U.S. Treasury Dept
Press Releases

United States Savings Bonds Issued and Redeemed Through May 31, 1963

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

	Amount Issued 1/	Amount Redeemed 1/	Amount Outstanding 2/	% Outstan of Amt.Is
MATURED				
Series A-1935 - D-1941	$ 5,003	$ 4,989	$ 14	.28
Series F & G-1941 - 1950	28,512	28,361	151	.53
UNMATURED				
Series E: 3/				
1941	1,823	1,533	291	15.96
1942	8,057	6,795	1,262	15.66
1943	12,972	10,915	2,056	15.85
1944	15,094	12,594	2,500	16.56
1945	11,820	9,649	2,171	18.37
1946	5,309	4,109	1,200	22.60
1947	4,999	3,685	1,314	26.29
1948	5,149	3,686	1,463	28.41
1949	5,064	3,535	1,529	30.19
1950	4,414	2,992	1,421	32.19
1951	3,822	2,573	1,250	32.71
1952	3,999	2,620	1,380	34.51
1953	4,552	2,759	1,793	39.39
1954	4,580	2,692	1,888	41.22
1955	4,746	2,749	1,997	42.08
1956	4,560	2,647	1,913	41.95
1957	4,281	2,393	1,888	44.10
1958	4,135	2,149	1,986	48.03
1959	3,863	1,949	1,914	49.55
1960	3,840	1,769	2,071	53.93
1961	3,847	1,531	2,316	60.20
1962	3,697	1,127	2,571	69.54
1963	954	61	893	93.61
Unclassified	537	513	24	-
Total Series E	126,115	87,026	39,089	30.99
Series H (1952 - 1963) 3/	9,092	1,928	7,164	78.79
Total Series E and H	135,207	88,954	46,253	34.21
Series F and G (1951 - 1952).....	1,007	745	4/ 261	25.92
Series J and K (1952 - 1957)	3,696	1,980	1,716	46.43
Total Series F, G, J and K	4,703	2,725	1,978	42.06
All Series: Total matured	33,515	33,351	165	.49
All Series: Total unmatured	139,910	91,679	48,231	34.47
All Series: Grand Total	173,425	125,030	48,395	27.91

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.
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BUREAU OF THE PUBLIC DEBT

FOR RELEASE A. M. NEWSPAPERS
Tuesday, June 4, 1963.

June 3, 1963

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced last evening that the tenders for two series
Treasury bills, one series to be additional issue of the bills dated March 7, 1963,
the other series to be dated June 6, 1963, which were offered on May 29, were opened
at the Federal Reserve Banks on June 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 September 5, 1963		:	182-day Treasury bills maturing December 5, 1963	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equi Annual Rate
High	99.238 a/	3.015%	:	98.438 b/	3.090%
Low	99.233	3.034%	:	98.431	3.104%
Average	99.235	3.028% 1/	:	98.434	3.098% 1/

a/ Excepting two tenders totaling $1,450,000; b/ Excepting one tender of $160,00
50 percent of the amount of 91-day bills bid for at the low price was accepted
72 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	$ 21,466,000	$ 11,466,000	:	$ 16,905,000	$ 1,905,00
New York	1,591,270,000	825,270,000	:	1,251,111,000	648,977,00
Philadelphia	31,018,000	16,018,000	:	8,397,000	2,343,00
Cleveland	26,197,000	26,197,000	:	16,847,000	9,599,00
Richmond	15,202,000	12,202,000	:	9,759,000	1,759,00
Atlanta	21,926,000	17,726,000	:	7,400,000	6,500,00
Chicago	243,771,000	194,071,000	:	112,441,000	48,278,00
St. Louis	30,392,000	24,092,000	:	19,818,000	16,218,00
Minneapolis	18,186,000	11,936,000	:	6,581,000	3,001,00
Kansas City	34,262,000	29,262,000	:	10,800,000	5,600,00
Dallas	28,774,000	17,773,000	:	8,049,000	3,049,00
San Francisco	125,603,000	116,603,000	:	83,69[illegible],000	52,195,00
TOTALS	$2,188,067,000	$1,302,616,000 c/		$1,551,800,000	$800,218,00

c/ Includes $212,934,000 noncompetitive tenders accepted at the average price of 99.
d/ Includes $50,929,000 noncompetitive tenders accepted at the average price of 98.
1/ On a coupon issue of the same length and for the same amount invested, the retur
these bills would provide yields of 3.09%, for the 91-day bills and 3.19%, for
182-day bills. Interest rates on bills are quoted in terms of bank discount w
the return related to the face amount of the bills payable at maturity rather
the amount invested and their length in actual number of days related to a 360
year. In contrast, yields on certificates, notes, and bonds are computed in t
of interest on the amount invested, and relate the number of days remaining i
interest payment period to the actual number of days in the period, with semi-
compounding if more than one coupon period is involved.

TREASURY DEPARTMENT

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D-870

This is constructive financing for the Treasury, because it represents the tapping of real savings and also because this money stays with us for a long time -- on the average for more than seven years.

"The large deficit which we face in fiscal 1964 will not carry with it inflationary consequences, as long as we continue to finance the deficit in a sound manner, as we did in fiscal 1962 and 1963. The basic issue is whether the increase in the Federal debt during the coming year will be associated with an excessively large rise in the money supply. If the deficit is properly financed, we will have no greater increase in the money supply than we would have had with a balanced budget.

"To accomplish this result requires that a substantial part of the deficit must be financed out of savings. In this overall program of non-inflationary financing, the Savings Bond Program has a key role to play. Every Savings Bond purchased is not only a contribution to the financial security of the saver and his family, it is also a contribution to the financial security and stability of the nation. In lending your support to the Savings Bond Program, you are making a direct contribution toward our national goal of maintaining a stable price level."

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TREASURY DEPARTMENT

WASHINGTON, D.C.

June 5, 1963

FOR IMMEDIATE RELEASE

SAVINGS BONDS HELD VITAL TO
GOOD DEBT-MANAGEMENT POLICIES

Chicago, Ill., June 5 -- Frank E. Morris, Assistant to Treasury Secretary Douglas Dillon, told area retail store executives that Savings Bonds play a key role in the Government's overall program of non-inflationary financing and directly contribute to the financial security and stability of the country.

Mr. Morris addressed a meeting of retail industry officials representing more than 20 of the largest firms at a Chicago Club luncheon today. Similar meetings in 27 major industries are being held throughout the country to promote the sale of Savings Bonds through the Payroll Savings Plan during the Freedom Bond Drive. Crowdus Baker, President and James Griffin, Vice-President of Sears-Roebuck & Company, were appointed in January by Secretary Dillon as co-chairman of the drive within the retail merchandising industry.

The text of Mr. Morris remarks follows:

> "The help you are giving us in this campaign is especially significant to the Treasury, and to our country, at this time.
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> "If your mission is successful, and we are confident that it will be, it will result in additional savings bond sales in the retail store industry of about $60 million during the course of a year -- another $60 million of non-inflationary financing. I can assure you that this is a very significant figure to those who have the responsibility for managing the Federal debt. It will be one more very helpful addition to the $46 billion in Savings Bonds currently outstanding, bonds which constitute more than 20 percent of the total Federal debt now held by the public.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

June 4, 1963

FOR IMMEDIATE RELEASE

TREASURY DECISION ON ACRYLIC STAPLE FIBER
UNDER THE ANTIDUMPING ACT

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

The dollar value of imports of the involved merchandise received during the 12-month period ending March 1963, based on an f.o.b. European port price, was approximately $2,400,000.

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(Treasury News release) 11 June 4,

NOTE TO EDITORS & CORRESPONDENTS

[redacted]

W. Robert Grubb has joined Treasury's Information Staff [redacted] and has been assigned to the office of ~~as Public Affairs consultant to~~ Comptroller of the Currency [redacted]. James J. Saxon.

Before entering Government service, Mr. Grubb was in public relations and newspaper work in New York and Westport, Connecticut, [redacted]. From 1951 to 1960 he was with the New York public relations firm of Carl Byoir & Associates, Inc. Earlier he was a news editor for The Associated Press in New York and executive financial editor of the Buffalo (N.Y.) Evening News.

Mr. Grubb is in Room 3203, Main Treasury Building (WO 4-2434).

DIXON DONNELLEY

Assistant to the Secretary
(Public Affairs)

TREASURY DEPARTMENT

WASHINGTON, D.C.

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Dixon Donnelley
Assistant to the Secretary
(Public Affairs)

Washington noting Hamilton's appointment as the new nation's first Secretary of the Treasury.

Hamilton is also credited as one of the first leading Americans actively to promote U. S. seapower. He successfully urg the Congress to build ten armed cutters to combat smuggling. This fleet, for eight years the young Nation's only navy, was named the Revenue Marine, and was the precursor of the present United States Coast Guard. That organization serves under the Treasury during times of peace.

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Corporation, Portland, Oregon, and delivered for sea duty on March 10, 1942. She was one of the original group to be named for the Founding Fathers of the nation. The first Liberty Ship constructed was the SS PATRICK HENRY. Subsequently, 2579 more Liberty Ships came off the shipways located along all U. S. coastlines, and were named for other American heroes and patriots.

The SS ALEXANDER HAMILTON was operated throughout the war for the War Shipping Administration by the firm of Sudden & Christensen. The ship saw service at Eniwetok, Palau, Saipan, Cebu, and called at ports throughout the world during and after the war.

In the Treasury Exhibit Room the plaque will hang above a case containing several important papers and other items relatin to Alexander Hamilton, including the memorandum signed by Presid or individuals most concerned with the persons for whom the ships were named. These brass plates carry the name of the ship, and its builder, and the date of its delivery.

Assistant Secretary James A. Reed received the name plate for the Treasury from Donald W. Alexander, Maritime Administrator, U. S. Department of Commerce. The plate and a small model of a Liberty Ship is mounted on a mahogany plaque.

Mr. Alexander presented the plaque on behalf of the Liberty Ship Memorial Program being carried out by the American Institute of Marine Underwriters and the American Merchant Marine Institute. Mr. George Inselman, President of the Underwriters' group, and Mr. Ralph E. Casey, President of the Institute, were present at the ceremony which took place in the Treasury's

WHERE IT WILL BE ON DISPLAY,

Exhibit Room. Some 100,000 persons visited ~~this~~ Exhibit Room last year.

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The SS ALEXANDER HAMILTON was built by the Oregon Shipbui

DRAFT -- 6/4/63

FOR RELEASE: AFTERNOON NEWSPAPERS
WEDNESDAY, JUNE 5, 1963

TREASURY RECEIVES MEMORIAL OF
SS ALEXANDER HAMILTON

The nameplate and a model of a Liberty Ship ~~which served~~ throughout World War II, ~~and which was~~ named for Alexander Hamilton the first Secretary of the Treasury, was presented to the Treasury today by government and industry LEADERS maritime officials.

The SS ALEXANDER HAMILTON, which went into service three month after Pearl Harbor was one of the dozens of Liberty Ships in the Maritime Administration's Reserve Fleet THAT ~~which~~ are being systematically sold for scrapping as their value for further ~~emergency~~ service diminishes. Maritime officials ~~in government~~ and industry are seeking to preserve the memory of these ships, which were the principal cargo carriers of World War II, by placin their builder's plates in the hands of those agencies, organizati

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(OVER)

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

Banking institutions generally may submit tenders for account of customers rovided the names of the customers are set forth in such tenders. Others than nking institutions will not be permitted to submit tenders except for their m account. Tenders will be received without deposit from incorporated banks d trust companies and from responsible and recognized dealers in investment ecurities. Tenders from others must be accompanied by payment of 2 percent of e face amount of Treasury bills applied for, unless the tenders are accompanied r an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal eserve Banks and Branches, following which public announcement will be made by e Treasury Department of the amount and price range of accepted bids. Those ubmitting tenders will be advised of the acceptance or rejection thereof. The ecretary of the Treasury expressly reserves the right to accept or reject any all tenders, in whole or in part, and his action in any such respect shall be nal. Subject to these reservations, noncompetitive tenders for $200,000 or ss for the additional bills dated March 14, 1963, (91 days remaining until maturity date on September 12, 1963) and noncompetitive tenders for 100,000 or less for the 182 -day bills without stated price from any one dder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenrs in accordance with the bids must be made or completed at the Federal Reserve nks on June 13, 1963, in cash or other immediately available funds or a like face amount of Treasury bills maturing June 13, 1963. Cash

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, June 5, 1963

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 June 13, 1963 , in the amount of $ 2,101,373,000, as follows:

91 -day bills (to maturity date) to be issued June 13, 1963 , in the amount of $ 1,300,000,000 , or thereabouts, representing an additional amount of bills dated March 14, 1963 , and to mature September 12, 1963, originally issued in the amount of $ 800,265,000 , the additional and original bills to be freely interchangeable.

182 -day bills, for $ 800,000,000 , or thereabouts, to be dated June 13, 1963 , and to mature December 12, 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, June 10, 1963 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.

June 5, 1963

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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 March 14, 1963, (91-days remaining until maturity date on September 12,1963) 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 June 13, 1963, in cash or other immediately available funds or in a like face amount of Treasury bills maturing June 13, 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 fr any Federal Reserve Bank or Branch.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

June 6, 1963

FOR IMMEDIATE RELEASE

TREASURY TO BORROW $1-1/4 BILLION
BY OFFERING 7-YEAR BONDS

The Treasury, in beginning its cash borrowing program for the remainder of the year, will offer a 7-year and 2 months bond carrying a 4% coupon at par.

The offering will be made for cash subscription on Tuesday, June 11. The 4% Treasury bonds are to be dated June 20, 1963, and will mature on August 15, 1970. Payment, which will be due on June 20, may be made through credit to Treasury Tax and Loan Accounts.

In addition to the amount of bonds to be offered for public subscription, the Secretary of the Treasury reserves the right to allot up to $50 million of the bonds to Government Investment Accounts.

Subscriptions will be received for one day only, on Tuesday, June 11. All subscriptions for the bonds addressed to a Federal Reserve Bank, or to the Treasurer of the United States, Washington 25, D. C., and placed in the mail before midnight, June 11, will be considered as timely. All subscribers requesting registered bonds will be required to furnish appropriate identifying numbers as required on tax returns and other documents submitted to the Internal Revenue Service.

Subscriptions to the 4% Treasury Bonds of 1970 from banking institutions for their own account and from Federally-insured savings and loan associations, States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, and dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, will be received without deposit. Subscriptions from all others must be accompanied by payment of 10 percent of the amount of bonds applied for, not subject to withdrawal until after allotment. Subscriptions from commercial banks for their own account will be restricted in each case to an amount not exceeding 10 percent of the combined amount of time and savings deposits, including time certificates of deposit, or 25 percent of the combined capital, surplus and undivided profits, of the subscribing bank, whichever is greater.

Interest will be payable semiannually on February 15 and August 15, in each year until the bonds mature. The first interest coupon, payable February 15, 1964, will cover interest accrued from June 20, 1963, to February 15, 1964.

