~~L. White Copies~~

Effective Date of New Tariff Schedules Postponed

The new United States tariff schedules provided for in the Tariff Classification Act of 1962 will not go into effect on January 1, 1963, as originally planned.

The ~~Administrative~~ decision to delay the effective date of the new schedules was reached on an inter-agency level, with representation by the Departments of State, Treasury, Defense, Interior, Agriculture, Commerce and Labor.

The date on which they will be made effective will be announced later.

25 copies
to
Mr. Joe Reap
Room 2109
Dept of State.

TREASURY DEPARTMENT

WASHINGTON, D.C.

December 3,1962

FOR IMMEDIATE RELEASE

EFFECTIVE DATE OF NEW
TARIFF SCHEDULES POSTPONED

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The decision to delay the effective date of the new schedules was reached on an inter-agency level, with representation by the Departments of State, Treasury, Defense, Interior, Agriculture, Commerce and Labor.

The date on which they will be made effective will be announced later.

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TREASURY DEPARTMENT
Washington

December 5, 1962

FACT SHEET CONCERNING TREASURY BORROWING OF ITALIAN LIRE

The Treasury's Daily Statement for November 30 shows that the Treasury has now issued a total of $150 million in Italian lire bonds. In addition, $50 million of certificates of indebtedness still remain outstanding but they will also be converted into bonds before year-end. The statement thus reflects an increase in Treasury borrowing of Italian lire by $50 million, raising the total to $200 million. The additional $50 million borrowing was again handled as a public debt operation, authorized under the Second Liberty Bond Act as amended. The bond has a maturity of 15 months and will bear interest at 3 per cent.

Italy has recently undertaken reforms in its money and capital markets and is now issuing Treasury bills at auction on a regular monthly basis. These developments, representing a step in the direction of more active European money and capital markets are welcomed by the United States.

These institutional changes, however, have created a need for additional domestic liquidity in Italy which has been partially met by commercial bank sales of dollars to the Italian Exchange Office. The additional $50 million lire borrowing serves to absorb part of the increase in Italian official reserves in anticipation of an eventual reversal of the flow.

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TREASURY DEPARTMENT
Washington

December 5, 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.

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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 September 13, 1962 ~~(17)~~, (91 ~~(18)~~ days remaining until maturity date on March 14, 1963 (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 December 13, 1962 ~~(22)~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing December 13, 1962 ~~(23)~~. Cash

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE December 5, 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 $ 2,100,000,000 (2), or thereabouts, for cash and in exchange for Treasury bills maturing December 13, 1962 (3), in the amount of $2,001,025,000 (4), as follows:

91 (5) -day bills (to maturity date) to be issued December 13, 1962 (6), in the amount of $ 1,300,000,000 (7), or thereabouts, representing an additional amount of bills dated September 13, 1962 (8), and to mature March 14, 1963 (9), originally issued in the amount of $ 700,587,000 (10), (an additional $100,131,000 was issued November 15) the additional and original bills to be freely interchangeable.

182 (11) -day bills, for $ 800,000,000 (12), or thereabouts, to be dated December 13, 1962 (13), and to mature June 13, 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 time, Monday, December 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.

December 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 $2,100,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing December 13,1962, in the amount of $2,001,025,000, as follows:

91-day bills (to maturity date) to be issued December 13, 1962, in the amount of $1,300,000,000, or thereabouts, representing an additional amount of bills dated September 13, 1962, and to mature March 14, 1963, originally issued in the amount of $700,587,000 (an additional $100,131,000 was issued November 15), the additional and original bills to be freely interchangeable.

182-day bills, for $800,000,000, or thereabouts, to be dated December 13, 1962, and to mature June 13, 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 Standard time, Monday, December 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.

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 September 13,1962,(91-days remaining until maturity date on March 14, 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 December 13, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing December 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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1. Overtime operations at the Philadelphia and Denver Mints were started late in November, and will continue through the middle of December to provide additional coins for the active Christmas trade. This action will increase production by about 25 percent during this four week period.

2. The Mint will present a supplemental appropriation request to the new Congress in January for additional funds for increased production throughout the remainder of this fiscal year. The Denver Mint is presently working three eight hour shifts but the Philadelphia Mint is working only two shifts. It is planned to form a full third shift at the Philadelphia Mint, and to work overtime at both Mints as required to meet the increased demands.

3. The Mint will also request funds for the fiscal year 1964 to continue operations on a three shift basis at each Mint, with overtime operations as needed. Production is expected to reach a new peak in fiscal year 1964.

4. Arrangements were made early this year for an over-all study of coinage requirements, and minting facilities, by a private management consulting firm. This study has been under way for several
Upon completion of the study the Mint will
months. ~~and the final results will soon be available.~~ ~~This is~~
give consideration to such additional actions as may
~~expected to provide the Mint with better information on long-~~
be required to provide the coins necessary for the conduct
~~range requirements for coins, and the manufacturing facilities~~
~~that will be needed to produce those requirements. Appropriate~~
~~action, as indicated by the Survey, will be taken by~~ the Mint
~~with the objective of providing all coins required for the~~
of the Nation's business transactions in future years.

Immediate Release

~~BUREAU OF THE~~ MINT

405

MINT STEPS UP COINAGE OUTPUT

~~Bureau of the Mint~~

copy ~~Statement on Domestic Coinage~~

The Bureau of the Mint has stepped up coinage output substantially for the Christmas trade through overtime operations at the Philadelphia and Denver Mints. In addition, positive long range actions are being taken to provide adequate supplies of coins in future years.

These actions are being taken because the public is using more pennies, nickels, dimes, quarters and half dollars these days. Increased coinage consumption is due to the greater numbers of vending machines and parking meters in use today, sales taxes in many sections of the country, the increasing population, and many other related factors.

This situation is not new, and the Mint has expanded its coin manufacturing operations in recent years to provide many more coins. In the fiscal year 1961, a new record for domestic coinage was established with production of 3,059 million pieces. The coin presses were kept even busier in fiscal 1962 when the output reached 3,461 million coins for another record. Production is continuing at an accelerated pace and it now appears that the Mint will establish still another record during the present fiscal year.

The demand for coins usually reaches its highest point in the weeks before Christmas when spending is at a peak level. In spite of the continuous record-breaking production at the Mint, there have been shortages of certain denominations of coin in various sections of the country this year.

The Mint's plans to prevent present and future coin shortages include the following: ~~items~~

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TREASURY DEPARTMENT

WASHINGTON, D.C.

December 5, 1962

FOR IMMEDIATE RELEASE

MINT STEPS UP COINAGE OUTPUT

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The Mint's plans to prevent present and future coin shortages include the following:

1. Overtime operations at the Philadelphia and Denver Mints were started late in November, and will continue through the middle of December to provide additional coins for the active Christmas trade. This action will increase production by about 25 percent during this four week period.

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2. The Mint will present a supplemental appropriation request to the new Congress in January for additional funds for increased production throughout the remainder of this fiscal year. The Denver Mint is presently working three eight hour shifts but the Philadelphia Mint is working only two shifts. It is planned to form a full third shift at the Philadelphia Mint, and to work overtime at both Mints as required to meet the increased demands.

3. The Mint will also request funds for the fiscal year 1964 to continue operations on a three shift basis at each Mint, with overtime operations as needed. Production is expected to reach a new peak in fiscal year 1964.

4. Arrangements were made early this year for an over-all study of coinage requirements, and minting facilities, by a private management consulting firm. This study has been under way for several months. Upon completion of the study the Mint will give consideration to such additional actions as may be required to provide the coins necessary for the conduct of the Nation's business transactions in future years.

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TREASURY DEPARTMENT

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WASHINGTON, D.C.

December 7, 1962

IMMEDIATE RELEASE

PRELIMINARY RESULTS OF TREASURY'S CURRENT EXCHANGE OFFERING
OPEN TO HOLDERS OF SERIES F AND G SAVINGS BONDS MATURING IN 1963 AND 1964

The Treasury announced today that on the basis of preliminary reports holders of $74 million of the $458 million of outstanding Series F and G savings bonds maturing in 1963 and 1964 have exchanged their bonds in the current exchange offering. Exchanges for the 3-7/8% Treasury Bonds of 1971, maturing November 15, 1971, total $40 million and exchanges for the 4% Treasury Bonds of 1980, maturing February 15, 1980, total $34 million. The bonds exchanged include $7 million of Series F and $67 million of Series G.

The 3-7/8% bonds and the 4% bonds constitute additional amounts to the $1,204 million and $1,446 million, respectively, of such bonds now outstanding. The bonds were offered to holders of Series F and G bonds maturing in 1963 and 1964 at a price of 99.50%, with certain interest and other adjustments as of December 15, 1962. The subscription books were open for the receipt of subscriptions from all classes of subscribers from November 19 through November 26, 1962, and in addition, subscriptions were received from individuals through November 30, 1962.

A final report of exchanges by Federal Reserve Districts will be made later this month.

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FOR RELEASE A. M. NEWSPAPERS,
Tuesday, December 11, 1962.

December 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 September 13, 1962, and the other series to be dated December 13, 1962, which were offered on December were opened at the Federal Reserve Banks on December 10. Tenders were invited for $1,300,000,000, or thereabouts, of 91-day bills and for $800,000,000, 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 March 14, 1963		:	182-day Treasury bills maturing June 13, 1963	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.299	2.773%	:	98.562	2.844%
Low	99.286	2.825%	:	98.548	2.872%
Average	99.290	2.807% 1/	:	98.554	2.861% 1/

80 percent of the amount of 91-day bills bid for at the low price was accepted
60 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	$ 25,171,000	$ 25,171,000	:	$ 7,049,000	$ 7,049,000
New York	1,425,733,000	833,733,000	:	1,044,988,000	619,788,000
Philadelphia	30,444,000	15,444,000	:	8,721,000	3,721,000
Cleveland	26,496,000	26,496,000	:	31,378,000	19,878,000
Richmond	26,736,000	26,136,000	:	15,795,000	8,535,000
Atlanta	33,292,000	31,392,000	:	8,412,000	8,012,000
Chicago	197,900,000	149,700,000	:	118,221,000	63,821,000
St. Louis	33,162,000	29,162,000	:	8,749,000	8,049,000
Minneapolis	27,703,000	25,703,000	:	8,121,000	6,621,000
Kansas City	32,432,000	31,432,000	:	11,185,000	6,185,000
Dallas	27,768,000	22,568,000	:	10,884,000	9,484,000
San Francisco	85,520,000	83,120,000	:	46,118,000	38,918,000
TOTALS	$1,972,357,000	$1,300,057,000 a/		$1,319,621,000	$800,061,000 b/

a/ Includes $261,894,000 noncompetitive tenders accepted at the average price of 99.290
b/ Includes $64,179,000 noncompetitive tenders accepted at the average price of 98.554
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.87%, for the 91-day bills, and 2.94%, 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, December 11, 1962.