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The Secretary of the Treasury reserves the right to reject or reduce any subscription, to allot less than the amount of bonds applied for, and to make different percentage allotments to various classes of subscribers. Subject to these reservations subscriptions in amounts up to and including $100,000 will be allotted in full and subscriptions over $100,000 will be allotted on a percentage basis but not less than $100,000.

Commercial banks and other lenders are requested to refrain from making unsecured loans, or loans collateralized in whole or in part by the bonds subscribed for, to cover the deposits required to be paid when subscriptions are entered, and banks will be required to make the usual certification to that effect.

All subscribers to the bonds are required to agree not to purchase or to sell, or to make any agreements with respect to the purchase or sale or other disposition of the securities subscribed for under this offering, until after midnight June 11.

FOR RELEASE A. M. NEWSPAPERS, June 10, 1963
Tuesday, June 11, 1963.

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 March 14, 196 and the other series to be dated June 13, 1963, which were offered on June 5, were opened at the Federal Reserve Banks on June 10. Tenders were invited for $1,300,000, or thereabouts, of 91-day bills and for $800,000,000, or thereabouts, of 182-day bill The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing September 12, 1963		:	182-day Treasury bills maturing December 12, 196	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equi Annual Rate
High	99.254	2.951%	:	98.458	3.050%
Low	99.245	2.987%	:	98.448	3.070%
Average	99.248	2.975% 1/	:	98.452	3.062% 1/

53 percent of the amount of 91-day bills bid for at the low price was accepted
59 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	$ 27,577,000	$ 17,577,000	:	$ 21,296,000	$ 4,296,00
New York	1,553,198,000	853,398,000	:	1,163,615,000	606,455,00
Philadelphia	31,957,000	16,957,000	:	11,849,000	6,849,00
Cleveland	29,143,000	29,143,000	:	25,055,000	22,464,00
Richmond	10,905,000	10,905,000	:	4,426,000	3,406,00
Atlanta	45,562,000	42,152,000	:	13,789,000	13,379,00
Chicago	215,053,000	146,293,000	:	108,853,000	45,393,00
St. Louis	30,442,000	24,972,000	:	6,990,000	5,285,00
Minneapolis	19,842,000	18,137,000	:	6,679,000	5,474,00
Kansas City	27,717,000	23,717,000	:	9,160,000	5,119,00
Dallas	34,163,000	30,223,000	:	9,127,000	6,717,00
San Francisco	102,780,000	86,640,000	:	94,782,000	76,092,00
TOTALS	$2,128,339,000	$1,300,114,000 a/		$1,475,621,000	$800,929,00

a/Includes $243,896,000 noncompetitive tenders accepted at the average price of 99.
b/Includes $57,468,000 noncompetitive tenders accepted at the average price of 98.
1/ On a coupon issue of the same length and for the same amount invested, the retu these bills would provide yields of 3.04%, for the 91-day bills, and 3.15%, fo the 182-day bills. Interest rates on bills are quoted in terms of bank disco with the return related to the face amount of the bills payable at maturity r than the amount invested and their length in actual number of days related to 360-day year. In contrast, yields on certificates, notes, and bonds are comp in terms of interest on the amount invested, and relate the number of days re ing in an interest payment period to the actual number of days in the period, semiannual compounding if more than one coupon period is involved.

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE A. M. NEWSPAPERS,
day, June 11, 1963.

June 10, 1963

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lanta	45,562,000	42,152,000	:	13,789,000	13,379,000
icago	215,053,000	146,293,000	:	108,853,000	45,393,000
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The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States is considered to be interest. Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, June 12, 1963

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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 June 20, 1963 , in the amount of $ 2,101,293,000 , as follows:

91 -day bills (to maturity date) to be issued June 20, 1963 , in the amount of $ 1,300,000,000 , or thereabouts, representing an additional amount of bills dated March 21, 1963 , and to mature September 19, 1963 , originally issued in the amount of $ 800,595,000 , the additional and original bills to be freely interchangeable.

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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, June 17, 1963. 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.

June 12, 1963

FOR IMMEDIATE RELEASE

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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 June 10, 1963	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1962, to June 10, 1963
United Kingdom	4,323,457	1,430,190	1,441,152	1,091,408
Canada	239,690	239,690	-	-
France	227,420	162,778	75,807	75,183
British India	69,627	49,926	-	-
Netherlands	68,240	51,982	22,747	21,836
Switzerland	44,388	11,234	14,796	-
Belgium	38,559	33,150	12,853	-
Japan	341,535	-	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany	76,329	36,070	25,443	-
Italy	21,263	-	7,088	-
	5,482,509	2,015,020	1,599,886	1,188,427

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

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

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TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, JUNE 13, 1963

D-876

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 - June 10, 1963

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	35,995	Paraguay	871	-
British India	2,003,483	81,640	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 - June 10, 1963

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	3,560,493

TREASURY DEPARTMENT
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Egypt and the Anglo-Egyptian Sudan	783,816	782,857	Honduras	752	-
Peru	247,952	35,995	Paraguay	871	-
British India	2,003,483	81,640	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 - June 10, 1963

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	

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 June 10, 1963	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1962, to June 10, 1963
United Kingdom	4,323,457	1,430,190	1,441,152	1,091,408
Canada	239,690	239,690	-	-
France	227,420	162,778	75,807	75,183
British India	69,627	49,926	-	-
Netherlands	68,240	51,982	22,747	21,836
Switzerland	44,388	11,234	14,796	-
Belgium	38,559	33,150	12,853	-
Japan	341,535	-	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany	76,329	36,070	25,443	-
Italy	21,263		7,088	-
	5,482,509	2,015,020	1,599,886	1,188,427

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.

8236

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, JUNE 13,1963

D-877

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, 1963, as follows:

Country of Origin	Wheat		Wheat flour, semolina, crushed or cracked wheat, and similar wheat products	
	Established Quota	Imports May 29, 1963, to June 10, 1963	Established Quota	Imports May 29, 1963, to June 10, [illegible]
	(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	.
United Kingdom	100	-	75,000	.
Australia	-	-	1,000	.
Germany	100	-	5,000	.
Syria	100	-	5,000	.
New Zealand	-	-	1,000	.
Chile	-	-	1,000	.
Netherlands	100	-	1,000	.
Argentina	2,000	-	14,000	.
Italy	100	-	2,000	.
Cuba	-	-	12,000	.
France	1,000	-	1,000	.
Greece	-	-	1,000	.
Mexico	100	-	1,000	.
Panama	-	-	1,000	.
Uruguay	-	-	1,000	.
Poland and Danzig	-	-	1,000	.
Sweden	-	-	1,000	.
Yugoslavia	-	-	1,000	.
Norway	-	-	1,000	.
Canary Islands	-	-	1,000	.
Rumania	1,000	-	-	.
Guatemala	100	-	-	.
Brazil	100	-	-	.
Union of Soviet Socialist Republics	100	-	-	.
Belgium	100	-	-	.
	800,000	795,000	4,000,000	3,815,[illegible]

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, JUNE 13, 1963

D-877

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	(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	-
United Kingdom	100	-	75,000	-
Australia	-	-	1,000	-
Germany	100	-	5,000	-
Syria	100	-	5,000	-
New Zealand	-	-	1,000	-
Chile	-	-	1,000	-
Netherlands	100	-	1,000	-
Argentina	2,000	-	14,000	-
Italy	100	-	2,000	-
Cuba	-	-	12,000	-
France	1,000	-	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	-
Yugoslavia	-	-	1,000	-
Norway	-	-	1,000	-
Canary Islands	-	-	1,000	-
Rumania	1,000	-	-	-
Guatemala	100	-	-	-
Brazil	100	-	-	-
Union of Soviet Socialist Republics	100	-	-	-
Belgium	100	-	-	-
	800,000	795,000	4,000,000	3,815,000

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TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, JUNE 13,1963

33 D-878

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 May 28, 1963	Established Quota	Imports May 29, 1962, to May 28, 19
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
Canada	795,000	795,000	3,815,000	3,815,000
China	-	-	24,000	-
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	168
United Kingdom	100	-	75,000	924
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,

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, JUNE 13, 1963

D-878

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 May 28, 1963	Established Quota	Imports May 29, 1962, to May 28, 1963
	(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	168
United Kingdom	100	-	75,000	924
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	3,816,092

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Commodity	Period and Quantity		Unit of Quantity	Imports as of June 1, 1[...]
Absolute Quotas:				
Butter substitutes, including butter oil, containing 45% or more butterfat.............	Calendar Year 1963	1,200,000	Pound	Quota Fil[...]
Cotton products, except cotton wastes, produced in any stage preceding the spinning into yarn.........................	12 mos. from Sept. 11, 1962	1,000	Pound	
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	Quota Fil[...]

1/Imports through June 10, 1963.

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TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE

THURSDAY, JUNE 13,1963

D-879

The Bureau of Customs announced today preliminary figures on imports for consumption of the following commodities from the beginning of the respective quota periods through June 1, 1963:

Commodity	Period and Quantity		Unit of Quantity	Imports as of June 1, 1[illegible]
Tariff-Rate Quotas:				
Cream, fresh or sour..............	Calendar Year	1,500,000	Gallon	320,2[illegible]
Whole Milk, fresh or sour.........	Calendar Year	3,000,000	Gallon	
Cattle, 700 lbs. or more each (other than dairy cows).........	April 1, 1963-June 30, 1963	120,000	Head	8,9[illegible]
Cattle less than 200 lbs. each....	12 mos. from April 1, 1963	200,000	Head	28,8[illegible]
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish........	Calendar Year	24,874,871	Pound	Quota Fill[illegible]
Tuna Fish.........................	Calendar Year	63,130,642	Pound	19,864,5[illegible]
White or Irish potatoes:				
Certified seed..................	12 mos. from	114,000,000	Pound	58,756,3[illegible]
Other...........................	Sept. 15, 1962	36,000,000	Pound	29,716,1[illegible]
Walnuts...........................	Calendar Year	5,000,000	Pound	2,972,2[illegible]
Stainless steel table flatware (table knives, table forks, table spoons)..................	Nov. 1, 1962-Oct. 31, 1963	69,000,000	Pieces	65,673,9[illegible]

1/Imports for consumption at the quota rate are limited to 12,437,436 pounds during th[illegible] first six months of the calendar year.

2/Imports through June 7, 1963.

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TREASURY DEPARTMENT
Washington

ATE RELEASE

DAY, JUNE 13,1963

D-879

ne Bureau of Customs announced today preliminary figures on imports for consump- the following commodities from the beginning of the respective quota periods June 1, 1963:

Commodity	Period and Quantity		Unit of Quantity	Imports as of June 1, 1963
Rate Quotas:				
fresh or sour..............	Calendar Year	1,500,000	Gallon	320,222
ilk, fresh or sour.........	Calendar Year	3,000,000	Gallon	3
700 lbs. or more each r than dairy cows).........	April 1, 1963- June 30, 1963	120,000	Head	8,942
less than 200 lbs. each....	12 mos. from April 1, 1963	200,000	Head	28,841
resh or frozen, filleted, cod, haddock, hake, pol- cusk, and rosefish........	Calendar Year	24,874,871	Pound	1/ Quota Filled
sh........................	Calendar Year	63,130,642	Pound	19,864,501
Irish potatoes:				
ied seed..................	12 mos. from	114,000,000	Pound	58,756,342
....	Sept. 15, 1962	36,000,000	Pound	29,716,167
....	Calendar Year	5,000,000	Pound	2,972,227
s steel table flatware knives, table forks, spoons)..................	Nov. 1, 1962- Oct. 31, 1963	69,000,000	Pieces	2/ 65,673,963

s for consumption at the quota rate are limited to 12,437,436 pounds during the k months of the calendar year.

through June 7, 1963.

Commodity	Period and Quantity		Unit of Quantity	Imports as of June 1, 19
Absolute Quotas:				
Butter substitutes, including butter oil, containing 45% or more butterfat............	Calendar Year 1963	1,200,000	Pound	Quota Fill
Cotton products, except cotton wastes, produced in any stage preceding the spinning into yarn.........................	12 mos. from Sept. 11, 1962	1,000	Pound	
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	Quota Fill

1/Imports through June 10, 1963.

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TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE

THURSDAY, JUNE 13,1963 D-880

The Bureau of Customs has announced the following preliminary figures showing the imports for consumption from January 1, 1963, to June 1, 1963, 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 June 1, 1963
Buttons.........	680,000	Gross	126,693
Cigars..........	160,000,000	Number	5,492,310
Coconut oil.....	358,400,000	Pound	172,739,448
Cordage.........	6,000,000	Pound	2,504,552
Tobacco.........	5,200,000	Pound	3,608,309

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE

THURSDAY, JUNE 13,1963 D-880

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Cigars..........	160,000,000	Number	5,492,310
Coconut oil.....	358,400,000	Pound	172,739,448
Cordage.........	6,000,000	Pound	2,504,552
Tobacco.........	5,200,000	Pound	3,608,309

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, JUNE 13,1963

D-881

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

QUARTERLY QUOTA PERIOD - April 1 - June 30, 1963

IMPORTS - April 1 - June 10, 1963

Country of Production	ITEM 391 Lead-bearing ores, flue dust, and mattes		ITEM 392 Lead bullion or base bullion, lead in pigs and bars, lead dross, reclaimed lead, scrap lead, antimonial lead, antimonial scrap lead, type metal, all alloys or combinations of lead n.s.p.f.		ITEM 393 Zinc-bearing ores of all kinds, except pyrites containing not over 3% of zinc		ITEM 394 Zinc in blocks, pigs, or slabs; old and worn-out zinc, fit only to be remanufactured, zinc dross, and zinc skimmings	
	Quarterly Quota Dutiable Lead (Pounds)	Imports (Pounds)	Quarterly Quota Dutiable Lead (Pounds)	Imports (Pounds)	Quarterly Quota Dutiable Zinc (Pounds)	Imports (Pounds)	Quarterly Quota By Weight (Pounds)	Imports (Pounds)
Australia	10,080,000	10,080,000	23,680,000	20,354,611	-	-	-	-
Belgian Congo	-	-	-	-	-	-	5,440,000	4,574,628
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	7,520,000
Bolivia	5,040,000	4,505,921	-	-	-	-	-	-
Canada	13,440,000	3,523,370	15,920,000	15,005,528	66,480,000	66,480,000	37,840,000	34,674,835
Italy	-	-	-	-	-	-	3,600,000	-
Mexico	-	-	36,880,000	36,880,000	70,480,000	56,904,077	6,320,000	5,120,143
Peru	16,160,000	14,311,063	12,880,000	10,289,688	35,120,000	21,639,873	3,760,000	3,758,068
Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	10,574,209	-	-	-	-
All other foreign countries (total)	6,560,000	5,643,502	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.

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, JUNE 13,1963

D-881

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

QUARTERLY QUOTA PERIOD - April 1 - June 30, 1963

IMPORTS - April 1 - June 10, 1963

Country of Production	ITEM 391 Lead-bearing ores, flue dust, and mattes		ITEM 392 Lead bullion or base bullion, lead in pigs and bars, lead dross, reclaimed lead, scrap lead, antimonial lead, antimonial scrap lead, type metal, all alloys or combinations of lead n.s.p.f.		ITEM 393 Zinc-bearing ores of all kinds, except pyrites containing not over 3% of zinc		ITEM 394 Zinc in blocks, pigs, or slabs; old and worn-out zinc, fit only to be remanufactured, zinc dross, and zinc skimmings	
	Quarterly Quota Dutiable Lead	Imports	Quarterly Quota Dutiable Lead	Imports	Quarterly Quota Dutiable Zinc	Imports	Quarterly Quota By Weight	Imports
	(Pounds)		(Pounds)		(Pounds)		(Pounds)	
Australia	10,080,000	10,080,000	23,680,000	20,354,611	-	-	-	-
Belgian Congo	-	-	-	-	-	-	5,440,000	4,574,628
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	7,520,000
Bolivia	5,040,000	4,505,921	-	-	-	-	-	-
Canada	13,440,000	3,523,370	15,920,000	15,005,528	66,480,000	66,480,000	37,840,000	34,674,835
Italy	-	-	-	-	-	-	3,600,000	-
Mexico	-	-	36,880,000	36,880,000	70,480,000	56,904,077	6,320,000	5,120,143
Peru	16,160,000	14,311,063	12,880,000	10,289,688	35,120,000	21,639,873	3,760,000	3,758,068
Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	10,574,209	-	-	-	-
All other foreign countries (total)	6,560,000	5,643,502	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.

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STATUTORY DEBT LIMITATION

As of May 31, 1963

Washington, June 14, 1963

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 May 29, 1963 (P. L. 88-30 88th Congress) provides that the above limitation shall be temporarily increased (1) during the period beginning May 29, 1963, and ending on June 30, 1963 to $307,000,000,000, (2) during the period beginning on July 1, 1963, and ending on August 31, 1963 to $309,000,000,000.

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			$307,000,000
Outstanding -			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$49,733,050,000		
Certificates of indebtedness	22,169,068,000		
Treasury notes	52,126,411,000	$124,028,529,000	
Bonds -			
Treasury	80,072,407,650		
* Savings (Current redemption value)	48,230,927,090		
United States Retirement Plan bonds	157,800		
Depositary	104,268,500		
R. E. A. series	30,002,000		
Investment series	3,945,295,000	132,383,058,040	
Certificates of Indebtedness -			
Foreign series	400,000,000		
Foreign Currency series	25,456,750		
Treasury notes -			
Foreign series	183,000,000		
Treasury bonds-			
Foreign Currency series	604,550,938	1,213,007,688	
Special Funds -			
Certificates of indebtedness	8,794,721,791		
Treasury notes	4,541,458,000		
Treasury bonds	30,225,360,000	43,561,539,791	
Total interest-bearing		301,186,134,519	
Matured, interest-ceased		342,414,933	
Bearing no interest:			
United States Savings Stamps	54,363,857		
Excess profits tax refund bonds	699,784		
Special notes of the United States:			
Internat'l Monetary Fund series	2,976,000,000		
Internat'l Develop. Ass'n. series	150,956,600		
Inter-American Develop. Bank series	125,000,000	3,307,020,241	
Total		304,835,569,693	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F. H. A. & DC Stad. Bds.	575,785,750		
Matured, interest-ceased	1,201,825	576,987,575	
Grand total outstanding			305,412,5
Balance face amount of obligations issuable under above authority			1,587,4

Reconcilement with Statement of the Public Debt May 31, 1963
(Date)

(Daily Statement of the United States Treasury, May 31, 1963)
(Date)

Outstanding -	
Total gross public debt	305,203
Guaranteed obligations not owned by the Treasury	576
Total gross public debt and guaranteed obligations	305,780
Deduct - other outstanding public debt obligations not subject to debt limitation	368
	305,412

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STATUTORY DEBT LIMITATION

As of May 31, 1963

Washington, June 14, 1963

Section 21 of Second Liberty Bond Act, as amended, provides that the face amount of obligations issued under authority of Act, and the face amount of obligations guaranteed as to principal and interest by the United States (except such guaranteed ations as may be held by the Secretary of the Treasury), "Shall not exceed in the aggregate $285,000,000,000 (Act of 30, 1959; U. S. C., title 31, sec. 757b), outstanding at any one time. For purposes of this section the current redemption of any obligation issued on a discount basis which is redeemable prior to maturity at the option of the holder shall be con- ed as its face amount." The Act of May 29, 1963 (P. L. 88-30 88th Congress) provides that the above limitation shall be orarily increased (1) during the period beginning May 29, 1963, and ending on June 30, 1963 to $307,000,000,000, (2) during eriod beginning on July 1, 1963, and ending on August 31, 1963 to $309,000,000,000.

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

al face amount that may be outstanding at any one time			$307,000,000,000
ıtstanding -			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$49,733,050,000		
Certificates of indebtedness	22,169,068,000		
Treasury notes	52,126,411,000	$124,028,529,000	
Bonds -			
Treasury	80,072,407,650		
Savings (Current redemption value)	48,230,927,090		
United States Retirement Plan bonds	157,800		
Depositary	104,268,500		
R. E. A. series	30,002,000		
Investment series	3,945,295,000	132,383,058,040	
Certificates of Indebtedness -			
Foreign series	400,000,000		
Foreign Currency series	25,456,750		
Treasury notes -			
Foreign series	183,000,000		
Treasury bonds-			
Foreign Currency series	604,550,938	1,213,007,688	
Special Funds -			
Certificates of indebtedness	8,794,721,791		
Treasury notes	4,541,458,000		
Treasury bonds	30,225,360,000	43,561,539,791	
Total interest-bearing		301,186,134,519	
Matured, interest-ceased		342,414,933	
Bearing no interest:			
United States Savings Stamps	54,363,857		
Excess profits tax refund bonds	699,784		
Special notes of the United States:			
Internat'l Monetary Fund series	2,976,000,000		
Internat'l Develop. Ass'n. series	150,956,600		
Inter-American Develop. Bank series	125,000,000	3,307,020,241	
Total		304,835,569,693	
ıaranteed obligations (not held by Treasury):			
nterest-bearing:			
Debentures: F. H. A. & DC Stad. Bds.	575,785,750		
Matured, interest-ceased	1,201,825	576,987,575	
Grand total outstanding			305,412,557,268
ance face amount of obligations issuable under above authority			1,587,442,732

Reconcilement with Statement of the Public Debt May 31, 1963
(Date)

(Daily Statement of the United States Treasury, May 31, 1963)
(Date)

anding -	
ıtal gross public debt	305,203,811,943
ıaranteed obligations not owned by the Treasury	576,987,575
ıtal gross public debt and guaranteed obligations	305,780,799,518
ct - other outstanding public debt obligations not subject to debt limitation	368,242,250
	305,412,557,268

D-882

Immediate Release 44 June 19-63

TREASURY DEPARTMENT
~~Washington~~

RESULTS OF TREASURY'S CASH OFFERING

The Treasury announced today that the response to its recent offering of 4 percent bonds maturing in August, 1970 had exceeded its expectations. Nearly 24,000 individual subscriptions were received for an aggregate of about $16¼ billion. The Treasury will allot in full subscriptions up to $100,000. All other subscriptions will be subject to a 5 percent allotment with a minimum allotment of $100,000 per subscription. Although an allotment ratio of 5 percent is unusually low, the resulting total of about $1.9 billion of accepted subscriptions will extend well beyond the normal range of overallotment. Because the total of accepted eligible subscriptions will substantially exceed the $1¼ billion originally sought by the Treasury, the Treasury will make no allotments to Government investment accounts. Details by Federal Reserve districts as to subscriptions and allotments will be announced next week.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

June 14, 1963

FOR IMMEDIATE RELEASE

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Details by Federal Reserve districts as to subscriptions and allotments will be announced next week.

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D-883

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, June 18, 1963.

June 17, 1963

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 March 21, 1963, and the other series to be dated June 20, 1963, which were offered on June 12, were opened at the Federal Reserve Banks on June 17. 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 September 19, 1963		:	182-day Treasury bills maturing December 19, 1963	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.245 a/	2.987%	:	98.452	3.062%
Low	99.241	3.003%	:	98.440	3.086%
Average	99.242	2.997% 1/	:	98.442	3.081% 1/

a/ Excepting one tender of $300,000
27 percent of the amount of 91-day bills bid for at the low price was accepted
22 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	$ 14,748,000	$ 14,478,000	:	$ 20,209,000	$ 16,309,[illegible]
New York	1,708,382,000	912,737,000	:	1,067,613,000	645,293,[illegible]
Philadelphia	29,343,000	12,956,000	:	13,242,000	8,242,[illegible]
Cleveland	32,450,000	32,195,000	:	18,810,000	12,778,[illegible]
Richmond	18,979,000	12,979,000	:	10,761,000	8,761,[illegible]
Atlanta	50,352,000	39,087,000	:	9,985,000	9,517,[illegible]
Chicago	235,752,000	126,642,000	:	104,103,000	41,983,[illegible]
St. Louis	32,676,000	26,130,000	:	10,575,000	9,075,[illegible]
Minneapolis	14,078,000	8,618,000	:	5,902,000	2,908,[illegible]
Kansas City	28,269,000	26,539,000	:	7,835,000	7,150,[illegible]
Dallas	26,288,000	17,558,000	:	9,799,000	5,900,[illegible]
San Francisco	117,890,000	70,836,000	:	85,820,000	[illegible]
TOTALS	$2,303,207,000	$1,300,755,000 b/		$1,364,654,000	$800,450,[illegible]

b/ Includes $242,683,000 noncompetitive tenders accepted at the average price of 99.242
c/ Includes $60,846,000 noncompetitive tenders accepted at the average price of 98.442
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 3.06%, for the 91-day bills, and 3.17%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with their 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.

RELEASE A. M. NEWSPAPERS,
sday, June 18, 1963.

June 17, 1963

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York	1,702,382,000	912,737,000	:	1,067,613,000	645,293,000
ladelphia	29,343,000	12,956,000	:	13,242,000	8,242,000
veland	32,450,000	32,195,000	:	18,810,000	12,771,000
hmond	18,979,000	12,979,000	:	10,761,000	2,761,000
anta	50,352,000	39,087,000	:	9,985,000	9,517,000
cago	235,752,000	126,642,000	:	104,103,000	41,983,000
Louis	32,676,000	26,130,000	:	10,575,000	9,075,000
neapolis	14,078,000	8,618,000	:	5,902,000	2,902,000
sas City	28,269,000	26,539,000	:	7,835,000	7,150,000
las	26,288,000	17,558,000	:	9,799,000	5,980,000
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TREASURY DEPARTMENT

WASHINGTON, D.C.

June 17, 1963

FOR IMMEDIATE RELEASE

TREASURY MARKET TRANSACTIONS IN MAY

During May 1963, 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 $656,202,500.00.

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D-885

TREASURY DEPARTMENT

WASHINGTON, D.C.

June 17, 1963

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D-885

more important, it will greatly increase opportunity for all America-

Finally, and perhaps most important of all, by strengthening our economy, it will increase the ability of our entire nation to provi(a better and more secure life for this generation and the generations t(come.

required ~~to meet~~ national needs at home and abroad.

itself. Since January, the President has reduced his fiscal 1964 requests by some $615 million. Before that, a full $10 419 billion was trimmed from agency requests.

In the final analysis, the only real solution for our recent large budget deficits is to increase our economic growth to the point where it will produce enough revenues to finance the minimum ~~needed~~ programs within the context of a balanced budget. Not only will substantial tax reduction in 1963 help generate that growth, but -- as the President has repeatedly pledged -- a large portion of the increased revenues that result will be applied toward [illegible] the current deficit.

This is the positive approach to the budget issue -- the approach that can help us to achieve our potential as a nation -- both in economic and human terms. Prompt and substantial tax reduction will, of course, greatly increase the potential for American business.

divisions -- more than twice the total increase in manpower since the Administration took office -- reducing the Navy by more than 140 ships, reducing the Air Force by 14 combat wings, and so on right down the line. I doubt if there are many Americans who would favor such a course.

The same thing applies to the space budget. Here, the National Association of Manufacturers has suggested a cut of $1.~~2~~4 billion in the $5.7 billion requested by the President. But even if such a drastic cut were made, it would only reduce 1964 expenditures by about ______________. LITTLE

My point is not that the budget cannot be cut, but simply that it cannot be cut arbitrarily or fitted into a fixed mold such as the 1963 expenditure total. We must not forget either that the fiscal 1964 budget is an extremely tight budget -- one of the tightest ever proposed. It has already been cut -- and hugely -- by the Adminis

The $4.5 billion increase was in space, defense, and interest on the public debt. Suppose you tried to cut the defense budget by $4.5 billion, where would you look first? Research and development costs $7.1 billion, so you would have to cut that more than in half. Procurement costs $16.4 billion, most of which represents payments on contracts already far along and funded out of earlier appropriations. Therefore, budget cuts here would have little effect in 1964, but rather in 1965 or later. To reduce procurement expenditures in fiscal 1964 we would have to severely stretch out programs already under way and funded by appropriations which have already been made.

Expenditures for maintaining our standing defense forces at home and abroad total $25.9 billion. This amount is ~~carried in~~ the current budget, so it is here that we must cut if we wish to hold 1964 expenditures to 1963 levels. A cut of one-sixth in this area would provide almost $4.5 billion. But it would mean reducing the Army by more than two

To reduce the total fiscal 1964 budget to the 1963 level would call for cutting defense and space expenditures by $4.5 billion, or cutting a similar amount from all other programs -- which have already been held below their 1963 level -- or some combination of the two.

The impracticality of such an arbitrary cut becomes apparent when one realizes that while the Administration presents the budget and Congress considers it on an annual basis, the programs whose costs are expressed in the budget are in large part continuing programs which involve not only plans but commitments for years ahead. For example, over 40 percent of the fiscal 1964 expenditure budget involves payments from unspent authorizations enacted in previous years, most of which are already obligated. And there are other items -- such as veterans pensions -- which, while they are in a somewhat different category, are inherently contractual in nature.

Let us look at specifics: Where would you cut the budget to reduce fiscal 1964 expenditures by $4.5 billion?

after intelligent examination, pinpoint where they think cut [illegible] made. But seldom has any single issue generated so much loo[illegible] spend-thrift oratory as this matter of Government expenditur[illegible]. [illegible] is hardly responsible, fiscally [illegible] otherwise, to pluck from [illegible] air -- or from the nostal[illegible] -- [illegible] arbitrary figure a[illegible] claim it as the [illegible] limit expenditu[illegible] [illegible] never exceed, the exact amount [illegible]penditures [illegible] b[illegible] [illegible].

Some who are [illegible] [illegible] [illegible] concerned [illegible] fis[illegible] are currently sugg[illegible] [illegible] [illegible] expenditures should [illegible] exceed the fiscal [illegible] level. [illegible] suggestion, I am [illegible] completely out [illegible] [illegible] with [illegible] [illegible] of fiscal life a[illegible] needs. The [illegible] that the [illegible] billion budget in[illegible] from 1963 to 1964 can be accounted [illegible] by increases in only [illegible] areas -- defen[illegible] space, and interest on the publ[illegible] debt. [illegible] of all other expenditures is being held <u>below</u> 1963 levels.