December 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 September 13, 1962, and the other series to be dated December 13, 1962, which were offered on December 5, were opened at the Federal Reserve Banks on December 10. Tenders were invited for $1,300,000,000, or thereabouts, of 91-day bills and for $800,000,000, 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 March 14, 1963		:	182-day Treasury bills maturing June 13, 1963	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.299	2.773%	:	98.562	2.844%
Low	99.286	2.825%	:	98.548	2.872%
Average	99.290	2.807% 1/	:	98.554	2.861% 1/

80 percent of the amount of 91-day bills bid for at the low price was accepted
60 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	$ 25,171,000	$ 25,171,000	:	$ 7,049,000	$ 7,049,000
New York	1,425,733,000	833,733,000	:	1,044,988,000	619,788,000
Philadelphia	30,444,000	15,444,000	:	8,721,000	3,721,000
Cleveland	26,496,000	26,496,000	:	31,378,000	19,878,000
Richmond	26,736,000	26,136,000	:	15,795,000	8,535,000
Atlanta	33,292,000	31,392,000	:	8,412,000	8,012,000
Chicago	197,900,000	149,700,000	:	118,221,000	63,821,000
St. Louis	33,162,000	29,162,000	:	8,749,000	8,049,000
Minneapolis	27,703,000	25,703,000	:	8,121,000	6,621,000
Kansas City	32,432,000	31,432,000	:	11,185,000	6,185,000
Dallas	27,768,000	22,568,000	:	10,884,000	9,484,000
San Francisco	85,520,000	83,120,000	:	46,118,000	38,918,000
TOTALS	$1,972,357,000	$1,300,057,000 a/		$1,319,621,000	$800,061,000 b/

a/ Includes $261,894,000 noncompetitive tenders accepted at the average price of 99.290
b/ Includes $64,179,000 noncompetitive tenders accepted at the average price of 98.554
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.87%, for the 91-day bills, and 2.94%, 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.

New York University Institute on Federal Taxation in 1960 and as a Lecturer at the Conference on the Role of the Lawyer in International Trade at the Yale Law School in 1961. Mr. Tillinghast has served as a member of the Committee on the Taxation of Foreign Income of the American Bar Association and the Committee on Taxation of International Income of the New York State Bar Association.

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DAVID R. TILLINGHAST NAMED SPECIAL ASSISTANT ~~FOR~~
INTERNATIONAL TAX AFFAIRS

FOR IMMEDIATE RELEASE MONDAY, DEC 10, 1962

David R. Tillinghast ~~is being~~ (HAS BEEN) named Special Assistant for International Tax Affairs in the office of Assistant Secretary for Tax Policy Stanley S. Surrey. Mr. Tillinghast will specialize in the tax treatment of foreign investment and income.

Mr. Tillinghast, 32, received his A.B. cum laude from Brown University in 1951. While there, he was elected to Phi Beta Kappa and took high honors in philosophy. He was graduated from the Yale Law School in 1954. At Yale he served as an editor of the Yale Law Journal. On graduation, Mr. Tillinghast became associated with the law firm of Hughes, Hubbard, Blair and Reed, New York, N.Y., and in 1961 became a partner in that firm. He left the firm October 15, 1962, to join the Treasury as a consultant on tax matters. He ~~will~~ assumed his new post December 9, 1962.

Mr. Tillinghast was a Visiting Lecturer at Rutgers Business School from 1958 to 1959. He also served as a Lecturer at the

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TREASURY DEPARTMENT

WASHINGTON, D.C.

December 10,1962

FOR IMMEDIATE RELEASE

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D-691

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 (X16X) or less for the additional bills dated September 20, 1962 (X17X), (91 (X18X) days remaining until maturity date on March 21, 1963 (X19X)) and noncompetitive tenders for $100,000 (X20X) or less for the 182 (X21X) -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 December 20, 1962 (X22X), in cash or other immediately available funds or in a like face amount of Treasury bills maturing December 20, 1962 (X23X). Cash

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, December 12, 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 $ 2,100,000,000 , or thereabouts, for cash and in exchange for Treasury bills maturing December 20, 1962 , in the amount of $ 2,001,754,000 , as follows:

91 -day bills (to maturity date) to be issued December 20, 1962 , in the amount of $ 1,300,000,000 , or thereabouts, representing an additional amount of bills dated September 20, 1962 , and to mature March 21, 1963 , originally issued in the amount of $ 700,445,000 (an additional $100,131,000 was issued Novemb , the additional and original bills to be freely interchangeable.

182 -day bills, for $ 800,000,000 , or thereabouts, to be dated December 20, 1962 , and to mature June 20, 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 Standard time, Monday, December 17, 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.

FOR IMMEDIATE RELEASE

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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 September 20,1962,(91-days remaining until maturity date on March 21, 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 December 20, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing December 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 from any Federal Reserve Bank or Branch.

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TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, DECEMBER 13, 1962

D-693

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 - October 1 - December 31, 1962

IMPORTS - October 1 - December 10, 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	17,112,670	-	-	-	-
Belgian Congo	-	-	-	-	-	-	5,440,000	4,667,223
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	7,520,000
Bolivia	5,040,000	5,040,000	-	-	-	-	-	-
Canada	13,440,000	13,440,000	15,920,000	13,241,263	66,480,000	66,480,000	37,840,000	32,623,005
Italy	-	-	-	-	-	-	3,600,000	-
Mexico	-	-	36,880,000	35,721,964	70,480,000	63,368,648	6,320,000	4,355,324
Peru	16,160,000	14,805,111	12,880,000	12,880,000	35,120,000	19,423,032	3,760,000	3,307,723
Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	11,465,573	-	-	-	-
All other foreign countries (total)	6,560,000	6,560,000	6,080,000	6,080,000	17,840,000	17,840,000	6,080,000	6,080,000

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
THURSDAY, DECEMBER 13, 1962

D-693

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	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	10,080,000	23,680,000	17,112,670	-	-	-	-
Belgian Congo	-	-	-	-	-	-	5,440,000	4,667,223
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	7,520,000
Bolivia	5,040,000	5,040,000	-	-	-	-	-	-
Canada	13,440,000	13,440,000	15,920,000	13,241,263	66,480,000	66,480,000	37,840,000	32,623,005
Italy	-	-	-	-	-	-	3,600,000	-
Mexico	-	-	36,880,000	35,721,964	70,480,000	63,368,648	6,320,000	4,355,324
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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

Commodity	Period and Quantity		Unit of Quantity	Imports as of December 1, 1962
Absolute Quotas:				
Butter substitutes, including butter oil, containing 45% or more butterfat.................	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, 1962	1,000	Pound	1/ 644
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/ 750,587

1/ Imports through December 7, 1962.

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TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE

THURSDAY, DECEMBER 13,1962 D-694

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 December 1, 1962:

Commodity	Period and Quantity		Unit of Quantity	Imports as of December 1, 1962
Tariff-Rate Quotas:				
Cream, fresh or sour............	Calendar Year	1,500,000	Gallon	5,899
Whole Milk, fresh or sour........	Calendar Year	3,000,000	Gallon	313
Cattle, 700 lbs. or more each (other than dairy cows)........	Oct. 1, 1962- Dec. 31, 1962	120,000	Head	22,920
Cattle less than 200 lbs. each...	12 mos. from April 1, 1962	200,000	Head	47,522
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	51,796,996
White or Irish potatoes:				
Certified seed.................	12 mos. from	114,000,000	Pound	18,805,800
Other..........................	Sept. 15, 1962	36,000,000	Pound	7,624,511
Walnuts.........................	Calendar Year	5,000,000	Pound	2,684,608
Stainless steel table flatware (table knives, table forks, table spoons)................	Nov. 1, 1962- Oct. 31, 1963	69,000,000	Pieces	26,057,907 1/

1/ Imports through December 7, 1962.

TREASURY DEPARTMENT
Washington

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IMMEDIATE RELEASE

THURSDAY, DECEMBER 13,1962 D-694

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Commodity	Period and Quantity		Unit of Quantity	Imports as of December 1, 1962
Absolute Quotas:				
Butter substitutes, including butter oil, containing 45% or more butterfat.................	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, 1962	1,000	Pound	644 1/
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	750,587 1/

1/ Imports through December 7, 1962.

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, 1962, to December 10, 1962	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1962 to December 10, 1962
United Kingdom	4,323,457	995,335	1,441,152	889,865
Canada	239,690	239,690	-	-
France	227,420	37,272	75,807	13,295
British India	69,627	9,036	-	-
Netherlands	68,240	30,146	22,747	-
Switzerland	44,388	11,234	14,796	-
Belgium	38,559	-	12,853	-
Japan	341,535	-	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany	76,329	-	25,443	-
Italy	21,263	-	7,088	-
	5,482,509	1,322,713	1,599,886	903,160

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, DECEMBER 13, 1962.

D-695

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, 1962 - December 10, 1962

Country of Origin	Established Quota	Imports	Country of Origin	Established Quota	Imports
Egypt and the Anglo-Egyptian Sudan	783,816	782,857	Honduras	752	-
Peru	247,952	17,178	Paraguay	871	-
British India	2,003,483	39,639	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	-	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 - December 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	181,360
1-1/8" or more and under 1-3/8"	4,565,642	4,565,642

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, DECEMBER 13, 1962.

D-695

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COTTON (other than linters) (in pounds)
Cotton under 1-1/8 inches other than rough or harsh under 3/4"
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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 - December 10, 1962

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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, 1962, to December 10, 1962	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1962 to December 10, 1962
United Kingdom	4,323,457	995,335	1,441,152	889,865
Canada	239,690	239,690	-	-
France	227,420	37,272	75,807	13,295
British India	69,627	9,036	-	-
Netherlands	68,240	30,146	22,747	-
Switzerland	44,388	11,234	14,796	-
Belgium	38,559	-	12,853	-
Japan	341,535	-	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany	76,329	-	25,443	-
Italy	21,263	-	7,088	-
	5,482,509	1,322,713	1,599,886	903,160

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

IMMEDIATE RELEASE
THURSDAY, DECEMBER 13,1962

D-696

The Bureau of Customs has announced the following preliminary figures showing the imports for consumption from January 1, 1962, to December 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 December 1, 1962
Buttons.............	680,000	Gross	252,013
Cigars..............	160,000,000	Number	12,055,135
Coconut oil.........	358,400,000	Pound	209,548,762
Cordage.............	6,000,000	Pound	4,812,593
Tobacco.............	5,200,000	Pound	4,606,376

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE

THURSDAY, DECEMBER 13,1962 D-696

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STATEMENT OF THE HONORABLE ROBERT V. ROOSA
UNDER SECRETARY OF THE TREASURY FOR MONETARY AFFAIRS
SUBMITTED TO THE
SUBCOMMITTEE ON INTERNATIONAL EXCHANGE AND PAYMENTS
OF THE JOINT ECONOMIC COMMITTEE OF CONGRESS
THURSDAY, DECEMBER 13, 1962,
11:00 A.M., EST

The Subcommittee on International Exchange and Payments is making an impressive contribution to the analysis of this country's international economic problems. My colleagues and I in the Treasury Department appreciate this opportunity to review with the Subcommittee some of the challenging issues that have been given new emphasis and focus in several studies recently published by the Subcommittee and in the Chairman's statements concerning them. We look forward to continuing examination of many of these problems, both through public hearings and through our working collaboration with the Subcommittee, for many months, and on some of them for many years, ahead. Today, in anticipation of future opportunities for meeting personally with the Subcommittee, I will only try in this prepared statement to comment on some aspects of four of the principal questions that have been raised -- emphasizing particularly aspects that have thus far received relatively less attention than some others:

(1) Has recent financial policy for meeting our balance of payments problem caused domestic economic stagnation and high interest rates?

(2) Would flexible exchange rates be preferable to the present system of fixed exchange rates?

E-697

(3) Should the United States, because of the high costs involved, abandon its role as a banker for the world?

(4) Would a substantial increase in "international liquidity" free programs of domestic expansion from the constraints of the balance of payments?

Since all of these questions are interrelated, it should not be surprising that my own one-word answer to each is the same -- no. But in making that clear from the beginning, I do not deny that there is great value in a searching discussion of these issues. They test the underpinnings of our current financial program at home and of the present financial structure of the Western World. It would be unseemly, at the least, for those of us who have been trying to carry through some mildly revolutionary financial changes on both fronts -- that is, both domestically and internationally -- to imply that experience and criticism should not have much more to teach.

I

In highlighting the first question, the Subcommittee is constructively calling attention to a charge that has frequently been made -- that the effort to close the gap in our balance of payments is at the same time choking growth at home. But I am frankly puzzled as to what basis there can be for making that charge, so far as the financial policy of the United States over the past two years is concerned. For never in modern history has an industrialized country with a balance of payments deficit of such size and persistence been able to keep domestic credit so freely available and interest rates so low. The general level of interest rates for business credit, consumer credit, or housing credit, for example, is now, and has been since the latter part of 1960, below, and in most cases far below, the rates for similar kinds of credit in any other advanced capitalist country regardless of the state of its balance of payments -- with the partial exception of Switzerland and the Netherlands. Moreover, long-term rates have not appreciably risen, and in fact have declined in most important sectors, since the recession months of 1960-61.

That has not always been the pattern. There have been times in this and other countries when the charge has had some validity, and concern that such experience might be repeated is quite understandable -- I share that concern. But the United States has now set an entirely new pattern, a pattern which began to emerge in part as a result of Federal Reserve action in mid-1960, action that has since been expanded, and has been complemented by Treasury action and supported by an increasing volume of saving. It is a pattern that is well, if incompletely, illustrated by the attached set of charts contrasting the behavior of free reserves in the banking system, and of various interest rates, over the past two years with their behavior during the preceding recession and recovery period. Clearly, bank reserves have been kept easy, and interest rates for the major types of credit have remained low, in contrast with previous cyclical behavior.

Quite a different charge can indeed be made against this new, daring and admittedly experimental financial policy of the United States: That it has neglected the balance of payments in order to assure the abundant availability of credit to domestic borrowers. Some of my colleagues are meeting, and I am sure effectively answering, that argument on this day in a conference being held abroad with some of the most alert and best informed financial officials of the leading countries of the Western World. They are no less sensitive than we to the need -- the world-wide need -- for a more rapid expansion of the American economy. No one is satisfied with the rate at which our productive activity is absorbing our growing labor force and our large numbers of unemployed. But the further question these critics ask is how we could possibly expect to accomplish anything more toward this objective through a continued easing of monetary policy -- through adding more redundant credit to a supply of savings, that is already beckoning in vain for more domestic borrowers, or through further lowering of interest rates that have not themselves been an impediment to the use of funds.

Is not the lesson of our recent experience, in trying to give greater stimulation to the economy, that a combination of monetary policy and debt management to produce easy money is not enough? That we have not (so far as any practicable role of Government is concerned) found the proper "mix" for current conditions between these influences and fiscal policy -- the policy controlling the Federal Government's expenditures and that determining the structure and burden of Federal taxation? In any changing of this "mix," to be sure, the possible impact on the balance of payments will have to be considered. It must be in every country. But I have yet to see any actual evidence that the methods thus far used to help eliminate the deficit in our balance of payments have impeded domestic economic expansion.

On the contrary, it seems to me remarkable that financial measures should have been able to help so much in cutting the balance of payments deficit substantially over these past two years, despite a sizable rise in imports, while additional credit has everywhere been readily available to contribute directly and importantly toward the 10 percent rise in gross national product that has in fact occurred.

II

In directing attention to proposals for flexible exchange rates, the Subcommittee is again making a constructive contribution by bringing forward for re-examination a proposal which has probably through the years fascinated more professors and frustrated more practitioners than any other tool in the kit of international financial machinery. I suspect that every university seminar on international finance in the country has at least one member who views fluctuating rates as the clean-cut answer to every nation's external economic needs: if expansion at home brings in more imports than can be paid for, or produces an inflation that prices one's exports out of foreign markets, or creates unsettling fears for investors who then shift their capital to other countries -- let the exchange rate go, let it freely find an equilibrium level at which outpayments and inpayments come into balance. What is more, concern over the adequacy of international monetary reserves can disappear, for with the exchange rate against all other currencies free to move downward whenever outpayments begin to rise, drawing on one's own international reserves would be brought to an end before they had scarcely begun. There would seem to be little need then for immobilizing any very sizable bloc of assets in foreign exchange reserves or in gold.

Unhappily, like all fine, straightforward, across-the-board answers to the crooked and devious problems of the modern world, this one has a catch in it. Perhaps I should say instead -- if I might presume to speak for the operating men in foreign trade and finance around the world who have at times tried to contemplate the prospect of conducting trade when every currency could move any distance up or down, against all others, both in the spot and forward markets -- the better analogy would be a barrel of fishhooks. Individual countries, in distress or unusual circumstances, may be able through resort to a freely fluctuating rate to conserve their reserves and bring their inpayments and outpayments closer together, but I doubt whether a country can continue to do that unless other countries, and particularly the major industrial countries, maintain fixed rates among themselves. And even these individual countries have often found in time that the real price was paid in a constricting of external trade, or an unsustainable imbalance between trade and capital movements. That in my judgment was the lesson of Canada, the most conspicuous of these individual exceptions that prove the rule (although even there the fluctuating rate -- which was finally abandoned last May in favor of a fixed rate -- was never wholly free).

As with so many of the issues brought out by the Subcommittee's inquiries, the answers to this one are to be found, much more carefully and ably expressed than I could attempt, in other materials also prepared at the Committee's request and included in its recent publications. Professor Houthakker, for example, at pages 292-3, summarizes the case admirably, though I hasten to add that I do not concur in the recommendation he goes on to make for a change in the fixed level of the dollar price of gold.

III

The question on abandoning our role as world banker suggests the Wordsworthian nostalgia of an adult wishing he could be a child again. The answer, now that we have grown into our banking role, however, is not likely to be found through renunciation; nor should we wish to find it in senile decline; but there is much that can be done through a sharing of our responsibilities with others who are growing up to a stature capable of bearing some of them. That is what happened as the dollar moved up alongside sterling during the interwar period.

It should be remembered that we would not now be encountering any real difficulties, in our role as commercial banker for a large part of the world's payments needs, if it were not for the other by-products of our leading position among the Western Nations -- the military expenditures we undertake which inescapably releases some additional dollars into the stream of world payments; and the economic aid we distribute which in part unavoidably makes new dollars available to the recipient countries (or frees their own dollar holdings) for spending in other countries.

The blunt fact is, moreover, that these claims on our balance of payments will continue, and will forcibly inject balance of payments considerations into the formulation of an appropriate policy mix for the domestic economy, even if we could by some sleight of hand dissolve the arrangements through which the United States performs its commercial banking role -- that of holding and servicing a major part of the international working balances and the international monetary reserves of other countries. This is not to say that there are not also costs and risks arising from our banking operations; but it is to urge that these be kept in perspective. And it is a part of that perspective also to recognize the very substantial contribution that is actually made toward strengthening our balance of payments position over the years by the substantial earnings this country receives from its banking function of "borrowing short and investing long" -- earnings that greatly exceed the interest we pay on the foreign holdings of dollars.

Apart from the earnings attributable to the investment aspect of our banking role, which have fundamental importance for our long-run balance of payments position, there are in addition the shorter run advantages which we enjoy as banker in being able readily to obtain the credit that finances our net outpayments -- credit which we obtain for much longer periods and in much larger amounts than any other leading country (except for the U. K., the other leading banker) could depend upon. The credit standing of a banking center is such that it can, in effect, borrow to meet its needs in almost an imperceptible fashion, without the necessity of arranging and negotiating loans as other borrowers must do. The trouble only comes, and people are only likely to begin to raise questions about undesirable aspects of the banking role, when this facility for borrowing from others is overused.

That, of course, is what has happened to the United States. After we had run deficits in every year but one for almost a decade, the aggregate of dollars (i.e., in effect the short-term notes on which we have been borrowing) that was building up in the working balances of other countries and in the monetary reserves of their central banks began, in the light of the accelerated rate of our deficit, to exceed the limits, both of their prevailing needs and of their tolerance for accumulating additional balances to meet possible future needs.

The point to remember is that the need which eventually became convincingly clear to close the deficit in this country's international accounts was no different from the need we otherwise would have had to face earlier -- and with even greater urgency -- if our banking role had not given us considerable flexibility in the timing and the methods ultimately chosen for effecting a balance.

Thus what may now appear to be annoying risks or burdens are in many respects no different from the balance of payments disciplines that other countries must face much more consciously year in and year out. Even now, because of the readiness of other countries to cooperate with us as their banker, and because they have confidence that we will not abuse our role by failing to balance our own international accounts, it has been possible during the past two years to introduce a new dimension in our banking arrangements, through which our own performance can be improved and the monetary system of the world strengthened. The four essential elements of this broadened gold-dollar system have all now been identified through specific action:

(1) forward transactions in other convertible currencies against dollars;

(2) swaps of dollars for other currencies on an activated or a stand-by basis;

(3) outright acquisitions of foreign currencies (without provision for gold or currency value guarantee) to be held alongside gold as part of the monetary reserves of the United States; and

(4) the contracting by the United States of indebtedness denominated in foreign currencies, for various maturities.