16 percent. These are by no means all the figures one could cite, but they are enough to make the simple point that we are a growing nation which requires growing national services to meet the needs of its people and of its business and its industry.

President Kennedy, without neglecting essential national needs has exercised, is exercising, and will continue to exercise a firm control over expenditures. When you include the 1964 Budget as submitted by the President, then -- apart from defense and space -- the total increase in all expenditures during the first three years of his Administration will be $8[illegible] million less than the similar increase during the preceding three years from 1958 to 1961. Our has increased rapidly over the past three years, but fully 70 percent of the total increase from 19[illegible] through 1964 has been in the areas of defense, space, and the inescapable interest on the public debt.

The facts are there for those who are willing to recognize. I have no quarrel with those who do scrutinize the facts and

Let us look at some of the facts involved in the issue of [illegible]
ture control: One very elementary point -- which too many choo[illegible]
ignore -- was made by President Eisenhower in his 1960 Budget Mes[illegible]
and I quote:

> "We must not forget that a rapidly growing population creates virtually automatic increases in many Federal resp[illegible] sibilities."

The Direc[illegible] of the Budget, Kermit Gordon, has provided s[illegible]
telling examples of this population rise and its impact on Fed[illegible]
services: By the end [illegible] fiscal 1964, the budget year on which
now working, there will be 10 million more Americans than ther[illegible]
the day President Kennedy took office. Between fiscal years 1[illegible]
1964, the volume of mail will rise by more than six percent, t[illegible]
number of veterans or survivors receiving pensions by 1[illegible] perc[illegible]
beneficiaries under the old-age and survivors insurance prog[illegible]

government revenues to provide for our growing national needs risking large deficits.

The question of Federal expenditures and deficits has loom

large in public discussion of the President's tax proposals. I like to devote some time to it today, for it is a question that too often been beclouded with misunderstanding.

First of all, let me say that the reason we have had large deficits in recent years -- either in this or in preceding Admi tions -- is not because of excessive or unnecessary spending by Federal Government. The real reason is simply that our econom been operating at levels high enough to produce the revenues w to meet the demands of our rapidly growing population and the costs of defense and space.

that the net tax reduction will not be far from the proposed $10.3 billion.

The impact of that overall tax cut will be felt throughout th economy far faster than most people realize. If the President's program were to receive final approval by October 1st, [redacted] the entir $10 billion in tax relief would be released into the economy within th following fifteen months. The ultimate effect would be several ti $10 billion -- as evidenced by the report of the Joint Economic Com- mittee of the Congress, which estimated that it would eventually inc our annual Gross National Product by as much as $40 billion.

It would be a mistake, however, to measure the effectiveness of the overall tax program in dollar terms alone. For in the final an what it will mean is more and better job and educational opportunit for millions of our citizens, greater profitability, productivity, and incentives for business and business investment, and increased to last year's tax reforms for at least 43 percent of their increased capital expenditures.

Reducing business taxes alone, however, cannot do the whole job. For we need not only to increase business productivity, but to expand and expand dramatically -- the overall markets for business output. No company will produce more goods, or new goods, without markets to absorb them. The best way to assure those markets is to assure that consumer purchasing power expands as our capacity to produce expands. The President's tax proposals would accomplish this by reducing personal income tax rates from the present range of 20 to 91 percent to a much lower range of 14 to 65 percent. Such a cut in individual rates, combined with the proposed corporate rate reduction, would total $13.6 billion. The rate cuts may, of course, be somewhat revised in the bill that emerges from the House Ways and Means Committee. But I am confident ~~that the~~ rate scales will not differ very much from those proposed by the President, and

THEM

those proposals briefly:

The proposed reduction from 52 to 47 percent in the corporate tax rate -- combined with last year's investment credit and deprecia reform -- would cut business taxes by a total of $5 billion. That total would give business forty percent of the overall tax reduction provide a strong and continuing stimulus toward accelerated economic growth, and increase the profitability of new business investment by almost thirty percent.

Anyone who is skeptical about the effect of corporate rate cuts upon business and economic growth should take a hard look at the results of last year's tax changes. A recent survey of capital spen by the Commerce Department and the Securities and Exchange Commissio estimates that expenditures for plant and equipment in 1963 will rise to more than $39 billion from a level of some $37 billion for 1962. as an earlier McGraw-Hill survey pointed out, businessmen give cred

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Look, for example, at what has happened over the past ~~year.~~ 12 MONTHS

One year ago, we had a Gross National Product of $552 billion and an unemployment rate of 5½ percent. Yet, while today GNP has risen to $580 billion -- $28 billion higher than a year ago -- unemployment is verging on 6 percent. To put it another way, we would need an averag rise in GNP of $14 billion ~~per~~ a quarter -- beginning now -- to close t gap between output and employment by the end of 1964. Yet, since last fall, our economy has been growing by only a little more than $8 bill ~~per~~ a quarter. At that rate, and assuming that our potential output grows at its present pace, it would take us ten ~~full~~ long years to reach our interim full employment target of four percent unemployment.

We simply cannot tolerate that kind of delay -- and that is why President has submitted tax proposals designed to achieve the more r sustained, and balanced growth we must have. Let us consider

I hope last year's rise may be a portent of things to come -- not on because of the benefits higher exports would bring to you, but because increased coal exports would be of considerable help in easing the imbalance in our international payments.

It is essential that we continue to encourage in every American business the kind of progress that has placed the coal industry in the forefront of our march towards greater productivity. But even as we do so, we cannot forget that productivity increases can also be accompanied by less welcome increases in unemployment.

As a nation, therefore, we face the difficult and double challenge of not only sustaining and encouraging the upswing in productivity, but at the same time providing the millions of new jobs we will need to replace obsolete ones and to absorb our new workers. If our economy to provide those jobs, it will have to grow at a considerably faster pace than ~~is during~~ the present upturn. Our total output will have to increase by for more than the \$25 to \$30 billion that appears in sight for 1964 guidelines alone, your industry realized an estimated $50 million in added tax deductions, and about $20 million in actual after-tax savings.

Those tax changes ~~of last year~~, and even more the new tax proposals made by President Kennedy, will give added impetus to the striking advances in productivity that have made the United States coal industry one of the most competitive in the world. It has been estimated, for example, that ~~these~~ American mines which produce coal for export average about 12 tons per man per day -- as compared with 1-1/2 tons per man per day for West German mines. And some of the m United States mines produce as much as 40 to 50 tons per man per day.

Unfortunately, the pace-setting productivity increases that have long been a hall-mark of the American coal industry have not been consistently reflected in rising coal exports. Last year, those

increased for the first time,

exports ~~increased by about $37~~ million ~~over 1961 --~~ thus reversing the downward trend ~~that had persisted~~ since 1957 ~~when, partly as a~~ result of the Suez ~~crisis~~, our coal exports ~~soared to $830 million~~

recording its figures on a seasonal basis in 1949. The young people born in 1946 -- the first year of the postwar baby boom -- have begun to enter the labor force. They will continue to enter it in increasingly large numbers. During the mid-sixties, our labor force will have to absorb an inflow of nearly three million young people each year, compared to less than two million during the mid-fifties -- an increase of 50 percent.

This prospect alone presents us with a formidable problem. And it will be compounded as automation and modernization displace greater numbers of workers and lessen the demand for unskilled and semi-skilled labor.

As measured by output per manhour, the productivity of American business has risen by more than ten percent over the past two years. Like other industries, the coal industry has been helped considerably by the two tax measures of last year -- the investment credit and the

[illegible]

liberalized guidelines for depreciation. ~~As a result of the new~~

DRAFT 6/17/63

FOR RELEASE: ON DELIVERY

REMARKS BY THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
AT THE NATIONAL COAL ASSOCIATION CONVENTION
MAYFLOWER HOTEL, WASHINGTON, D. C.
JUNE 18, 1963, 12:30 P.M. EDT

There comes an hour in the life of every nation when the gap between promise and performance must be closed. Such an hour is striking now in the field of economic growth.

Several months ago, the gap between our economic performance and our potential was more readily apparent than it is today, ~~with~~ Contin we see. the pace of business activity picking up, and the business outlook seemingly bright. But we cannot let present prospects blind us to the fact that the current upturn in our economy holds out little hope of giving us the momentum we need to achieve our goal of full employment.

Last month, more than four million Americans actively seeking work could not find it. Even more disturbing, unemployment among teenagers climbed from 16 percent in April to 18 percent in May. That was the highest jobless figure for teenagers since the Labor Department began

TREASURY DEPARTMENT
Washington

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OR RELEASE: ON DELIVERY

REMARKS BY THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
AT
THE NATIONAL COAL ASSOCIATION CONVENTION
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As measured by output per manhour, the productivity of American usiness has risen by more than ten percent over the past two years. ke other industries, the coal industry has been helped considerably the two tax measures of last year -- the investment credit and the beralized guidelines for depreciation. Those tax changes -- d even more, the new tax proposals made by President Kennedy -- will ve added impetus to the striking advances in productivity that have de the United States coal industry one of the most competitive in e world. It has been estimated, for example, that American mines ich produce coal for export average about 12 tons per man per y -- as compared with 1-1/2 tons per man per day for West German nes. And some of the newer United States mines produce as much as 40 50 tons per man per day.

Unfortunately, the pace-setting productivity increases that have ng been a hall-mark of the American coal industry have not been nsistently reflected in rising coal exports. Last year, those ports increased for the first time since 1957. I hope last year's se may be a portent of things to come -- not only because of the nefits higher exports would bring to you, but because increased al exports would be of considerable help in easing the imbalance our international payments.

It is essential that we continue to encourage in every American siness the kind of progress that has placed the coal industry in the refront of our march towards great productivity. But even as we so, we cannot forget that productivity increases can also be companied by less welcome increases in unemployment.

As a nation, therefore, we face the difficult and double challenge not only sustaining and encouraging the upswing in productivity, but the same time providing the millions of new jobs we will need to lace obsolete ones and to absorb our new workers. If our economy to provide those jobs, it will have to grow at a considerably ter pace than has been the case during the present upturn. Our al output will have to increase by far more than the $25 to billion that appears in sight for 1963.

Look, for example, at what has happened over the past 12 months: year ago, we had a Gross National Product of $552 billion and an mployment rate of 5-1/2 percent. Yet, while today GNP has risen $580 billion -- $28 billion higher than a year ago -- unemployment verging on 6 percent. To put it another way, we would need an rage rise in GNP of $14 billion a quarter -- beginning now -- to se the gap between output and employment by the end of 1964. Yet, ce last fall, our economy has been growing by only a little more n $8 billion a quarter. At that rate, and assuming that our ential output grows at its present pace, it would take us ten long rs to reach our interim full employment target of four percent nployment.

We simply cannot tolerate that kind of delay -- and that is why the President has submitted tax proposals designed to achieve the nore rapid, sustained, and balanced growth we must have. Let us consider them briefly.

The proposed reduction from 52 to 47 percent in the corporate tax rate -- combined with last year's investment credit and depreciation reform -- would cut business taxes by a total of $5 billion. That total would give business forty percent of the overall tax reduction, provide a strong and continuing stimulus toward accelerated economic growth, and increase the profitability of new business investment by almost thirty percent.

Anyone who is skeptical about the effect of corporate rate cuts should take a hard look at the results of last year's tax changes. A recent survey of capital spending by the Commerce Department and the Securities and Exchange Commission estimates that expenditures for plant and equipment in 1963 will rise to more than $39 billion from a level of some $37 billion for 1962. And, as an earlier McGraw-Hill survey pointed out, businessmen give credit to last year's tax reforms for at least 43 percent of their increased capital expenditures.

Reducing business taxes alone, however, cannot do the whole job. For we need not only to increase business productivity, but to expand -- and expand dramatically -- the overall markets for business output. No company will produce more goods, or new goods, without markets to absorb them. The best way to assure those markets is to assure that consumer purchasing power expands as our capacity to produce expands. The President's tax proposals would accomplish his by reducing personal income tax rates from the present range of 0 to 91 percent to a much lower range of 14 to 65 percent. Such a ut in individual rates, combined with the proposed corporate rate eduction, would total $13.6 billion. The rate cuts may, of course, e somewhat revised in the bill that emerges from the House Ways nd Means Committee. But I am confident that the net tax reduction ill not be far from the proposed $10.3 billion.

The impact of that overall tax cut will be felt throughout the conomy far faster than most people realize. If the President's rogram were to receive final approval by October 1st, the entire 10 billion in tax relief would be released into the economy within he following fifteen months. The ultimate effect would be several imes $10 billion -- as evidenced by the report of the Joint Economic ommittee of the Congress, which estimated that it would eventually ncrease our annual Gross National Product by as much as $40 billion.

It would be a mistake, however, to measure the effectiveness of the overall tax program in dollar terms alone. For in the final analysis, what it will mean is more and better job and educational opportunities for millions of our citizens, greater profitability, productivity, and incentives for business and business investment, and increased government revenues to provide for our growing national needs without risking large deficits.

The question of Federal expenditures and deficits has loomed large in public discussion of the President's tax proposals. I would like to devote some time to it today, for it is a question that has too often been beclouded with misunderstanding.

First of all, let me say that the reason we have had large deficits in recent years -- either in this or in preceding Administrations -- is <u>not</u> because of excessive or unnecessary spending by the Federal Government. The real reason is simply that our economy has not been operating at levels high enough to produce the revenues we need to meet the demands of our rapidly growing population and the increased costs of defense and space.

Let us look at some of the facts involved in the issue of expenditure control: One very elementary point -- which too many choose to ignore -- was made by President Eisenhower in his 1960 Budget Message, and I quote:

> "We must not forget that a rapidly growing population creates virtually automatic increases in many Federal responsibilities."

The Director of the Budget, Kermit Gordon has provided some very telling examples of this population rise and of its impact on Federal services: By the end of fiscal 1964, the budget year on which we are now working, there will be 10 million more Americans than there were the day President Kennedy took office. Between fiscal years 1962 and 1964, the volume of mail will rise by more than six percent, the number of veterans or survivors receiving pensions by 10 percent, beneficiaries under the old-age and survivors insurance program by 16 percent. Those are by no means all the figures one could cite, but they are enough to make the simple point that we are a growing nation which requires growing national services to meet the needs of its people and of its business and its industry.

7?

President Kennedy, without neglecting essential national
ɜds, has exercised, is exercising, and will continue to exercise
firm control over expenditures. Our budget has increased
ɔidly over the past three years, but fully 70 percent of the
:al increase from 1961 through 1964 has been in the areas of
:ense, space, and the inescapable interest on the public debt.
ɜn you include the 1964 Budget as submitted by the President,
ɜn -- apart from defense and space -- the total increase in all
ɔenditures during the first three years of his Administration will
$800 million <u>less</u> than the similar increase during the preceding
:ee years from 1958 to 1961.