All of the experimental arrangements which have tested these facilities, and provided evidence of their potential, have emerged from the lessons of operating experience. They have not in any sense been imposed on other countries; they are mutual agreements. They have to a considerable extent reflected the suggestions and initiative of one or another of those countries who represent our larger "customers" in the banking business we perform. These four kinds of facilities do not promise complete insulation against banking risks in the future; they do not themselves necessarily provide assurance that all manner of future requirements for international liquidity can be met in these ways; they certainly do not provide an escape from that basic need to balance inpayments and outpayments which every country must face; but they do provide clear evidence that cooperative effort among the banking agencies of the leading countries can provide facilities that do fulfill the world's present needs for reliable international monetary arrangements.

It is that same kind of cooperation -- involving a gradual sharing among others of some of the responsibilities that the United States has carried so long and so largely -- that will provide the fundamental answer over time to our balance of payments problem. If the United States were able to accomplish the same degree of shared responsibility for the joint military obligations of the Western Alliance that has already been volunteered on the financial front, most of our balance of payments pressures would disappear. If the United States were able to achieve as well comparable results in the shares contributed toward economic aid; if other surplus countries were prepared to reach out beyond any arithmetic calculation of "equality" and assume the kind of disproportionate share that the United States carried for so long -- then no real balance of payments problem would remain for the United States.

Thus, not in the interest of absolving our banking role from any further obligations, but only of attaining the perspective already suggested, it would seem clear that the zones for major effort are those which this Subcommittee began to explore again yesterday afternoon, alongside the fundamental need for expansion of our exports, which has been of continuing concern to the Subcommittee. The significance of any possible further monetary arrangements would be, in comparative terms, quite incidental. If the basic problems are neglected, and our banking role treated as a scapegoat instead, the effect would be, at the least, a prolongation of our balance of payments problem, as well as the probable disruption of existing arrangements which are already working so effectively that we take them largely for granted -- arrangements which, however, once disrupted, could quickly grind the world level of trade and prosperity to lower and unsatisfactory levels.

IV

A caution of the same kind is appropriate, it seems to me, in turning to the fourth question, that asking whether a substantial increase in international liquidity would not free programs of domestic expansion from balance of payments considerations. Substantial achievements in augmenting international liquidity have already occurred, of course, and have been very useful. But in this desire for decisive further increases, there is a similarity with the yearning that has always been expressed by those who feel that more money, and the facilities for creating it, would assure expansion and prosperity within a particular country.

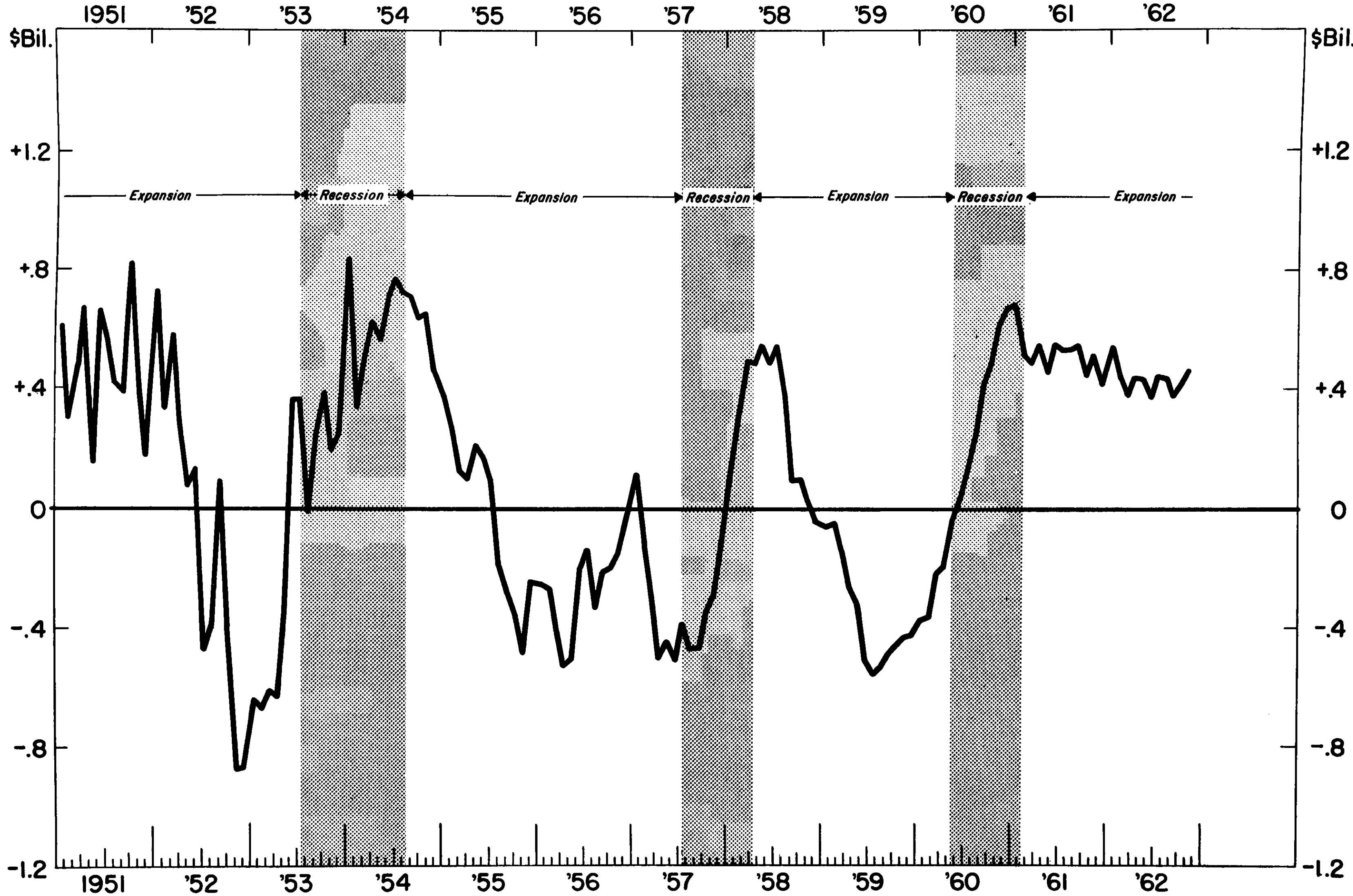
To be sure, much has been learned as a result of those yearnings and there is no denying that modern monetary systems, with their provision of flexibility through fractional reserve commercial banking, have been necessary for the evolution of modern economic society. But that development has rested upon the link between money and credit. There is no way in which money, whether as the circulating medium of a given country or as the acceptable medium for holding international reserves, can be created, or can retain its acceptability, without a counterpart in the granting and accepting of credit. Even the use of an international institution to provide liquidity does not circumvent the fact that credit must be provided by one country or a group of countries to others that are in deficit.

It is important to have this in mind in considering any suggestions for resolving or moderating the balance of payments problems of any given country through reliance upon an enlarged supply of "international liquidity" or international credit. Unless surplus countries are willing and able to extend credit, on terms and through media which are acceptable to deficit countries, there will not in fact be additional international credit, whatever the formal arrangements may seem to be. This is a most important practical consideration, against which all proposals for added international liquidity will have to be tested, over time. It is relatively easy to draw up a plan for a systematic monetary network of conduits, pools, and valves for the storage and release of international credit. It is a very different task to induce creditors and debtors to put into that network the credit itself -- without which the whole mechanism remains on the drawing-board, or if it exists, has little practical significance.

For in the world of today, I feel reasonably sure, no country will undertake in advance an automatic liability for the extension of large amounts of credit. Arrangements may be established and tested that will permit the ready activation of additional credit, provided the creditor country is willing and able in the given circumstances to lend, and arrangements of that kind are of great significance. But so long as the condition of creditor agreement is required, there cannot in fact be any way of assuring to debtors an automatic credit of indeterminate amount or indeterminate duration. And I am very much afraid that it is an underlying if not always expressed desire, on the part of those who urge heroic new proposals for international liquidity as the means of liberating domestic economic programs from external considerations, that they do indeed visualize the new liquidity as a kind of automatic access to credits, always also assuming that the credits themselves will be automatically available.

There is much more, to be sure, that should be said on this vast and intriguing subject. But as I said at the outset, my aim in this brief statement has been only to mention a few fragments of the argument that may be worth some consideration, as these four questions -- and they are themselves only four among many -- are being appraised in the further work of the Subcommittee. I have attempted only to suggest fragments of the kind that I thought had not yet been treated, at least in this way, in the materials already before your Subcommittee. I look forward to further opportunities to participate in the work of the Subcommittee as it progresses with its comprehensive review of all the relevant questions that must be answered if the United States is to achieve the balance of payments equilibrium that must be reached, through methods that will contribute to the more rapid growth of our own economy and of world trade.