The facts are there for those who are willing to recognize
ɜm. I have no quarrel with those who <u>do</u> scrutinize the facts and
ɔ, after intelligent examination, pinpoint where they think cuts
ı be made. But seldom has any single issue generated so much
ɔse and spend-thrift oratory as this matter of Government
ɔenditures. It is hardly responsible, fiscally or otherwise, to
ıck from the blue air -- or from the nostalgic past -- some
ɔitrary figure and proclaim it as the magic limit expenditures
ɜt never exceed, or as the exact amount expenditures must be
:.

Some who are seriously and honestly concerned with fiscal
:egrity are currently suggesting that fiscal 1964 expenditures
ɔuld not exceed the fiscal 1963 level. That suggestion, I am
:aid, is completely out of touch with the realities of fiscal
:e and national needs. The truth is that the entire $4.5
.lion budget increase from 1963 to 1964 can be accounted for by
:reases in only three areas -- defense, space, and interest on the
ılic debt. The total of all other expenditures is being held <u>below</u>
ı3 levels.

To reduce the total fiscal 1964 budget to the 1963 level
ld call for cutting defense and space expenditures by $4.5
.lion, or cutting a similar amount from all other programs --
ch have already been held below their 1963 level -- or some
ıbination of the two.

The impracticality of such an arbitrary cut becomes apparent en one realizes that while the Administration presents the budget d Congress considers it on an annual basis, the programs whose st is expressed in the budget are in large part continuing programs ich involve not only plans but commitments for years ahead. For ample, over 40 percent of the fiscal 1964 expenditure budget volves payments from unspent authorizations enacted in previous ars, most of which are already obligated. And there are other ems -- such as veterans pensions -- which, while they are in a mewhat different category, are inherently contractual in nature.

Let us look at specifics: Where would you cut the budget to duce fiscal 1964 expenditures by $4.5 billion?

The $4.5 billion increase was in space, defense, and interest on e public debt. Suppose you tried to cut the defense budget by .5 billion, where would you look first? Research and development sts $7.1 billion, so you would have to cut that more than in half. ocurement costs $16.4 billion, most of which represents payments contracts already far along and funded out of earlier appropriations. erefore, budget cuts here would have little effect in 1964, but ther in 1965 or even later. To reduce procurement expenditures in scal 1964 we would have to severely stretch out programs already der way and funded by appropriations which have already been made.

Expenditures for maintaining our standing defense forces at home d abroad total $25.9 billion. This amount is funded from the current dget, so it is here that we must cut if we wish to hold 1964 penditures to 1963 levels. A cut of one-sixth in this area would ovide almost $4.5 billion. But it would mean reducing the Army more than two divisions -- more than twice the total increase manpower since this Administration took office, reducing the vy by more than 140 ships, reducing the Air Force by 14 combat ngs, and so on right down the line. I doubt if there are many ericans who would favor such a course.

The same thing applies to the space budget. Here, the National sociation of Manufacturers has suggested a cut of $1.4 billion in e $5.7 billion of new spending authority requested by the President. t even if such a drastic cut were made, it would only reduce tual 1964 expenditures by a little over $500 million.

My point is not that the budget cannot be cut, but simply that it cannot be cut arbitrarily or fitted into a fixed mold such as the 1963 expenditure total. We must not forget either that the fiscal 1964 budget is an extremely tight budget -- one of the tightest ever proposed. It has already been cut -- and hugely -- by the Administration itself. Since January, the President has reduced his fiscal 1964 requests by some $615 million. Before that, a full $19 billion was trimmed from agency requests.

In the final analysis, the only real solution for our recent large budget deficits is to increase our economic growth to the point where it will produce enough revenues to finance, within the context of a balanced budget, the minimum programs required to meet our national needs at home and abroad. Not only will substantial tax reduction in 1963 help generate that growth, but -- as the President has repeatedly pledged -- a large portion of the increased revenues that result will be applied toward eliminating the current deficit.

This is the positive approach to the budget issue -- the approach that can help us to achieve our potential as a nation, both in economic and human terms. Prompt and substantial tax reduction will, of course, greatly increase the potential for American business. Even more important, it will greatly increase opportunity for all Americans. Finally, and perhaps most important of all, by strengthening our economy, it will increase the ability of our entire nation to provide a better and more secure life for this generation and the generations to come.

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

Banking institutions generally may submit tenders for account of customers vided the names of the customers are set forth in such tenders. Others than cing institutions will not be permitted to submit tenders except for their account. Tenders will be received without deposit from incorporated banks trust companies and from responsible and recognized dealers in investment urities. Tenders from others must be accompanied by payment of 2 percent of face amount of Treasury bills applied for, unless the tenders are accompanied n express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal rve Banks and Branches, following which public announcement will be made by Treasury Department of the amount and price range of accepted bids. Those itting tenders will be advised of the acceptance or rejection thereof. The etary of the Treasury expressly reserves the right to accept or reject any ll tenders, in whole or in part, and his action in any such respect shall be l. Subject to these reservations, noncompetitive tenders for $ 200,000 or for the additional bills dated March 28, 1963 , (91 days remaining until maturity date on September 26, 1963) and noncompetitive tenders for 0,000 or less for the 182 -day bills without stated price from any one er will be accepted in full at the average price (in three decimals) of aced competitive bids for the respective issues. Settlement for accepted tenin accordance with the bids must be made or completed at the Federal Reserve s on June 27, 1963 , in cash or other immediately available funds or like face amount of Treasury bills maturing June 27, 1963 . Cash

TREASURY DEPARTMENT
Washington

June 19, 1963

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 June 27, 1963 , in the amount of $ 2,102,416,000 , as follows:

91 -day bills (to maturity date) to be issued June 27, 1963 , in the amount of $ 1,300,000,000 , or thereabouts, representing an additional amount of bills dated March 28, 1963 , and to mature September 26, 1963, originally issued in the amount of $ 800,046,000 , the additional and original bills to be freely interchangeable.

182 -day bills, for $ 800,000,000 , or thereabouts, to be dated June 27, 1963 , and to mature December 26, 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~~ Daylight Saving time, Monday, June 24, 1963. 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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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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FOR IMMEDIATE RELEASE June 19, 1963

SUBSCRIPTION AND ALLOTMENT FIGURES FOR TREASURY'S CURRENT CASH OFFERING

The Treasury Department today announced the subscription and allotment figures with respect to the current offering of 4% Treasury Bonds of 1970, due August 15, 1970.

Subscriptions for $100,000 or less were allotted in full and those for more than $100,000 were allotted 5 percent but not less than $100,000.

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

Federal Reserve District	Total Subscriptions Received	Total Allotments
Boston	$ 902,377,500	$ 98,391,500
New York	5,563,732,500	472,473,500
Philadelphia	525,975,500	68,540,000
Cleveland	985,716,000	124,490,000
Richmond	511,178,500	83,708,500
Atlanta	752,352,500	154,851,500
Chicago	2,332,874,000	301,144,000
St. Louis	467,610,000	107,895,000
Minneapolis	330,967,000	77,650,500
Kansas City	399,879,500	127,017,000
Dallas	537,304,500	88,938,500
San Francisco	2,935,637,500	198,781,500
Treasury	16,309,500	1,891,500
Total	$16,261,914,500	$1,905,573,000

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Increase in revenue resulting from extension of present excise tax rates

(In millions of dollars)

	Rate reduction scheduled as of July 1, 1963 under present law	Effect on net budget receipts, fiscal year 1964: Increase in receipts	Decrease in refunds	Total	Increase in revenue, full year
Alcohol:					
Distilled spirits	$10.50 to $9.00 per gallon	190	138	328	193
Beer	$9.00 to $8.00 per barrel	83	9	92	84
Wines	Various 1/	9	5	14	9
Total alcohol taxes		282	152	434	286
Tobacco:					
Cigarettes (small)	$4.00 to $3.50 per thousand	241	24	265	246
Manufacturers excise taxes:					
Passenger automobiles	10% to 7% of mfrs. price	380	50	430	460
Parts and accessories for automobiles	8% to 5% of mfrs. price	68	--	68	82
Total manufacturers excise taxes		448	50	498	542
Miscellaneous excise taxes:					
General telephone service	10% to 0	430	--	430	570
Transportation of persons by air	5% to 0	86	--	86	105
Total miscellaneous excise taxes		516	--	516	675
Total		1,487	226	1,713	1,749

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

1/ Sparkling wines (champagne) .... $3.40 to $3.00 per gallon
Artificially carbonated wines .... $2.40 to $2.00 per gallon
Still wines:
Not more than 14% alcohol .... 17 cents to 15 cents per gallon
More than 14%, not over 21% alcohol .... 67 cents to 60 cents per gallon
More than 21%, not over 24% alcohol .... $2.25 to $2.00 per gallon
More than 24% alcohol .... $10.50 to $9.00 per gallon
Wine liqueurs or cordials produced domestically containing over 2½% wine, which wine contains over 14% alcohol (in lieu of rectification tax) -- [illegible] to [illegible] per gallon

It was hoped that maintenance of the tax until June 30, 1963, would have provided the Congress with an opportunity to review the user charge proposals this year while the most important revenue component, the tax on air passenger transportation, was still in effect. However, the extensive work being done by the House Ways and Means Committee on the President's income tax reduction and reform program necessarily has been given priority. The one-year extension of the tax on transportation of persons as proposed by H. R. 6755 will provide the desired continuity in this tax.

The President's proposed revision of the corporate rate structure is part of the overall income tax program now being considered by the House Ways and Means Committee. Since there is no possibility of enactment of this larger program by July 1, it is necessary to take some action to prevent the presently scheduled corporate tax reduction from going into effect as of July 1. H. R. 6755 proposes to meet this situation by amending present law to postpone the scheduled reduction for another year. I believe that this is the simplest way to take care of this problem.

As you will remember, the President recommended that the tax on air passenger transportation be made permanent, instead of merely extended, as in the case of the other excise rates covered in this bill. The President's recommendation in this connection was part of a larger recommendation covering a user charge program for the airways and waterways. The President also made these user charge proposals last year, but the Congress did not take any action on them except with respect to transportation of persons by air. Even in that case, provision was made for repeal of the tax as of this June 30.

this June 30.

from the President's recommendation to reduce the corporation tax to 47 percent.

While the present law provides for reduction of the corporation income tax to 47 percent through reduction of the normal rate from 30 to 25 percent, the automatic reduction would differ significantly from the reduction proposed by the President. The President's recommendation would maintain the 52 percent corporation tax rate for the calendar year 1963 but would reverse the normal and surtax rates. The present normal tax of 30 percent applicable to the first $25,000 of taxable corporate income would be reduced to 22 percent, and the surtax applicable to income in excess of $25,000 would be increased from 22 percent to 30 percent. This reversal would reduce fiscal 1964 revenues by only $400 million and would substantially ease the burden on hundreds of thousands of small businesses which form the base of our free enterprise system. Two subsequent changes would be made in the surtax rate. It would drop to 28 percent for the calendar year 1964 and then to 25 percent for the calendar year 1965. When fully effective, the President's proposal would reduce the corporate tax liabilities by $2.6 billion at levels of income estimated for calendar year 1963.

calendar year 1963.

More than a decade has passed since the so-called temporary Korean taxes were imposed. Changes have occurred since 1951 in the economic factors affecting industries subject to excises, many of which are World War II taxes not scheduled for automatic reduction. Our review led us to the conclusion that future excise reductions should be made only in the light of an up-to-date evaluation of the entire excise tax system.

Since the President has emphasized the importance of income tax reduction plus the need for retaining a reasonable limit on the total amount of tax reduction, I should like to indicate the relationship between the amount of the automatic excise tax reductions and the President's income tax reduction proposals. The $1.7 billion of automatic excise reductions equals nearly 17 percent of the $10.3 billion of income tax reduction contemplated upon full implementation of the President's program. Total income tax reductions could be only five-sixths as large as recommended if the automatic excise tax reductions were allowed to take place. The $1.7 billion is even more significant if related only to the President's recommendation with respect to the corporation income tax. The $1.7 billion equals nearly two-thirds of the revenue loss that would result

that would result

The President recommended continuation of present excise tax rates for another year even though he also recommended substantial reductions in income taxes over the next three years. Before the President offered these recommendations, a thorough review of the various components of our Federal tax system was undertaken. The review was made in order to determine where reductions might most appropriately be made to stimulate the growth of our economic system and to determine what changes might also increase the overall equity of the tax system. As a result of this analysis, the President decided that these objectives would best be met by giving priority to adjustments in the scope of the income taxes and through significant reductions in present income tax rates. Admittedly, it would be possible to make reductions in excise taxes which would improve the excise tax system. However, the review concluded that income tax revision should receive first priority.

I might add that this review of the excise tax system also led us to the conclusion that the excises under consideration now are not necessarily those that should have first priority in a reform or reduction of excise taxes.

of excise taxes.

that is, from 8 cents to 7 cents a package. The tax on manufacturers' sales of passenger automobiles would drop from 10 percent to 7 percent. For automobile parts, the reduction would be from 8 percent to 5 percent. Two excises are scheduled to be repealed: the 10 percent tax on general (local) telephone service and the 5 percent tax on amounts paid for transportation of persons by air.

Retention of these excise taxes at present rates for another year will prevent an estimated revenue loss of $1.7 billion in fiscal 1964. The loss from alcoholic beverages would be $434 million. The cigarette tax reduction would reduce revenues by $265 million, and reductions for passenger automobiles and automobile parts would cost $498 million. Repeal of the tax on general telephone service would curtail revenues by $430 million, while repeal of the tax on transportation of persons by air would cost $86 million.

Further details on excise revenue losses and rate changes are shown in the attached table.

The scheduled reduction in the corporate normal tax would reduce fiscal 1964 revenues by $1.2 billion; on a full-year basis the reduction would be $2.5 billion.

be $2.5 billion.

STATEMENT OF THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
BEFORE THE
SENATE COMMITTEE ON FINANCE
ON
H. R. 6755, THE TAX RATE EXTENSION ACT OF 1963,
ON JUNE 20, 1963, 10:00 A.M., EDT.

H. R. 6755 extends for another year certain taxes which otherwise would automatically expire or be reduced on July 1 of this year. These rate extensions are in accord with the recommendations of the President in his Budget Message of January 17.

Taxes covered by the bill are the corporation income tax and certain excises. The excises are those on alcoholic beverages, cigarettes, passenger automobiles, parts and accessories for automobiles, general (local) telephone service, and transportation of persons by air.

Under present law, the corporation normal tax rate would be reduced from 30 percent to 25 percent. The tax on distilled spirits would be lowered from $10.50 to $9 a gallon and that on beer from $9 to $8 a barrel. Minor decreases would be made in the taxes on wines. Cigarettes would benefit from a tax reduction to $3.50 per thousand as compared to the present $4 rate,

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STATEMENT OF THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
BEFORE THE
SENATE COMMITTEE ON FINANCE
ON
H. R. 6755, THE TAX RATE EXTENSION ACT OF 1963,
ON JUNE 20, 1963, 10:00 A.M., EDT.

H. R. 6755 extends for another year certain taxes which otherwise would automatically expire or be reduced on July 1 of this year. These rate extensions are in accord with the recommendations of the President in his Budget Message of January 17.

Taxes covered by the bill are the corporation income tax and certain excises. The excises are those on alcoholic beverages, cigarettes, passenger automobiles, parts and accessories for automobiles, general (local) telephone service, and transportation of persons by air.