FREE RESERVES OF MEMBER BANKS

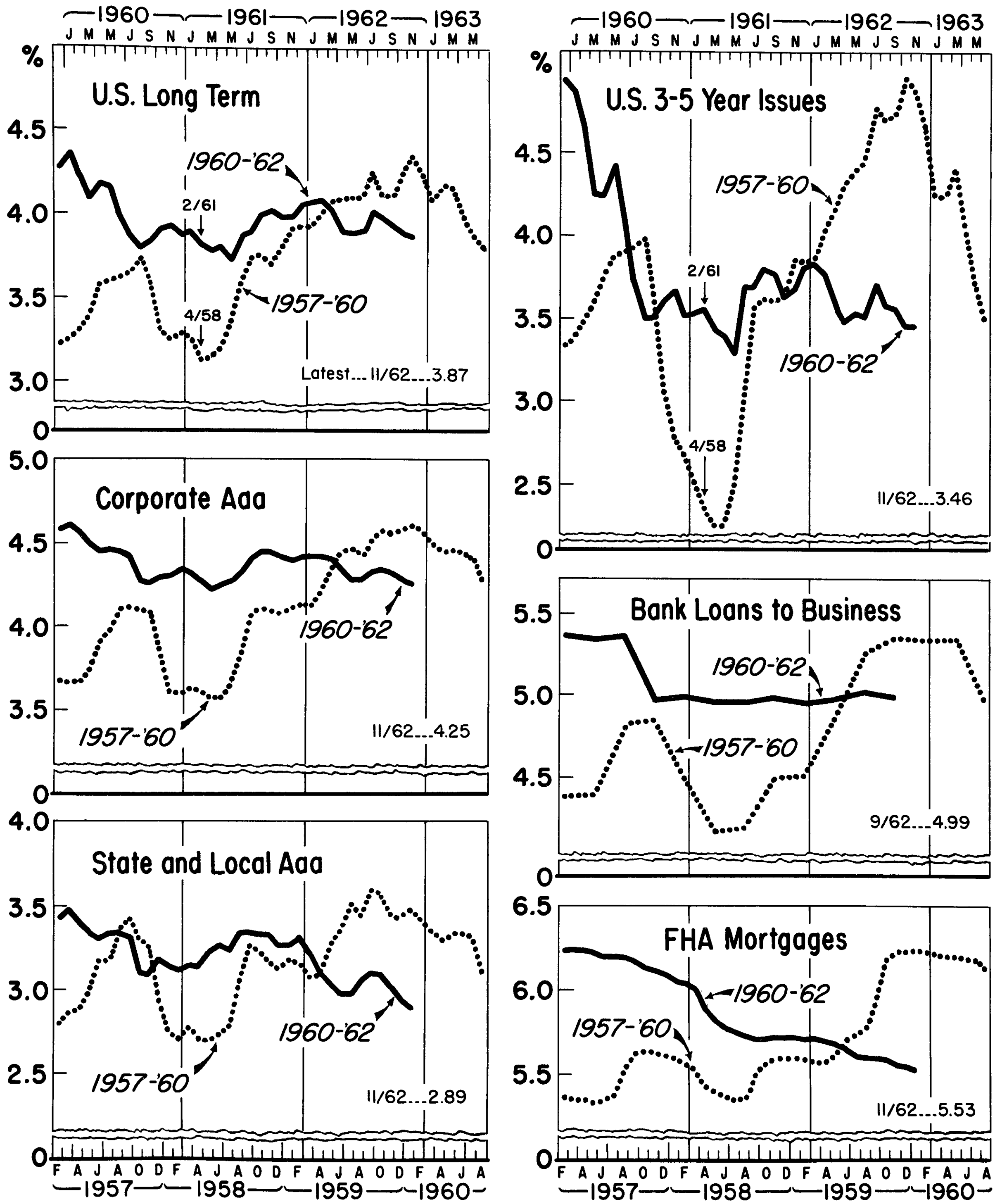


Note: Periods of recession and expansion as determined by the National Bureau of Economic Research.

Office of the Secretary of the Treasury

F-654

SELECTED INTEREST RATES IN 2 BUSINESS CYCLES
(Plotted to align the recession low points of April 1958 and February 1961)



DEC 4 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 November:

Purchases $69,080,500.00

Sales 94,430,500.00

Net Sales $25,350,000.00

445

TREASURY DEPARTMENT

WASHINGTON, D.C.

December 14, ~~November 21,~~ 1962

FOR IMMEDIATE RELEASE

TREASURY MARKET TRANSACTIONS IN November ~~OCTOBER~~

During November ~~October~~ 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 25,350,000. ~~$23,259,000.~~

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~~D-679~~

D-698

TREASURY DEPARTMENT

WASHINGTON, D.C.

December 14, 1962

FOR IMMEDIATE RELEASE

TREASURY MARKET TRANSACTIONS IN NOVEMBER

During November 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 $25,350,000.

oOo

D-698

~~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.

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 September 27, 1962 ~~(17)~~, (91 ~~(18)~~ days remaining until maturity date on March 28, 1963 ~~(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 December 27, 1962 ~~(22)~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing December 27, 1962 ~~(23)~~. Cash

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, 4:00 P.M., EST,
Friday, December 14, 1962.
x(x1)x

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 $ 2,100,000,000 (x2x), or thereabouts, for cash and in exchange for Treasury bills maturing December 27, 1962 (x3x), in the amount of $2,000,619,000 x(x4x)x, as follows:

91 x(x5x)x -day bills (to maturity date) to be issued December 27, 1962 (x6x),
in the amount of $1,300,000,000 x(x7x)x, or thereabouts, representing an additional amount of bills dated September 27, 1962 x(x8x)x, and to mature March 28, 1963 x(x9x)x, originally issued in the amount of $700,115,000 x(x10x)x, the additional and original bills to be freely interchangeable.

182 (x11x)x -day bills, for $800,000,000 x(x12x)x, or thereabouts, to be dated
December 27, 1962 x(x13x)x, and to mature June 27, 1963 x(x14x)x.

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 time, Friday, December 21, 1962 x(x15x)x. 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.

December 14, 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 $2,100,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing December 27,1962, in the amount of $ 2,000,619,000 as follows:

91-day bills (to maturity date) to be issued December 27, 1962, in the amount of $1,300,000,000, or thereabouts, representing an additional amount of bills dated September 27,1962, and to mature March 28, 1963, originally issued in the amount of $ 700,115,000, the additional and original bills to be freely interchangeable.

182-day bills, for $800,000,000, or thereabouts, to be dated December 27,1962, and to mature June 27, 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 Standard time, Friday, December 21, 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 September 27,1962,(91-days remaining until maturity date on March 28,1963) 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 December 27, 1962, in cash or other immediately available funds or in a like face amount of Treasury bills maturing December 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 fro any Federal Reserve Bank or Branch.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

December 14, 1962

IMMEDIATE RELEASE

SUBSCRIPTION FIGURES FOR TREASURY OFFERING
OPEN TO HOLDERS OF SERIES F AND G SAVINGS BONDS MATURING IN 1963 AND 1964

The Treasury Department today announced the results of the current exchange offering of 3-7/8 percent Treasury Bonds of 1971, maturing November 15, 1971, and 4 percent Treasury Bonds of 1980, maturing February 15, 1980, both at a price of 99.50%, with certain interest and other adjustments as of December 15, 1962, open to holders of $458 million of outstanding Series F and G savings bonds maturing in 1963 and 1964.

Amounts exchanged were divided among the Federal Reserve Districts and the Treasury as follows:

Exchanges for 3-7/8% Bonds of 1971

Federal Reserve District	Series F bonds Exchanged	Series G bonds Exchanged	Cash Adjustments	Total Allotments
Boston	$ 1,175	$ 1,810,400	$ 2,425	$ 1,814,000
New York	1,389,075	5,194,000	11,925	6,595,000
Philadelphia	98,500	2,514,000	12,000	2,624,500
Cleveland	1,050,575	3,088,900	14,525	4,154,000
Richmond	169,750	1,566,800	3,450	1,740,000
Atlanta	345,000	1,689,800	3,700	2,038,500
Chicago	1,183,900	8,826,300	18,800	10,029,000
St. Louis	230,700	1,790,200	8,100	2,029,000
Minneapolis	106,000	1,281,100	3,400	1,390,500
Kansas City	249,800	3,511,800	5,400	3,767,000
Dallas	5,975	1,811,600	2,425	1,820,000
San Francisco	309,450	2,694,800	4,250	3,008,500
Treasury	41,000	328,200	1,300	370,500
TOTALS	$5,180,900	$36,107,900	$91,700	$41,380,500

Exchanges for 4% Bonds of 1980

Federal Reserve District	Series F bonds Exchanged	Series G bonds Exchanged	Cash Adjustments	Total Allotments
Boston	$ 3,000	$ 1,871,100	$ 3,400	$ 1,877,500
New York	692,150	6,209,200	13,150	6,914,500
Philadelphia	37,600	2,265,400	14,000	2,317,000
Cleveland	458,600	1,868,600	6,800	2,334,000
Richmond	110,000	1,232,500	4,500	1,347,000
Atlanta	400,000	2,562,500	3,000	2,965,500
Chicago	263,950	5,337,000	23,050	5,624,000
St. Louis	191,500	1,781,500	8,500	1,981,500
Minneapolis	4,000	1,109,700	3,300	1,117,000
Kansas City	34,100	2,409,100	8,800	2,452,000
Dallas	60,000	1,151,800	3,700	1,215,500
San Francisco	31,075	3,351,300	6,625	3,389,000
Treasury	63,000	332,900	2,100	398,000
TOTALS	$2,348,975	$31,482,600	$100,925	$33,932,500

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STATUTORY DEBT LIMITATION

TREASURY DEPARTMENT
Fiscal Service

As of November 30, 1962

Washington, Dec. 14, 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			$308,000,000,000
Outstanding -			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$47,842,595,000		
Certificates of indebtedness	22,710,427,000		
Treasury notes	53,653,433,000	$124,206,455,000	
Bonds -			
Treasury	80,015,304,650		
*Savings (current redemption value)	47,720,429,031		
Depositary	94,830,500		
R. E. A. series	24,623,000		
Investment series	4,476,510,000	132,331,697,181	
Certificates of Indebtedness -			
Foreign series	385,000,000		
Foreign Currency series	97,861,475	482,861,475	
Tr. Bonds- For. Curr.Series--	200,860,788	200,860,788	
Special Funds -			
Certificates of indebtedness	6,628,543,000		
Treasury notes	6,112,582,000		
Treasury bonds	31,421,379,000	44,162,504,000	
Total interest-bearing		301,384,378,444	
Matured, interest-ceased		296,284,138	
Bearing no interest:			
United States Savings Stamps	51,903,200		
Excess profits tax refund bonds	719,475		
Special notes of the United States:			
Internat'l Monetary Fund series	3,012,000,000		
Internat'l Develop. Ass'n. series	172,956,600		
Inter-American Develop. Bank series	100,000,000	3,337,579,275	
Total		305,018,241,857	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F. H. A. & DC Stad. Bds.	501,574,400		
Matured, interest-ceased	1,191,475	502,765,875	
Grand total outstanding			305,521,007,732
Balance face amount of obligations issuable under above authority			2,478,992,268

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

(Daily Statement of the United States Treasury, November 30, 1962)
(Date)

Outstanding -	
Total gross public debt	305,390,198,052
Guaranteed obligations not owned by the Treasury	502,765,875
Total gross public debt and guaranteed obligations	305,892,963,927
Deduct - other outstanding public debt obligations not subject to debt limitation	371,956,195
	305,521,007,732

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STATUTORY DEBT LIMITATION

TREASURY DEPARTMENT
Fiscal Service

As of November 30, 1962

Washington, Dec. 14, 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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Treasury notes	53,653,433,000	$124,206,455,000	
Bonds -			
Treasury	80,015,304,650		
*Savings (current redemption value)	47,720,429,031		
Depositary	94,830,500		
R. E. A. series	24,623,000		
Investment series	4,476,510,000	132,331,697,181	
Certificates of Indebtedness -			
Foreign series	385,000,000		
Foreign Currency series	97,861,475	482,861,475	
Tr. Bonds- For. Curr.Series--	200,860,788	200,860,788	
Special Funds -			
Certificates of indebtedness	6,628,543,000		
Treasury notes	6,112,582,000		
Treasury bonds	31,421,379,000	44,162,504,000	
Total interest-bearing		301,384,378,444	
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Deduct - other outstanding public debt obligations not subject to debt limitation	371,956,195
	305,521,007,732

D-701

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, December 18, 1962.