Under present law, the corporation normal tax rate would be reduced from 30 percent to 25 percent. The tax on distilled spirits would be lowered from $10.50 to $9 a gallon and that on beer from $9 to $8 a barrel. Minor decreases would be made in the taxes on wines. Cigarettes would benefit from a tax reduction to $3.50 per thousand as compared to the present $4 rate, that is, from 8 cents to 7 cents a package. The tax on manufacturers' sales of passenger automobiles would drop from 10 percent to 7 percent. For automobile parts, the reduction would be from 8 percent to 5 percent. Two excises are scheduled to be repealed: the 10 percent tax on general (local) telephone service and the 5 percent tax on amounts paid for transportation of persons by air.

Retention of these excise taxes at present rates for another year will prevent an estimated revenue loss of $1.7 billion in fiscal 1964. The loss from alcoholic beverages would be $434 million. The cigarette tax reduction would reduce revenues by $265 million, and reductions for passenger automobiles and automobile parts would cost $498 million. Repeal of the tax on general telephone service would curtail revenues by $430 million, while repeal of the tax on transportation of persons by air would cost $86 million.

Further details on excise revenue losses and rate changes are shown in the attached table.

The scheduled reduction in the corporate normal tax would reduce fiscal 1964 revenues by $1.2 billion; on a full-year basis the reduction would be $2.5 billion.

The President recommended continuation of present excise tax rates for another year even though he also recommended substantial reductions in income taxes over the next three years. Before the President offered these recommendations, a thorough review of the various components of our Federal tax system was undertaken. The review was made in order to determine where reductions might most appropriately be made to stimulate the growth of our economic system and to determine what changes might also increase the overall equity of the tax system. As a result of this analysis, the President decided that these objectives would best be met by giving priority to adjustments in the scope of the income taxes and through significant reductions in present income tax rates. Admittedly, it would be possible to make reductions in excise taxes which would improve the excise tax system. However, the review concluded that income tax revision should receive first priority.

I might add that this review of the excise tax system also led us to the conclusion that the excises under consideration now are not necessarily those that should have first priority in a reform or reduction of excise taxes.

More than a decade has passed since the so-called temporary Korean taxes were imposed. Changes have occurred since 1951 in the economic factors affecting industries subject to excises, many of which are World War II taxes not scheduled for automatic reduction. Our review led us to the conclusion that future excise reductions should be made only in the light of an up-to-date evaluation of the entire excise tax system.

Since the President has emphasized the importance of income tax reduction plus the need for retaining a reasonable limit on the total amount of tax reduction, I should like to indicate the relationship between the amount of the automatic excise tax reductions and the President's income tax reduction proposals. The $1.7 billion of automatic excise reductions equals nearly 17 percent of the $10.3 billion of income tax reduction contemplated upon full implementation of the President's program. Total income tax reductions could be only five-sixths as large as recommended if the automatic excise tax reductions were allowed to take place. The $1.7 billion is even more significant if related only to the President's recommendation with respect to the corporation income tax. The $1.7 billion equals nearly two-thirds of the revenue loss that would result from the President's recommendation to reduce the corporation tax to 47 percent.

While the present law provides for reduction of the corporation income tax to 47 percent through reduction of the normal rate from 30 to 25 percent, the automatic reduction would differ significantly from the reduction proposed by the President. The President's recommendation would maintain the 52 percent corporation tax rate for the calendar year 1963 but would reverse the normal and surtax rates. The present normal tax of 30 percent applicable to the first $25,000 of taxable corporate income would be reduced to 22 percent, and he surtax applicable to income in excess of $25,000 would be ncreased from 22 percent to 30 percent. This reversal would educe fiscal 1964 revenues by only $400 million and would substantially ease the burden on hundreds of thousands of small usinesses which form the base of our free enterprise system. wo subsequent changes would be made in the surtax rate. It ould drop to 28 percent for the calendar year 1964 and then ɔ 25 percent for the calendar year 1965. When fully effective, ıe President's proposal would reduce the corporate tax liabilities by $2.6 billion at levels of income estimated for calendar ear 1963.

The President's proposed revision of the corporate rate structure is part of the overall income tax program now being considered by the House Ways and Means Committee. Since there is no possibility of enactment of this larger program by July 1, it is necessary to take some action to prevent the presently scheduled corporate tax reduction from going into effect as of July 1. H. R. 6755 proposes to meet this situation by amending present law to postpone the scheduled reduction for another year. I believe that this is the simplest way to take care of this problem.

As you will remember, the President recommended that the tax on air passenger transportation be made permanent, instead of merely extended, as in the case of the other excise rates covered in this bill. The President's recommendation in this connection was part of a larger recommendation covering a user charge program for the airways and waterways. The President also made these user charge proposals last year, but the Congress did not take any action on them except with respect to transportation of persons by air. Even in that case, provision was made for repeal of the tax as of this June 30.

It was hoped that maintenance of the tax until June 30, 1963, would have provided the Congress with an opportunity to review the user charge proposals this year while the most important revenue component, the tax on air passenger transportation, was still in effect. However, the extensive work being done by the House Ways and Means Committee on the President's income tax reduction and reform program necessarily has been given priority. The one-year extension of the tax on transportation of persons as proposed by H. R. 6755 will provide the desired continuity in this tax.

(In millions of dollars)

	Rate reduction scheduled as of July 1, 1963 under present law	Effect on net budget receipts, fiscal year 1964: Increase in receipts	Decrease in refunds	Total	Increase in revenue, full year
Alcohol:					
Distilled spirits	$10.50 to $9.00 per gallon	190	138	328	193
Beer	$9.00 to $8.00 per barrel	83	9	92	84
Wines	Various 1/	9	5	14	9
Total alcohol taxes		282	152	434	286
Tobacco:					
Cigarettes (small)	$4.00 to $3.50 per thousand	241	24	265	246
Manufacturers excise taxes:					
Passenger automobiles	10% to 7% of mfrs. price	380	50	430	460
Parts and accessories for automobiles ..	8% to 5% of mfrs. price	68	--	68	82
Total manufacturers excise taxes ...		448	50	498	542
Miscellaneous excise taxes:					
General telephone service	10% to 0	430	--	430	570
Transportation of persons by air	5% to 0	86	--	86	105
Total miscellaneous excise taxes ...		516	--	516	675
Total		1,487	226	1,713	1,749

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

1/ Sparkling wines (champagne) .... $3.40 to $3.00 per gallon
Artificially carbonated wines .... $2.40 to $2.00 per gallon
Still wines:
Not more than 14% alcohol .... 17 cents to 15 cents per gallon
More than 14%, not over 21% alcohol .... 67 cents to 60 cents per gallon
More than 21%, not over 24% alcohol .... $2.25 to $2.00 per gallon
More than 24% alcohol .... $10.50 to $9.00 per gallon
Wine liqueurs or cordials produced domestically containing over $2\frac{1}{2}$% wine, which wine contains over 14% alcohol (in lieu of rectification tax) .. $1.92 to $1.60 per gallon

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TREASURY DEPARTMENT

WASHINGTON, D.C.

June 20, 1963

FOR IMMEDIATE RELEASE

TREASURY DECISION ON STEEL WIRE MESH
UNDER THE ANTIDUMPING ACT

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

The dollar value of imports of the involved merchandise received during 1962 was approximately $300,000.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

June 20, 1963

FOR IMMEDIATE RELEASE

TREASURY DECISION ON PLASTIC BADMINTON SHUTTLECOCKS
UNDER THE ANTIDUMPING ACT

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

The dollar value of imports of the involved merchandise received during 1962 was approximately $150,000.

TREASURY DEPARTMENT

WASHINGTON, D.C.

June 20, 1963

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TREASURY DECISION ON PLASTIC BADMINTON SHUTTLECOCKS
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The dollar value of imports of the involved merchandise received during 1962 was approximately $150,000.

We cannot afford to relax any of our efforts to improve the balance of payments. As you well know, our overall international payments deficit rose to \$3.5 billion in 1958 and was followed by deficits of \$3.7 billion in 1959 and \$3.9 billion in 1960. These payments deficits were accompanied by substantial drains on our gold stock, amounting to \$4.7 billion for the three year period 1958 - 60.

The deficit was reduced to \$2.4 billion in 1961, and in 1962 amounted to \$2.2 billion. Gold losses were \$857 million in 1961 and \$890 million in 1962. While there are signs that our payments deficit can be expected to improve over the long run, 1963 will be another year of deficit with further gold losses. In these circumstances, we must seek out and apply even more vigorously measures specifically aimed at restoring equilibrium in our international accounts. We cannot afford to relax any of our efforts.

Since the reduction in the duty exemption for tourists has effectively contributed to improving our balance of payments and since the overall deficit still continues, I most strongly urge that the \$100 limit be continued.

Finally, I would like to point out one minor change in H. R. 6791 as compared to present law. Present law provides a special \$200 exemption for imports from the Virgin Islands. H. R. 6791 extends this exemption to our other insular possessions, Guam, American Samoa, Wake Island, Midway Islands, Kingman Reef and Johnston Island. This privilege had been requested by the Speaker of the Guam Legislature, and it is not thought that this extension would have any appreciable effect on our payments picture. Accordingly, the Treasury accepts and supports this change in the present legislation.

But this is by no means the whole story. Since 1961 the Defense Department has been engaged in a vigorous attempt to hold down defense expenditures overseas affecting our balance of payments. They have done this through a voluntary expenditure control program, in which all service men and their dependents stationed overseas are urged to curtail unnecessary expenditures. They have also sharply cut construction outlays overseas and have effectively eliminated construction for recreational purposes whether paid for through appropriated or nonappropriated funds. The Secretary of Defense estimates, and I concur in his view, that this program is saving us a at least $100 million a year.

Even with the present $100 tourist exemption this Defense Department program has at times created something of a morale problem for the armed services. Servicemen tend to think they are being asked to carry an unfair share of the burden in reducing dollar expenditures abroad as compared to civilian tourists. If the $100 figure were not continued this morale problem would undoubtedly be aggravated. It would become difficult if not impossible to continue the present defense programs. With this in mind one can see that the $100 exemption, in addition to its direct saving of over $100 million a year, carries with it an equivalent saving in the military expenditure area, or a total saving of upwards of $200 million a year to our balance of payments.

Since we have found this measure to be a useful tool in the program of actions taken to reduce the deficit, I believe its continuation for another two years as a component part of that program is most important.

tours or other forms of spending, nor is there any indication that the reduced exemption has reduced travel.

Average expenditure per overseas tourist increased from $484 in 1952 to $612 in 1960. It decreased to $604 in 1961 and to $576 in 1962.

On the other hand, in the absence of the 1961 legislation, past experience indicates that the annual increase in per capita tourist expenditures would have continued.

If the 1952 - 1960 rate of increase had been allowed to continue through 1962, the 1962 figure would have been $649, which is $73 larger than the actual 1962 figure of $576. This indicates an overall reduction of $129 million in 1962 travel expenditures.

Thus the record clearly indicates that the $100 duty exemption has directly reduced dollar outflows by over $100 million a year.

One example of the way in which this reduction in duty-free allowances can make a noticeable contribution to an improvement in our balance of payments can be seen by noting that, with a $500 exemption, a family of four could import a European automobile into the United States without paying any duty. With the reduced exemption, this import would be subject to customs duty. We have no statistics which make it possible to separate out the number of foreign automobiles brought back to the United States by returning travellers from the number of imported foreign automobiles, but it is clear that so far as customs payments are involved in a decision of this kind, the reduced allowance makes the purchase of an automobile abroad less attractive.

In considering the proper levels for this duty-free allowance, it is appropriate to consider what other prosperous industrial countries find appropriate for their tourists. Of such countries only one, Italy, has an allowance of over $100. France allows $10, Germany $12.50 and the United Kingdom, nothing at all. Finally, our neighbor, Canada, which last year reduced its allowances temporarily for balance of payments reasons has just made these reductions permanent. Canada now allows $100 once a year for a voyage overseas and $25 four times a year for trips to the United States, allowances that are more restrictive than our suggestions.

When this reduction was first enacted by the Congress in 1961, we expected that it would be of material assistance in our efforts to reduce the balance of payments deficit. I am pleased to report that this has indeed been the case.

The Bureau of Customs estimates that during 1962 foreign acquisitions by returning U. S. residents amounted to $297 million as compared to $420 million during calendar year 1960, in the last full year before the reduction of the exemption. This represents an improvement of $123 million or about 30 percent. This overall improvement took place in spite of an increase of almost 10 percent in the number of U. S. citizens travelling abroad. Other available statistics confirm the benefit to our balance of payments, since they show that travellers also reduced their per capita expenditures abroad. In other words, they did not, as some had feared, balance off their reduced purchases by increased expenditures on night clubs, restaurants

7/18/63

DRAFT STATEMENT
re HR 6791

Mr. Chairman, members of the Committee, I appreciate the opportunity to appear before you and recommend enactment of H. R. 6791 which would continue for two years, through June 30, 1965, the existing reduction of $100 in the amount of the exemption from duty enjoyed by returning residents. In the absence of Congressional action the exemption would rise to $500 on July 1 of this year.

These figures refer to the valuation of purchases for duty purposes. The amount available for actual duty-free purchases is considerably larger. Goods are generally valued at their wholesale rather than their retail price. Recently Customs has publicized an interpretation of how the wholesale price of goods acquired abroad will be determined. This will simplify matters for returning tourists by giving them adequate advance knowledge of the value of their purchases for customs purposes. With only two exceptions, the wholesale value of all purchases made abroad shall for purposes of customs valuation be deemed to be 40 percent less than the full retail price. In other words, a tourist is able to buy up to $166.67 worth of articles and still remain below the $100 duty-free level. The two exceptions are articles especially made to order, such as wearing apparel, which have no wholesale price, and automobiles. Thus an extension of current $100 duty-free level will permit a couple travelling abroad to purchase $333.33 worth of articles without making themselves liable for duty. Were the former $500 figure to apply this duty free allowance would become $1,666.67 for a returning couple.

possessions of the United States less favorably than the Virgin Islands. Moreover, such exemptions would have no appreciable effec on the U. S. balance of payments. Accordingly, the Treasury would not object to this provision in H.R. 6791.

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The deficit was reduced to $2.4 billion in 1961, and in 1962 to $2.2 billion. Gold losses were $857 million in 1961 and $890 million in 1962. While there are signs that our payments deficit can be expected to improve over the long run, 1963 will be another deficit year with further gold losses. In these circumstances, we must seek out and apply even more vigorously measures specifically aimed at restoring equilibrium in our international accounts. We cannot afford to relax any of our efforts.

Finally, I would like to point out one minor change in H.R. 67 compared with the present law, which provides a special $200 exemp tion for imports from the Virgin Islands. H.R. 6791 extends this exemption to our other insular possessions, Guam, American Samoa, Wake Island, Midway Islands, Kingman Reef and Johnston Island. Th privilege was requested by the Speaker of the Guam Legislature. T Treasury Department knows of no reason for treating the other ins [illegible] rationale [illegible] military [illegible] [illegible]

to carry an unfair share of the burden in reducing dollar expenditures abroad compared with civilian tourists. If the $100 limit were not continued this morale problem would undoubtedly be aggravated, thus jeopardizing such programs for the Armed Forces.

In summary, the $100 limit has cut the balance of payments deficit by substantially more than $100 million, and ~~the military has contributed~~ a like amount, for a total of some $200 [illegible]

Since this measure is such a useful tool in reducing the deficit, I believe its extension for another two years is most important. We cannot afford to relax any of our efforts to improve balance of payments, for the situation is serious. The deficit in international accounts rose to $3.5 billion in 1958 and was followed by one of $3.7 billion in 1959 and $3.9 billion in 1960. These payments deficits were accompanied by substantial drains on our gold stock: $4.7 billion for the three year period 1958-60.

With a $500 exemption, a family of four could import a European automobile duty-free, but with the reduced exemption it would be subject to duty.

The Department of Defense is doing its part to solve the balance of payments problem by holding down defense expenditures overseas. This has been done through a voluntary expenditure control program, in which all service men and their dependents stationed overseas are urged to curtail unnecessary expenditures. The Department has also sharply cut construction outlays overseas and eliminated building for recreational purposes, whether paid for through appropriated or nonappropriated funds. The Secretary of Defense estimates that this program is saving us at least $[illegible] million a year.

Even with the present $100 tourist exemption this Department of Defense program has at times created a morale problem for the armed services. Servicemen tend to think they are being asked

Average expenditure per overseas tourist increased from $484 in 1952 to $612 in 1960. It decreased to $604 in 1961 and to $576 in 1962.

On the other hand, in the absence of the 1961 legislation, past experience indicates that the annual increase in per capita tourist expenditures would have continued.

If the 1952-1960 rate of increase had been allowed to continue through 1962, the 1962 figure would have been $649, which is $73 larger than the actual 1962 figure of $576. Therefore, the indicated reduction in 1962 travel expenditures of some 1,760,000 America overseas tourists was about $129 million.

Thus the record clearly indicates that the $100 duty exemption has directly reduced dollar outflows by well over $100 million a year

An example of how the reduction to $100 in duty-free goods can contribute substantially to the nation's balance of payments is the effect on American buying of foreign autos.

countries. Italy is the only one with an allowance of over $100. France allows $10, Germany $12.50 and the United Kingdom, nothing. Canada allows $100 once a year for a voyage overseas and $25 three times a year for trips to the United States.

The American duty-free allowance reduction in 1961 from $500 to $100 was expected to cut the balance of payments deficit. This has been the case.

During 1962, foreign purchases by returning U. S. residents were $297 million compared with $420 million in 1960, which was the last year before the reduction of the exemption. This represents an improvement of $123 million or about 30 percent, despite an increase of almost 10 percent in the number of U. S. citizens travelling abroad. Other statistics confirm the benefit to our balance of payments, since they show that travellers also reduced their expenditures abroad. Nor did they balance off their reduced purchases by increased spending on night clubs, restaurants, tours or other things.

DRAFT

6/63

STATEMENT OF THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
~~BEFORE~~ TO
THE SENATE FINANCE COMMITTEE
RECOMMENDING ENACTMENT OF H.R. 6791
JUNE 28, 1963

Mr. Chairman, members of the Committee. I appreciate the opportunity to appear before you and to recommend enactment of H.R. 6791. This bill would extend existing legislation, through June 30, 1965, which permits Americans returning from abroad to bring in $100 worth of merchandise duty free. If the Congress does not act on this matter, the $100 figure will rise to $500 on July 1 of this year.

Actually, the $100 duty-free figure is $166.67 in retail prices, since for customs purposes all goods are valued at wholesale, and the Bureau of Customs figures ~~that at~~ wholesale price to be 40% off retail price for tourist purchases. There are only two exceptions to this rule: articles made to order, such as clothing, which have no wholesale price, and automobil

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STATEMENT OF THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
TO
THE SENATE FINANCE COMMITTEE
RECOMMENDING ENACTMENT OF H.R. 6791
JUNE 25, 1963

Mr. Chairman, members of the Committee. I appreciate the portunity to appear before you and to recommend enactment of R. 6791. This bill would extend existing legislation, through ne 30, 1965, which permits Americans returning from abroad to bring $100 worth of merchandise duty free. If the Congress does not act this matter, the $100 figure will rise to $500 on July 1 of this ar.

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The Department of Defense is doing its part to solve the lance of payments problem by holding down defense expenditures erseas. This has been done through a voluntary expenditure ntrol program, in which all service men and their dependents ationed overseas are urged to curtail unnecessary expenditures. e Department has also sharply cut construction outlays overseas, l eliminated building for recreational purposes, whether paid for rough appropriated or nonappropriated funds. The Secretary of fense estimates that this program is saving us at least $100 lion a year.

Even with the present $100 tourist exemption this Department Defense program has at times created a morale problem for the med services. Servicemen tend to think they are being asked to rry an unfair share of the burden in reducing dollar expenditures road compared with civilian tourists. If the $100 limit were t continued this morale problem would undoubtedly be aggravated, us jeopardizing such programs for the Armed Forces.

In summary, the $100 limit has cut the balance of payments ficit by substantially more than $100 million, and has given a tionale to the military which has enabled them to contribute a ce amount, for a total of some $200.

Since this measure is such a useful tool in reducing the deficit, elieve its extension for another two years is most important. cannot afford to relax any of our efforts to improve the ance of payments, for the situation is serious. The deficit in international accounts rose to $3.5 billion in 1958 and was lowed by one of $3.7 billion in 1959 and $3.9 billion in 1960. se payments deficits were accompanied by substantial drains on gold stock: $4.7 billion for the three year period 1958-60.

The deficit was reduced to $2.4 billion in 1961, and in 1962 $2.2 billion. Gold losses were $857 million in 1961 and $890 llion in 1962. While there are signs that our payments deficit can expected to improve over the long run, 1963 will be another ficit year with further gold losses. In these circumstances, we st seek out and apply even more vigorously measures specifically med at restoring equilibrium in our international accounts. We nnot afford to relax any of our efforts.

Finally, I would like to point out one minor change in H.R. 6791 mpared with the present law, which provides a special $200 emption for imports from the Virgin Islands. H. R. 6791 extends is exemption to our other insular possessions, Guam, American Samoa, ke Island, Midway Islands, Kingman Reef and Johnston Island. This ivilege was requested by the Speaker of the Guam Legislature. e Treasury Department knows of no reason for treating the other sular possessions of the United States less favorably than the rgin Islands. Moreover, such exemptions would have no appreciable fect on the U. S. balance of payments. Accordingly, the Treasury uld not object to this provision in H.R. 6791.

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FOR RELEASE A. M. NEWSPAPERS,
Tuesday, June 25, 1963.

June 24, 1963

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 March 28, 1963, and the other series to be dated June 27, 1963, which were offered on June 19, were opened at the Federal Reserve Banks on June 24. 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 September 26, 1963		:	182-day Treasury bills maturing December 26, 1963	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.252	2.959%	:	98.452	3.062%
Low	99.244	2.991%	:	98.446	3.074%
Average	99.247	2.979% 1/	:	98.448	3.070% 1/

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

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 39,769,000	$ 29,769,000	:	$ 18,412,000	$ 3,412,000
New York	1,314,220,000	867,135,000	:	1,141,190,000	643,343,000
Philadelphia	29,477,000	14,477,000	:	14,144,000	9,044,000
Cleveland	41,670,000	41,570,000	:	18,537,000	13,499,000
Richmond	11,008,000	11,008,000	:	3,668,000	1,568,000
Atlanta	29,272,000	27,692,000	:	9,432,000	8,417,000
Chicago	216,256,000	153,646,000	:	137,643,000	66,173,000
St. Louis	26,106,000	22,106,000	:	12,347,000	7,097,000
Minneapolis	19,357,000	18,067,000	:	7,102,000	5,567,000
Kansas City	32,186,000	28,596,000	:	16,196,000	11,943,000
Dallas	21,444,000	17,154,000	:	9,092,000	4,098,000
San Francisco	74,250,000	69,235,000	:	55,139,000	26,966,000
TOTALS	$1,919,715,000	$1,300,455,000 a/		$1,442,902,000	$800,741,000 b/

a/ Includes $245,028,000 noncompetitive tenders accepted at the average price of 99.247
b/ Includes $57,647,000 noncompetitive tenders accepted at the average price of 98.448
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 3.04%, for the 91-day bills, and 3.16%, 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-890

TREASURY DEPARTMENT

WASHINGTON, D.C.

R RELEASE A. M. NEWSPAPERS,
esday, June 25, 1963.

June 24, 1963

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced last evening that the tenders for two series of easury bills, one series to be an additional issue of the bills dated March 28, 1963, d the other series to be dated June 27, 1963, which were offered on June 19, were ened at the Federal Reserve Banks on June 24. Tenders were invited for $1,300,000,000, thereabouts, of 91-day bills and for $800,000,000, or thereabouts, of 182-day bills. e details of the two series are as follows:

NGE OF ACCEPTED MPETITIVE BIDS:	91-day Treasury bills maturing September 26, 1963		182-day Treasury bills maturing December 26, 1963	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.252	2.959%	98.452	3.062%
Low	99.244	2.991%	98.446	3.074%
Average	99.247	2.979% 1/	98.448	3.070% 1/

1 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

AL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

istrict	Applied For	Accepted	Applied For	Accepted
oston	$ 39,769,000	$ 29,769,000	$ 18,412,000	$ 3,412,000
ew York	1,364,220,000	867,135,000	1,141,190,000	643,343,000
hiladelphia	29,477,000	14,477,000	14,144,000	9,044,000
leveland	41,670,000	41,570,000	18,537,000	13,499,000
ichmond	11,008,000	11,008,000	3,668,000	1,568,000
tlanta	29,272,000	27,692,000	9,432,000	8,417,000
hicago	216,256,000	153,646,000	137,643,000	66,173,000
t. Louis	28,106,000	22,106,000	12,347,000	7,097,000
inneapolis	19,357,000	18,067,000	7,102,000	5,567,000
ansas City	32,886,000	28,596,000	16,196,000	11,943,000
allas	24,444,000	17,154,000	9,092,000	4,092,000
an Francisco	74,250,000	69,235,000	55,139,000	26,586,000
TOTALS	$1,910,715,000	$1,300,455,000a/	$1,442,902,000	$800,741,000b/

Includes $245,028,000 noncompetitive tenders accepted at the average price of 99.247
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oOo

the waters of the world to preserve our country from attack and to promote the cause of freedom, we at home must attend to the great unfinished business of extending to all our citizens the very freedoms and opportunities that these ships and their men serve to protect.

I am indeed happy that another ALEXANDER HAMILTON will again Soon sail the seas, for the last vessel to bear his name -- a fighting Liberty Ship that rendered gallant service from shortly after Pearl Harbor until recent times -- has now been honorably retired. It is fitting that a Polaris Submarine should bear the name of a man who helped give birth to both our Navy and our Nation, and who helped set both on their unwavering course as Freedom's champions.

In 1784 Hamilton wrote: "The world has its eye upon America." Even more it is upon us today -- upon your presence somewhere in

Hamilton fought constantly and effectively, for strong defensive forces, not as instruments of war, but as shields against war. For he knew as well as any man that freedom is hard won and hard preserved against the forces of tyranny and aggression.

That is Hamilton's chief legacy to us today.

But he left us another legacy -- a legacy that is strong among us today as we struggle to bring the fruits of freedom to all Americans. For Hamilton was one of the first to recognize that America's freedom is compromised so long as there are Americans who are deprived of their civil rights. He was in the forefront of early efforts to foster and preserve civil liberties, freedom of the press, the rights of minorities -- he opposed religious tests for voting, and he was a leader in the New York society for promoting the freedom of slaves.

As the ALEXANDER HAMILTON and her sister ships cruise beneath policy, he was more than Secretary of the Treasury. He was in fact Washington's prime minister."

Hamilton also played a crucial role in the creation of the United States Navy -- a role that ranks him high among the select group of men who can justly be called "fathers of the United States Navy." He clearly foresaw that seapower was essential, not only for national survival, but for national greatness and growth. Seapower, he argued, would form a kind of great barrier reef -- a deterrent, in today's terminology -- behind which our nation could progress in peace and security. These arguments bore fruit with the passage of the Naval Act of 1794, which officially created a United States Navy. Hamilton's efforts did not end there. Five years later he recommended to the Secretary of War the creation of a Naval Academy -- an idea that proved somewhat in advance of his time.

Hamilton fought

and forceful champion of "the sacred rights of mankind" which "can never be erased or obscured by mortal power." Only two years later, he was a captain in command of a company of Provincial Artillery, and served with such bravery and brilliance that General Washington chose him to be his personal aide.

No man was closer to Washington or more trusted by him. On great matters as well as small, it was to Hamilton -- more than to any other man -- that Washington instinctively turned for help and advice, both in war and in peace. And more, perhaps, than those of any other single individual, it was the influence and ideas of Alexander Hamilton that gave shape and direction to the new nation in its first few decades. We can gather some idea of the immeasurable impact of Hamilton's deeds and talents from the words of the historian who wrote: "Concerning himself with every phase of public

policy,

ADDRESS BY THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
AT THE COMMISSIONING OF THE USS ALEXANDER HAMILTON
(SSB(N) 617)
AT GROTON, CONNECTICUT
JUNE 27, 1963, 2:30 P. M., EDT

Commander Bessac, Commander Sherman, men of the ALEXANDER HAMILTON, distinguished guests, fellow Americans.

As an American -- and as a former Navy man -- I speak to you today with a mixture of pride, envy, and humility. Pride, because of the might and mandate of the United States Navy exemplified in this latest addition to our seagoing forces. Envy, because of the mission on which the officers and men of the ALEXANDER HAMILTON are about to embark in defense of freedom. And, humility, when I contemplate the career of the illustrous patriot who was our first Secretary of the Treasury.

It is not easy to convey the full scope and power of Hamilton's influence upon nearly every facet of our infant nation. In 1774, when he was barely 18 years old, he first spoke out as a brilliant

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TREASURY DEPARTMENT
Washington

FOR RELEASE: AFTERNOON NEWSPAPERS
THURSDAY, JUNE 27, 1963

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As ALEXANDER HAMILTON and her sister ships cruise beneath waters of the world to preserve our country from attack and to mote the cause of freedom, we at home must attend to the great inished business of extending to all our citizens the very edoms and opportunities that these ships and their men serve to tect.

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In 1784 Hamilton wrote: "The world has its eye upon America."
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TREASURY DEPARTMENT

WASHINGTON, D.C.

June 25, 1963

FOR IMMEDIATE RELEASE

TREASURY DECISION ON TITANIUM DIOXIDE
UNDER THE ANTIDUMPING ACT

The Treasury Department has determined that titanium dioxide from France is being, or is likely to be, sold at less than fair value within the meaning of the Antidumping Act.

Accordingly, this case is being referred to the United States Tariff Commission for an injury determination.

Notice of the determination and of the reference of the case to the Tariff Commission will be published in the Federal Register.