December 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 September 20, 19[illegible] and the other series to be dated December 20, 1962, which were offered on December 12, w[illegible] opened at the Federal Reserve Banks on December 17. Tenders were invited for $1,300,000,[illegible] or thereabouts, of 91-day bills and for $800,000,000, or thereabouts, of 182-day bills. details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing March 21, 1963		182-day Treasury bills maturing June 20, 1963	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.281 a/	2.844%	98.544 b/	2.880%
Low	99.274	2.872%	98.530	2.908%
Average	99.277	2.861% 1/	98.534	2.901% 1/

a/ Excepting one tender of $300,000; b/ Excepting one tender of $35,000
12 percent of the amount of 91-day bills bid for at the low price was accepted
40 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	$ 35,621,000	$ 26,821,000	$ 2,668,000	$ 2,308,000
New York	1,429,623,000	773,543,000	970,280,000	631,380,000
Philadelphia	37,490,000	21,850,000	7,984,000	2,984,000
Cleveland	38,552,000	31,792,000	31,847,000	21,847,000
Richmond	22,579,000	20,699,000	7,978,000	7,978,000
Atlanta	33,782,000	27,382,000	10,264,000	10,164,000
Chicago	253,036,000	197,196,000	124,487,000	51,487,000
St. Louis	37,956,000	32,076,000	10,313,000	8,513,000
Minneapolis	18,982,000	13,762,000	7,516,000	7,516,000
Kansas City	38,167,000	36,727,000	12,955,000	7,655,000
Dallas	35,486,000	27,606,000	9,610,000	5,010,000
San Francisco	110,174,000	91,386,000	52,517,000	43,187,000
TOTALS	$2,091,448,000	$1,300,840,000 c/	$1,248,419,000	$800,029,000 d/

c/ Includes $279,743,000 noncompetitive tenders accepted at the average price of 99.277
d/ Includes $62,610,000 noncompetitive tenders accepted at the average price of 98.534
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.92%, for the 91-day bills, and 2.98%, 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-702

TREASURY DEPARTMENT

WASHINGTON, D.C.

)R RELEASE A. M. NEWSPAPERS,
iesday, December 18, 1962.

December 17, 1962

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Average	99.277	2.861% 1/	98.534	2.901% 1/

a/ Excepting one tender of $300,000; b/ Excepting one tender of $35,000
12 percent of the amount of 91-day bills bid for at the low price was accepted
40 percent of the amount of 182-day bills bid for at the low price was accepted

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District	Applied For	Accepted	Applied For	Accepted
Boston	$ 35,621,000	$ 26,821,000	$ 2,668,000	$ 2,308,000
New York	1,429,623,000	773,543,000	970,280,000	631,380,000
Philadelphia	37,490,000	21,850,000	7,984,000	2,984,000
Cleveland	38,552,000	31,792,000	31,847,000	21,847,000
Richmond	22,579,000	20,699,000	7,978,000	7,978,000
Atlanta	33,782,000	27,382,000	10,264,000	10,164,000
Chicago	253,036,000	197,196,000	124,487,000	51,487,000
St. Louis	37,956,000	32,076,000	10,313,000	8,513,000
Minneapolis	18,982,000	13,762,000	7,516,000	7,516,000
Kansas City	38,167,000	36,727,000	12,955,000	7,655,000
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TOTALS	$2,091,448,000	$1,300,840,000 c/	$1,248,419,000	$800,029,000 d/

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of interest from investors prior to the bidding but must give investors the right to withdraw from any such previous arrangements made with them when the terms of the re-offering become known.

Secretary Dillon said that, with the publication of these regulations, the Treasury is now in a position to proceed with the first offering of bonds at competitive bidding whenever market conditions are deemed appropriate.

syndicate members may not take down the bonds for their own investment or trading accounts until the syndicate, after making a good faith effort to sell all of the bonds to the investing public at the re-offering price, is dissolved and the unsold bonds are distributed among the syndicate members.

2. The opportunity to obtain bonds from the underwriter must be open to all investors (except members of competing underwriting groups).

3. Liability to the United States will be borne solely by the successful bidder, and purchasers of the bonds on the re-offering will have no underwriting liability to the United States.

4. Underwriters may, of course, obtain indications

bidder will make a *bona fide* re-offering to the investing public."

The objective of the Treasury in establishing this requirement, Secretary Dillon said, is to obtain the broadest possible interest in and distribution of the bonds among the investing public.

Four criteria are cited by the Treasury as relevant to the judgment which it will have to make in any specific case as to whether a *bona fide* re-offering has been made:

1. The bonds cannot be taken down for the underwriter's own investment or trading accounts until a good faith re-offering has been made and the underwriter has been unable to sell all of the bonds to the investing public at an established re-offering price. Individual

FOR RELEASE: Monday, December 17, 1962
4:00 p.m.

TREASURY RELEASES REGULATIONS ON THE SALE OF BONDS AT COMPETITIVE BIDDING

The Treasury made public today regulations governing the sale of bonds at competitive bidding, together with a sample invitation for bids. Comments were solicited by the Department in November upon a tentative draft of the regulations. The regulations, which are effective today, will be published in the Federal Register of December 18.

Secretary Douglas Dillon said that the Treasury will, in the first offering of bonds at competitive bidding, require a bona fide re-offering of all of the bonds to the investing public. This is in accord with the regulation which states:

"When so specified in the public notice, it shall be a condition of each bid that, if accepted by the Secretary of the Treasury, the

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TREASURY DEPARTMENT

WASHINGTON, D.C.

December 17, 1962

FOR RELEASE AT 4:00 P.M.

TREASURY RELEASES REGULATIONS ON THE SALE
OF BONDS AT COMPETITIVE BIDDING

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Secretary Douglas Dillon said that the Treasury will, in the first offering of bonds at competitive bidding, require a bona fide re-offering of all of the bonds to the investing public. This is in accord with the regulation which states:

> "When so specified in the public notice, it shall be a condition of each bid that, if accepted by the Secretary of the Treasury, the bidder will make a bona fide re-offering to the investing public."

The objective of the Treasury in establishing this requirement, Secretary Dillon said, is to obtain the broadest possible interest in and distribution of the bonds among the investing public.

Four criteria are cited by the Treasury as relevant to the judgment which it will have to make in any specific case as to whether a bona fide re-offering has been made:

1. The bonds cannot be taken down for the underwriter's own investment or trading accounts until a good faith re-offering has been made and the underwriter has been unable to sell all of the bonds to the investing public at an established re-offering price. Individual syndicate members may not take down the bonds for their own investment or trading accounts until the syndicate, after making a good faith effort to sell all of the bonds to the investing

public at the re-offering price, is dissolved and the unsold bonds are distributed among the syndicate members.

2. The opportunity to obtain bonds from the underwriter must be open to all investors (except members of competing underwriting groups).

3. Liability to the United States will be borne solely by the successful bidder, and purchasers of the bonds on the re-offering will have no underwriting liability to the United States.

4. Underwriters may, of course, obtain indications of interest from investors prior to the bidding but must give investors the right to withdraw from any such previous arrangements made with them when the terms of the re-offering become known.

Secretary Dillon said that, with the publication of these regulations, the Treasury is now in a position to proceed with the first offering of bonds at competitive bidding whenever market conditions are deemed appropriate.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR IMMEDIATE RELEASE

WITHHOLDING OF APPRAISEMENT
ON STEEL WIRE RODS

at the same time

[The Treasury Department is instructing] customs field officers were instructed to withhold appraisement of steel wire rods from France, except as to importations from the firm Societe Metallurgique de Normandie, Paris, France. 2 ¶ These actions were taken 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.

3 ¶ 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.

4 ¶ The complaints in ~~this~~ these case ~~was~~ were received on September 27, 1962. The dollar value of imports received during 1961 was approximately 6,325,000 $6,~~323,460.~~

TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR IMMEDIATE RELEASE

WITHHOLDING OF APPRAISEMENT ON STEEL WIRE RODS

The Treasury Department is instructing customs field officers to withhold appraisement of steel wire rods from Belgium/Luxembourg 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 September 27, 1962. The dollar value of imports received during 1961 was approximately 2,300,000 ~~$2,298,246~~.

TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR IMMEDIATE RELEASE

WITHHOLDING OF APPRAISEMENT
ON STEEL WIRE RODS

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12,200,000
~~$12,175,889~~.

The Treasury Department is instructing customs field officers to withhold appraisement of steel wire rods from West Germany and Belgium/Luxembourg. At the same time customs field officers were instructed to withhold appraisement of steel wire rods from France, except as to importations from the firm Societe Metallurgique de Normandie, Paris, France.

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The complaints in these cases were received on September 27, 1962. The dollar value of imports received during 1961 from West Germany was approximately $12,200,000, from Belgium/Luxembourg $2,300,000, and from France $6,325,000.

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TREASURY DEPARTMENT

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WASHINGTON, D.C.

December 18, 1962

FOR IMMEDIATE RELEASE

WITHHOLDING OF APPRAISEMENT ON STEEL WIRE RODS

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under the War Reconstruction credit upon which France announced further prepayments today.

Today's prepayment will bring to nearly $470 million total French debt prepayments to the United States for 1962. Debt prepayment has been adopted by the Government of France as a means of regularizing accruals to its gold and foreign exchange reserves. The Republic of France has in 1962 devoted $590 million, representing approximately 50% of its balance of payments surplus this year, to such special payments of indebtedness to the U.S., Canada and the World Bank. These payments were in addition to regularly scheduled amortization payments of ~~$95~~ $85 million in 1962.

Treasury Secretary Dillon expressed his appreciation for the French Government's action announced today. He noted that France was again demonstrating acceptance of its responsibilities as a creditor country, and further evidencing the spirit of international financial cooperation among the major nations of the free world which is contributing so much to the strengthening of the free world's international financial system.

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Draft-12-18-62
RSWatson:jae
December 18, 1962

FOR IMMEDIATE RELEASE

CONFIDENTIAL

FRENCH GOVERNMENT TO PREPAY $116.6 MILLION
OF
POSTWAR DEBT TO THE UNITED STATES

The Republic of France today announced its intention to pay to the United States prior to December 31, 1962, $116.6 million covering debt installments due in 1967, 1968 and 1969 under the War Reconstruction credit extended by the Export-Import Bank of Washington under a loan agreement of July 13, 1946. This credit was extended for the purpose of assisting France to purchase U.S. equipment, raw materials and services for use in the reconstruction and rehabilitation of France and its overseas territories after World War II.

Receipt of these payments will mark the third time in 1962 that France has prepaid portions of its indebtedness to the United States. On April 19, 1962, France prepaid $60 million, representing installments under the Surplus Property and Lend Lease Agreements of 1946 and 1947 which under postponement arrangements were due in 1981 and 1982. On July 12, 1962, prepayments amounting to $293.4 million were received. This latter prepayment completely discharged France's Marshall Plan indebtedness to the United States in addition to including prepayments of installments due in 1970 and 1971

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CONFIDENTIAL

TREASURY DEPARTMENT

WASHINGTON, D.C.

December 19, 1962

FOR IMMEDIATE RELEASE

FRENCH GOVERNMENT TO PREPAY $116.6 MILLION OF POSTWAR DEBT TO THE UNITED STATES

The Republic of France today announced its intention to pay to the United States prior to December 31, 1962, $116.6 million covering debt installments due in 1967, 1968 and 1969 under the War Reconstruction credit extended by the Export-Import Bank of Washington under a loan agreement of July 13, 1946. This credit was extended for the purpose of assisting France to purchase U.S. equipment, raw materials and services for use in the reconstruction and rehabilitation of France and its overseas territories after World War II.

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Treasury Secretary Dillon expressed his appreciation for the French Government's action announced today. He noted that France was again demonstrating acceptance of its responsibilities as a creditor country, and further evidencing the spirit of international financial cooperation among the major nations of the free world which is contributing so much to the strengthening of the free world's international financial system.

D-704

of the Treasury will accept the bid resulting in the lowest interest cost to the first call date. Otherwise, if identical bids are submitted, the Secretary of the Treasury, in his discretion, shall determine the bid to be accepted by lot in a manner prescribed by him, unless he proposes and those who submitted the identical bids agree on a division of the bonds. In the event of a division of the bonds, the bids of the successful bidders will be amended accordingly, their deposits will be apportioned and the remainder refunded immediately.

The Secretary of the Treasury, or his representative, will accept the successful bid by signing the duplicate copy of the bid form and delivering it to the bidder, or his representative.

The Secretary of the Treasury, in his discretion, reserves the right to reject any or all bids.

V. Payment for and delivery of bonds

Payment for the bonds must be made in immediately available funds and must be completed by the successful bidder not later than 11:00 A.M., Eastern Standard Time, on January 17, 1963, at the Federal Reserve Bank of New York.

If the bidder desires any registered bonds to be shipped on the payment date, he must notify the Federal Reserve Bank of New York and furnish the necessary registration information within two days after the award. All other bonds will be delivered in bearer form and will be available on the payment date at Federal Reserve Banks and Branches. Shipment of the bonds will be made on the payment date, at the risk and expense of the United States, to any place or places in the United States designated by the bidder. If necessary, the Treasury will issue interim receipts for the bonds on the payment date.

Secretary of the Treasury

submitted in duplicate on Form PD 3556, enclosed and sealed in an envelope which will be furnished with the form, and must be received in the Northwest Conference Room of the Federal Reserve Bank of New York not later than 11:00 A.M., Eastern Standard Time, on January 8, 1963. Forms and envelopes may be obtained from any Federal Reserve Bank or Branch, or from the Bureau of the Public Debt, Treasury Department, Washington 25, D. C.

A bid submitted by a syndicate must be supplemented by a list of its members which must specify the amount of each member's underwriting participation. This supplement must be filed by the representative on Form PD 3557 not later than 12:00 Noon on January 8, 1963, at the place designated for receipt of bids.

Each bidder may submit only one bid which must be for the purchase of all of the bonds described in this invitation. The price to be paid to the United States by the bidder must be expressed as a percentage of the principal amount of the bonds in not to exceed five decimals, e.g., 100.01038 percent. Provisions relating to the coupon rate of interest will be set forth in a supplemental notice hereto ~~before 12:01 A.M., Eastern Standard Time,~~ on January ~~3~~ 2, 1963.

Each bid must be accompanied by a payment to the Federal Reserve Bank of New York, as fiscal agent of the United States, of an amount equal to 3 percent of the principal amount of the bonds in immediately available funds.

IV. Bids--Opening--Acceptance

Bids will be opened in the Northwest Conference Room of the Federal Reserve Bank of New York at 11:00 A.M., Eastern Standard Time, on January 8, 1963, and the accepted bid will be announced publicly not later than 2:00 P.M., Eastern Standard Time, on that date. The bids and the names of the bidders will be considered as matters of public record, including, in the case of a syndicate, the names of the members and the amount of each member's underwriting participation.

The bid to be accepted will be the one resulting in the lowest basis cost of money computed from the date of the bonds to the date of maturity determined in accordance with the terms of this invitation, or any supplement or amendment hereto, and the provisions of Treasury Department Circular, Public Debt Series No. 22-62. It shall be a condition of each bid that, if accepted by the Secretary of the Treasury, the bidder shall make a bona fide reoffering of all of the bonds to the investing public.

When the successful bidder has been announced, his deposit will be retained as security for the performance of his obligation and will be applied toward payment of the bonds. Thereafter, the deposits of all other bidders will be returned immediately. No interest will be allowed on any of the deposits. In the event that the supplemental notice does not specify a single coupon rate of interest and bids based on different coupon rates of interest result in identical basis costs of money computed to maturity, the Secretary

December 20, 1962

PUBLIC NOTICE OF INVITATION TO BID
on
Treasury Bonds of 1988-93

The Secretary of the Treasury, by this notice and under the terms and conditions prescribed in Treasury Department Circular, Public Debt Series No. 22-62, invites bids for an issue of bonds of the United States, designated as Treasury Bonds of 1988-93. The principal amount of the issue hereunder will be $250,000,000. These bonds will be offered only as a single block on a competitive bid basis.

I. Description of bonds

The bonds will be dated January 17, 1963, and will bear interest from that date payable on a semiannual basis on August 15, 1963, and thereafter on February 15 and August 15 in each year until the principal amount becomes payable. They will mature February 15, 1993, but may be redeemed at the option of the United States on and after February 15, 1988, at par and accrued interest, on any interest day, on four months' notice of redemption given in such manner as the Secretary of the Treasury shall prescribe. From the date of redemption designated in any such notice, interest on the bonds called for redemption shall cease.

If the bonds are owned by a decedent at the time of his death and thereupon constitute a part of his estate, they will be redeemed at par and accrued interest at the option of the representative of the estate, provided the Secretary of the Treasury is authorized by the decedent's estate to apply the entire proceeds of redemption to payment of the Federal estate taxes on such decedent's estate.

II. Notice of intent

Any individual, organization, syndicate, or other group intending to submit a bid must file written notice of such intent with the Federal Reserve Bank of New York on Form PD 3555 by 12:00 Noon, Eastern Standard Time, on January 4, 1963. Notices which are received postmarked to show they were mailed prior to that time will be treated as having been timely filed. Forms and envelopes therefor may be obtained from any Federal Reserve Bank or Branch or from the Bureau of the Public Debt, Treasury Department, Washington 25, D. C. The filing of such notice will not constitute a commitment to bid.

III. Submission of bids

Only bids submitted in accordance with the provisions of this invitation, or any supplement or amendment hereto, and of Treasury Department Circular, Public Debt Series No. 22-62, by bidders who have filed notice of their intent to bid as required by Sec. II hereof will be considered. Each bid must be called for payment on February 15, 1988, or any interest payment date thereafter. The bonds will be dated January 17, 1963. Interest will be payable on February 15 and August 15 of each year until the bonds mature or are called. The first interest coupon, payable August 15, 1963, will cover interest accrued between January 17, 1963 and August 15, 1963.

A supplemental notice, to be published on January 2, 1963, will set forth provisions relating to the coupon rate or rates of interest upon which bids will be received. Bidders must file a Notice of Intent to Bid at the Federal Reserve Bank of New York not later than 12:00 noon, Eastern Standard Time, on January 4, 1963.

Payment for the bonds must be made in immediately available funds not later than 11:00 a.m., Eastern Standard Time, on January 17, 1963.

The public notice of invitation to bid is attached.

FOR RELEASE: Thursday, December 20, 1962 - 4:00 p.m.

TREASURY ANNOUNCES OFFERING OF BONDS
AT COMPETITIVE BIDDING

Treasury Secretary Douglas Dillon today issued a public notice of invitation for bids on $250,000,000 of Treasury bonds of 1988-93. This will be the first sale of Treasury bonds to an underwriter on the basis of competitive bidding for re-offering to the public. The Treasury announced last September its intention to test this new technique.

Bids for the bonds will be received at the Federal Reserve Bank of New York not later than 11:00 a.m., Eastern Standard Time, on Tuesday, January 8, 1963. The successful bidder will be required to make a bona fide re-offering of all of the bonds to the investing public.

The bonds will mature on February 15, 1993, but may be

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TREASURY DEPARTMENT

WASHINGTON, D.C.

December 20, 1962

FOR RELEASE AT 4:00 P.M., EST

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The public notice of invitation to bid is attached.

D-705

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TREASURY DEPARTMENT

Washington

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December 20, 1962

PUBLIC NOTICE OF INVITATION TO BID
on
Treasury Bonds of 1988-93

The Secretary of the Treasury, by this notice and under the terms and conditions prescribed in Treasury Department Circular, Public Debt Series No. 22-62, invites bids for an issue of bonds of the United States, designated as Treasury Bonds of 1988-93. The principal amount of the issue hereunder will be $250,000,000. These bonds will be offered only as a single block on a competitive bid basis.

I. Description of bonds

The bonds will be dated January 17, 1963, and will bear interest from that date payable on a semiannual basis on August 15, 1963, and thereafter on February 15 and August 15 in each year until the principal amount becomes payable. They will mature February 15, 1993, but may be redeemed at the option of the United States on and after February 15, 1988, at par and accrued interest, on any interest day, on four months' notice of redemption given in such manner as the Secretary of the Treasury shall prescribe. From the date of redemption designated in any such notice, interest on the bonds called for redemption shall cease.

If the bonds are owned by a decedent at the time of his death and thereupon constitute a part of his estate, they will be redeemed at par and accrued interest at the option of the representative of the estate, provided the Secretary of the Treasury is authorized by the decedent's estate to apply the entire proceeds of redemption to payment of the Federal estate taxes on such decedent's estate.

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Any individual, organization, syndicate, or other group intending to submit a bid must file written notice of such intent with the Federal Reserve Bank of New York on Form PD 3555 by 12:00 Noon, Eastern Standard Time, on January 4, 1963. Notices which are received postmarked to show they were mailed prior to that time will be treated as having been timely filed. Forms and envelopes therefor may be obtained from any Federal Reserve Bank or Branch or from the Bureau of the Public Debt, Treasury Department, Washington 25, D. C. The filing of such notice will not constitute a commitment to bid.

III. Submission of bids

Only bids submitted in accordance with the provisions of this invitation, or any supplement or amendment hereto, and of Treasury Department Circular, Public Debt Series No. 22-62, by bidders who have filed notice of their intent to bid as required by Sec. II hereof will be considered. Each bid must be submitted in duplicate on Form PD 3556, enclosed and sealed in an envelope which will be furnished with the form, and must be received in the Northwest Conference Room of the Federal Reserve Bank of New York not later than 11:00 A.M., Eastern Standard Time, on January 8, 1963. Forms and envelopes may be obtained from any Federal Reserve Bank or Branch, or from the Bureau of the Public Debt, Treasury Department, Washington 25, D. C.

A bid submitted by a syndicate must be supplemented by a list of its members which must specify the amount of each member's underwriting participation. This supplement must be filed by the representative on Form PD 3557 not later than 12:00 Noon on January 8, 1963, at the place designated for receipt of bids.

Each bidder may submit only one bid which must be for the purchase of all of the bonds described in this invitation. The price to be paid to the United States by the bidder must be expressed as a percentage of the principal amount of the bonds in not to exceed five decimals, e.g., 100.01038 percent. Provisions relating to the coupon rate of interest will be set forth in a supplemental notice hereto on January 2, 1963.

Each bid must be accompanied by a payment to the Federal Reserve Bank of New York, as fiscal agent of the United States, of an amount equal to 3 percent of the principal amount of the bonds in immediately available funds.

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The bid to be accepted will be the one resulting in the lowest basis cost of money computed from the date of the bonds to the date of maturity determined in accordance with the terms of this invitation, or any supplement or amendment hereto, and the provisions of Treasury Department Circular, Public Debt Series No. 22-62. It shall be a condition of each bid that, if accepted by the Secretary of the Treasury, the bidder shall make a bona fide reoffering of all of the bonds to the investing public.

When the successful bidder has been announced, his deposit will be retained as security for the performance of his obligation and will be applied toward payment of the bonds. Thereafter, the deposits of all other bidders will be returned immediately. No interest will be allowed on any of the deposits. In the event that the supplemental notice does not specify a single coupon rate of interest and bids based on different coupon rates of interest result in identical basis costs of money computed to maturity, the Secretary of the Treasury will accept the bid resulting in the lowest interest cost to the first call date. Otherwise, if identical bids are submitted, the Secretary of the Treasury, in his discretion, shall determine the bid to be accepted by lot in a manner prescribed by him, unless he proposes and those who submitted the identical bids agree on a division of the bonds. In the event of a division of the bonds, the bids of the successful bidders will be amended accordingly, their deposits will be apportioned and the remainder refunded immediately.

The Secretary of the Treasury, or his representative, will accept the successful bid by signing the duplicate copy of the bid form and delivering it to the bidder, or his representative.

The Secretary of the Treasury, in his discretion, reserves the right to reject any or all bids.

V. Payment for and delivery of bonds

Payment for the bonds must be made in immediately available funds and must be completed by the successful bidder not later than 11:00 A.M., Eastern Standard Time, on January 17, 1963, at the Federal Reserve Bank of New York.

If the bidder desires any registered bonds to be shipped on the payment date, he must notify the Federal Reserve Bank of New York and furnish the necessary registration information within two days after the award. All other bonds will be delivered in bearer form and will be available on the payment date at Federal Reserve Banks and Branches. Shipment of the bonds will be made on the payment date, at the risk and expense of the United States, to any place or places in the United States designated by the bidder. If necessary, the Treasury will issue interim receipts for the bonds on the payment date.

Douglas Dillon

Secretary of the Treasury

FOR RELEASE A. M. NEWSPAPERS,
Saturday, December 22, 1962.

December 21, 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 September 27, 196 and the other series to be dated December 27, 1962, which were offered on December 14, we opened at the Federal Reserve Banks on December 21. Tenders were invited for $1,300,000, or thereabouts, of 91-day bills and for $800,000,000, or thereabouts, of 182-day bills. T details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing March 28, 1963		:	182-day Treasury bills maturing June 27, 1963	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.275	2.868%	:	98.530 a/	2.908%
Low	99.268	2.896%	:	98.517	2.933%
Average	99.269	2.894% 1/	:	98.522	2.924% 1/

a/ Excepting one tender of $400,000
82 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	$ 47,050,000	$ 26,213,000	:	$ 21,824,000	$ 15,824,000
New York	1,862,031,000	850,624,000	:	1,022,326,000	624,733,000
Philadelphia	43,206,000	27,906,000	:	8,132,000	3,132,000
Cleveland	44,826,000	31,668,000	:	32,018,000	20,318,000
Richmond	24,403,000	17,053,000	:	4,268,000	4,268,000
Atlanta	39,368,000	29,046,000	:	7,472,000	7,347,000
Chicago	227,505,000	72,626,000	:	106,876,000	54,676,000
St. Louis	28,701,000	18,421,000	:	7,306,000	4,306,000
Minneapolis	24,859,000	9,679,000	:	5,130,000	4,630,000
Kansas City	36,680,000	25,846,000	:	21,964,000	11,366,000
Dallas	73,921,000	27,985,000	:	34,225,000	6,925,000
San Francisco	203,550,000	168,361,000	:	48,788,000	42,788,000
TOTALS	$2,656,100,000	$1,305,428,000 b/	:	$1,320,329,000	$800,313,000 c/

b/ Includes $218,557,000 noncompetitive tenders accepted at the average price of 99.269
c/ Includes $51,286,000 noncompetitive tenders accepted at the average price of 98.522
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.96%, for the 91-day bills, and 3.01%, 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.

OR RELEASE A. M. NEWSPAPERS,
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December 21, 1962

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Low	99.268	2.896%	:	98.517	2.933%
Average	99.269	2.894% 1/	:	98.522	2.924% 1/

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82 percent of the amount of 91-day bills bid for at the low price was accepted
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OTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 47,050,000	$ 26,213,000	:	$ 21,824,000	$ 15,824,000
New York	1,862,031,000	850,624,000	:	1,022,326,000	624,733,000
Philadelphia	43,206,000	27,906,000	:	8,132,000	3,132,000
Cleveland	44,826,000	31,668,000	:	32,018,000	20,318,000
Richmond	24,403,000	17,053,000	:	4,268,000	4,268,000
Atlanta	39,368,000	29,046,000	:	7,472,000	7,347,000
Chicago	227,505,000	72,626,000	:	106,876,000	54,676,000
St. Louis	28,701,000	18,421,000	:	7,306,000	4,306,000
Minneapolis	24,859,000	9,679,000	:	5,130,000	4,630,000
Kansas City	36,680,000	25,846,000	:	21,964,000	11,366,000
Dallas	73,921,000	27,985,000	:	34,225,000	6,925,000
San Francisco	203,550,000	168,361,000	:	48,788,000	42,788,000
TOTALS	$2,656,100,000	$1,305,428,000 b/		$1,320,329,000	$800,313,000 c/

/ Includes $218,557,000 noncompetitive tenders accepted at the average price of 99.269
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/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.96%, for the 91-day bills, and 3.01%, 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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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 ~~(16)~~ or less for the additional bills dated October 4, 1962 ~~(17)~~, (91 ~~(18)~~ days remaining until maturity date on April 4, 1963 ~~(19)~~) and noncompetitive tenders for $ 100,000 ~~(20)~~ or less for the 183 ~~(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 January 3, 1963 ~~(22)~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing January 3, 1963 ~~(23)~~. Cash

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE   December 21, 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 $ 2,100,000,000 , or thereabouts, for cash and in exchange for Treasury bills maturing January 3, 1963 , in the amount of $ 2,000,636,000 , as follows:

91 -day bills (to maturity date) to be issued January 3, 1963 , in the amount of $ 1,300,000,000 , or thereabouts, representing an additional amount of bills dated October 4, 1962 , and to mature April 4, 1963 , originally issued in the amount of $ 701,063,000 , the additional and original bills to be freely interchangeable.

183 -day bills, for $ 800,000,000 , or thereabouts, to be dated January 3, 1963 , and to mature July 5, 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 Standard time, Friday, December 28, 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.

December 21, 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 $2,100,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing January 3, 1963, in the amount of $2,000,636,000, as follows:

91-day bills (to maturity date) to be issued January 3, 1963, in the amount of $1,300,000,000, or thereabouts, representing an additional amount of bills dated October 4, 1962, and to mature April 4, 1963, originally issued in the amount of $701,063,000, the additional and original bills to be freely interchangeable.

183-day bills, for $800,000,000, or thereabouts, to be dated January 3, 1963, and to mature July 5, 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 Standard time, Friday, December 28, 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 October 4, 1962, (91-days remaining until maturity date on April 4, 1963) and noncompetitive tenders for $100,000 or less for the 183 -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Banks on January 3, 1963, in cash or other immediately available funds or in a like face amount of Treasury bills maturing January 3, 1963. 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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FOR RELEASE A. M. NEWSPAPERS,
Saturday, December 29, 1962.

December 28, 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 October 4, 1962, and the other series to be dated January 3, 1963, which were offered on December 21, were opened at the Federal Reserve Banks on December 28. Tenders were invited for $1,300,000,000, or thereabouts, of 91-day bills and for $800,000,000, or thereabouts, of 183-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing April 4, 1963		183-day Treasury bills maturing July 5, 1963	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.270	2.888%	98.506	2.939%
Low	99.259	2.931%	98.488	2.974%
Average	99.260	2.926% 1/	98.492	2.966% 1/

82 percent of the amount of 91-day bills bid for at the low price was accepted
93 percent of the amount of 183-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 35,614,000	$ 18,614,000	$ 12,050,000	$ 12,043,000
New York	1,609,096,000	867,371,000	1,063,509,000	617,653,000
Philadelphia	24,556,000	9,288,000	11,224,000	6,034,000
Cleveland	41,451,000	32,091,000	34,966,000	33,066,000
Richmond	19,315,000	14,955,000	2,338,000	2,338,000
Atlanta	36,504,000	34,424,000	5,368,000	2,268,000
Chicago	240,807,000	189,324,000	116,370,000	55,275,000
St. Louis	27,021,000	22,841,000	8,945,000	6,445,000
Minneapolis	26,346,000	12,866,000	6,270,000	4,270,000
Kansas City	35,794,000	32,134,000	14,788,000	14,781,000
Dallas	25,253,000	15,973,000	8,120,000	4,050,000
San Francisco	98,470,000	51,379,000	55,459,000	42,179,000
Totals	$2,220,227,000	$1,301,260,000 a/	$1,339,407,000	$800,402,000 b/

a/ Includes $209,292,000 noncompetitive tenders accepted at the average price of 99.260
b/ Includes $41,136,000 noncompetitive tenders accepted at the average price of 98.492
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 3.05%, for the 183-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR RELEASE A. M. NEWSPAPERS,
Saturday, December 29, 1962.

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U.S. Treasury Dept.

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