The dollar value of imports received during the year 1962 was approximately $1,400,000.

TREASURY DEPARTMENT

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June 25, 1963

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TREASURY DEPARTMENT

WASHINGTON, D.C.

June 25, 1963

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 Poland 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 Poland without regard to any question of dumping.

The dollar value of imports of the involved merchandise received during 1962 was approximately $280,000.

TREASURY DEPARTMENT

WASHINGTON, D.C.

June 25, 1963

FOR IMMEDIATE RELEASE

TREASURY DECISION ON PORTLAND CEMENT
UNDER THE ANTIDUMPING ACT

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

The dollar value of imports of the involved merchandise received during 1962 was approximately $280,000.

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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.

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

Banking institutions generally may submit tenders for account of customers vided the names of the customers are set forth in such tenders. Others than king institutions will not be permitted to submit tenders except for their account. Tenders will be received without deposit from incorporated banks trust companies and from responsible and recognized dealers in investment urities. Tenders from others must be accompanied by payment of 2 percent of face amount of Treasury bills applied for, unless the tenders are accompanied an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal erve Banks and Branches, following which public announcement will be made by Treasury Department of the amount and price range of accepted bids. Those mitting tenders will be advised of the acceptance or rejection thereof. The retary of the Treasury expressly reserves the right to accept or reject any all tenders, in whole or in part, and his action in any such respect shall be al. Subject to these reservations, noncompetitive tenders for $ 200,000 ~~(16)~~ or s for the additional bills dated April 4, 1963 ~~(17)~~, (90 ~~(18)~~ days remain- until maturity date on October 3, 1963 ~~(19)~~) and noncompetitive tenders for 0,000 ~~(20)~~ or less for the 181 ~~(21)~~ -day bills without stated price from any one ler will be accepted in full at the average price (in three decimals) of ac- ted competitive bids for the respective issues. Settlement for accepted ten- in accordance with the bids must be made or completed at the Federal Reserve ts on July 5, 1963 ~~(22)~~, in cash or other immediately available funds or like face amount of Treasury bills maturing July 5, 1963 ~~(23)~~. Cash

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE June 26, 1963

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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 July 5, 1963 , in the amount of $ 2,100,972,000 , as follows:

90 -day bills (to maturity date) to be issued July 5, 1963 , in the amount of $ 1,300,000,000 , or thereabouts, representing an additional amount of bills dated April 4, 1963 , and to mature October 3, 1963 , originally issued in the amount of $ 800,033,000 , the additional and original bills to be freely interchangeable.

181 -day bills, for $ 800,000,000 , or thereabouts, to be dated July 5, 1963 , and to mature January 2, 1964 .

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $50,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Daylight Saving/~~Standard~~ time, Monday, July 1, 1963 . Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three

D-892

TREASURY DEPARTMENT

WASHINGTON, D.C.

June 26, 1963

OR IMMEDIATE RELEASE

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Banking institutions generally may submit tenders for account of stomers provided the names of the customers are set forth in such nders. Others than banking institutions will not be permitted to mit tenders except for their own account. Tenders will be received hout deposit from incorporated banks and trust companies and from ponsible and recognized dealers in investment securities. Tenders m others must be accompanied by payment of 2 percent of the face unt of Treasury bills applied for, unless the tenders are ompanied by an express guaranty of payment by an incorporated bank trust company.

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Departmment of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less for the additional bills dated April 4, 1963, (90-days remaining until maturity date on October 3, 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 July 5, 1963, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 5, 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.

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with respect to wool top from Uruguay. Again, in 1961 he received a Superior Work Performance Award for the exceptional manner in which he had performed his duties of Assistant Deputy Commissioner. He will also receive the Gallatin Award upon his retirement for long and honorable service.

Mr. Audett resides with his wife, [redacted] Corinne Lawery, and their _________, Katherine, at 4512 Woodfield Road, Kensington, Maryland. They will move to Southern California following his retirement.

anti-dumping statutes of the United States."

Mr. Audett began his career in 1930 as a Customs guard at Seattle, Washington, after receiving his bachelor of laws degree at the University of Washington. He has held positions of customs examiner at Norfolk and Los Angeles, and appraiser of merchandise at Laredo and Miami. He was an Army officer between 1942 and 1946.

Mr. Audett represented the Bureau of Customs at the Trade Agreement negotiations in Geneva in 1956 and the negotiations of 1961 also at Geneva. His contribution was recognized by expressions of appreciation from the Department of State, the Treasury Department and the Tariff Commission.

In 1959, Mr. Audett received a Special Act of Service Award for his work in assisting the Treasury in preparation for the Senate Finance Committee hearings on countervailing duty

June 28, 1963

FOR IMMEDIATE RELEASE
AFTER 3:30 P.M., June 28, 1963

EXCEPTIONAL SERVICE AWARD GRANTED
TO THEOPHILUS B. AUDETT BY SECRETARY DILLON

Secretary of the Treasury Douglas Dillon today presented the Treasury's Exceptional Service Award to Theophilus B. Audett, Assistant Deputy Commissioner of Customs, at a ceremony in the Treasury Building at 3:30 p.m.

Mr. Audett will retire July 20, after 33 years of government service, 29 years of which have been with the Appraisement Service of the Bureau of Customs.

In his citation, Secretary Dillon paid tribute to Mr. Audett as "an inspiring example to all who seek advancement through merit."

"His career is an outstanding tribute to the highest traditions of the Civil Service," the citation continued. "Mr. Audett is widely known as a man of few words, but decisive and accurate judgment in matters relating to highly complex appraisement and

TREASURY DEPARTMENT

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United States Savings Bonds Issued and Redeemed Through June 30, 1963

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

	Amount Issued 1/	Amount Redeemed 1/	Amount Outstanding 2/	% Outstanding of Amount Issued
MATURED				
Series A-1935 - D-1941	$ 5,003	$ 4,990	$ 14	.2
Series F & G-1941 - 1950	28,512	28,368	144	.5
UNMATURED 3/				
Series E:				
1941	1,826	1,535	291	15.9
1942	8,062	6,805	1,256	15.5
1943	12,976	10,936	2,041	15.7
1944	15,109	12,610	2,498	16.5
1945	11,831	9,663	2,167	18.3
1946	5,313	4,116	1,197	22.5
1947	5,003	3,693	1,310	26.1
1948	5,153	3,694	1,459	28.3
1949	5,069	3,544	1,525	30.0
1950	4,418	3,001	1,417	32.07
1951	3,826	2,582	1,245	32.5
1952	4,001	2,631	1,370	34.2
1953	4,555	2,777	1,778	39.03
1954	4,587	2,700	1,887	41.1
1955	4,752	2,758	1,995	41.9
1956	4,566	2,656	1,909	41.8
1957	4,287	2,404	1,883	43.9
1958	4,141	2,160	1,981	47.8
1959	3,869	1,962	1,907	49.2
1960	3,847	1,784	2,063	53.6
1961	3,854	1,552	2,301	59.7
1962	3,709	1,185	2,525	68.0
1963	1,283	121	1,162	90.5
Unclassified	508	510	- 2	-
Total Series E	126,545	87,379	39,166	30.9
Series H (1952 - 1963) 3/	9,148	1,955	7,193	78.6
Total Series E and H	135,693	89,334	46,359	34.1
Series F and G (1951 - 1952).....	1,007	760	4/ 247	24.5
Series J and K (1952 - 1957)	3,697	1,989	1,708	46.
Total Series F, G, J and K	4,704	2,750	1,954	41.5
All Series — Total matured	33,515	33,358	157	.4
All Series — Total unmatured	140,398	92,084	48,314	34
All Series — Grand Total	173,912	125,442	48,471	27.

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.

BUREAU OF THE PUBLIC DEBT

United States Savings Bonds Issued and Redeemed Through June 30, 1963

(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
ED				
es A-1935 - D-1941	$ 5,003	$ 4,990	$ 14	.28%
es F & G-1941 - 1950	28,512	28,368	144	.51
RED 3/				
es E:				
1941	1,826	1,535	291	15.94
1942	8,062	6,805	1,256	15.58
1943	12,976	10,936	2,041	15.73
1944	15,109	12,610	2,498	16.53
1945	11,831	9,663	2,167	18.32
1946	5,313	4,116	1,197	22.53
1947	5,003	3,693	1,310	26.18
1948	5,153	3,694	1,459	28.31
1949	5,069	3,544	1,525	30.08
1950	4,418	3,001	1,417	32.07
1951	3,826	2,582	1,245	32.54
1952	4,001	2,631	1,370	34.24
1953	4,555	2,777	1,778	39.03
1954	4,587	2,700	1,887	41.14
1955	4,752	2,758	1,995	41.98
1956	4,566	2,656	1,909	41.81
1957	4,287	2,404	1,883	43.92
1958	4,141	2,160	1,981	47.84
1959	3,869	1,962	1,907	49.29
1960	3,847	1,784	2,063	53.63
1961	3,854	1,552	2,301	59.70
1962	3,709	1,185	2,525	68.08
1963	1,283	121	1,162	90.57
lassified	508	510	- 2	-
al Series E	126,545	87,379	39,166	30.95
s H (1952 - 1963). 3/	9,148	1,955	7,193	78.63
al Series E and H	135,693	89,334	46,359	34.16
s F and G (1951 - 1952).....	1,007	760	4/ 247	24.53
s J and K (1952 - 1957)	3,697	1,989	1,708	46.20
al Series F, G, J and K	4,704	2,750	1,954	41.54
eries { Total matured	33,515	33,358	157	.47
eries { Total unmatured	140,398	92,084	48,314	34.41
eries { Grand Total	173,912	125,442	48,471	27.87

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esented for redemption.

BUREAU OF THE PUBLIC DEBT

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, July 2, 1963.

July 1, 1963

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced last evening that the tenders for two s
Treasury bills, one series to be an additional issue of the bills dated April
the other series to be dated July 5, 1963, which were offered on June 26, wer
the Federal Reserve Banks on July 1. Tenders were invited for $1,300,000,000,
abouts, of 90-day bills and for $800,000,000, or thereabouts, of 181-day bills
details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	90-day Treasury bills maturing October 3, 1963		:	181-day Treasury bi maturing January 2,	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Annual
High	99.255 a/	2.980%	:	98.452 b/	3.0
Low	99.244	3.024%	:	98.437	3.1
Average	99.247	3.011% 1/	:	98.445	3.0

a/ Excepting one tender of $500,000; b/ Excepting one tender of $585,000
61 percent of the amount of 90-day bills bid for at the low price was accep
15 percent of the amount of 181-day bills bid for at the low price was acce

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Acce
Boston	$ 36,132,000	$ 26,132,000	:	$ 22,581,000	$ 22
New York	1,462,436,000	843,746,000	:	1,014,661,000	621
Philadelphia	26,460,000	11,460,000	:	11,836,000	6
Cleveland	37,776,000	37,776,000	:	15,060,000	15
Richmond	22,294,000	19,514,000	:	10,178,000	
Atlanta	23,989,000	23,669,000	:	3,080,000	
Chicago	201,439,000	140,099,000	:	109,035,000	5
St. Louis	31,857,000	25,857,000	:	6,772,000	
Minneapolis	18,970,000	17,580,000	:	4,377,000	
Kansas City	37,635,000	37,635,000	:	12,226,000	1
Dallas	25,094,000	18,354,000	:	7,161,000	
San Francisco	115,922,000	98,802,000	:	40,293,000	4
TOTALS	$2,040,004,000	$1,300,844,000 c/		$1,257,260,000	$800

c/ Includes $214,147,000 noncompetitive tenders accepted at the average pric
d/ Includes $45,686,000 noncompetitive tenders accepted at the average pric

1/ On a coupon issue of the same length and for the same amount invested, t
these bills would provide yields of 3.08%, for the 90-day bills, and 3.1
181-day bills. Interest rates on bills are quoted in terms of bank dis
return related to the face amount of the bills payable at maturity rath
amount invested and their length in actual number of days related to a
In contrast, yields on certificates, notes, and bonds are computed in t
on the amount invested, and relate the number of days remaining in an i
period to the actual number of days in the period, with semiannual comp
than one coupon period is involved.

:ASURY DEPARTMENT

WASHINGTON, D.C.

: A. M. NEWSPAPERS,
ıly 2, 1963.

July 1, 1963

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

·easury Department announced last evening that the tenders for two series of .lls, one series to be an additional issue of the bills dated April 4, 1963, and eries to be dated July 5, 1963, which were offered on June 26, were opened at Reserve Banks on July 1. Tenders were invited for $1,300,000,000, or there- 90-day bills and for $800,000,000, or thereabouts, of 181-day bills. The the two series are as follows:

CEPTED BIDS:	90-day Treasury bills maturing October 3, 1963			181-day Treasury bills maturing January 2, 1964	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
	99.255 a/	2.980%	:	98.452 b/	3.079%
	99.244	3.024%	:	98.437	3.109%
	99.247	3.011% 1/	:	98.445	3.093% 1/

.ng one tender of $500,000; b/ Excepting one tender of $585,000
of the amount of 90-day bills bid for at the low price was accepted
of the amount of 181-day bills bid for at the low price was accepted

S APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

	Applied For	Accepted	:	Applied For	Accepted
	$ 36,132,000	$ 26,132,000	:	$ 22,581,000	$ 22,581,000
	1,462,436,000	843,746,000	:	1,014,661,000	621,911,000
ia	26,460,000	11,460,000	:	11,836,000	6,836,000
	37,776,000	37,776,000	:	15,060,000	15,060,000
	22,294,000	19,514,000	:	10,178,000	4,178,000
	23,989,000	23,689,000	:	3,080,000	3,080,000
	201,439,000	140,099,000	:	109,035,000	58,035,000
	31,857,000	25,857,000	:	6,772,000	5,272,000
	18,970,000	17,580,000	:	4,377,000	4,377,000
	37,635,000	37,635,000	:	12,226,000	12,226,000
	25,094,000	18,554,000	:	7,161,000	6,161,000
co	115,922,000	98,802,000	:	40,293,000	40,293,000
LS	$2,040,004,000	$1,300,844,000 c/		$1,257,260,000	$800,010,000 d/

:14,149,000 noncompetitive tenders accepted at the average price of 99.247
ı5,686,000 noncompetitive tenders accepted at the average price of 98.445

issue of the same length and for the same amount invested, the return on would provide yields of 3.08%, for the 90-day bills, and 3.19%, for the ls. Interest rates on bills are quoted in terms of bank discount with the ted to the face amount of the bills payable at maturity rather than the sted and their length in actual number of days related to a 360-day year. , yields on certificates, notes, and bonds are computed in terms of interest ınt invested, and relate the number of days remaining in an interest payment he actual number of days in the period, with semiannual compounding if more upon period is involved.

TREASURY DEPARTMENT

WASHINGTON, D.C.

July 2, 1963

FOR IMMEDIATE RELEASE

WITHHOLDING OF APPRAISEMENT ON
WINDOW GLASS

The Treasury Department is instructing customs field officers to withhold appraisement of window glass, 16-ounce through 28-ounce thicknesses, from Czechoslovakia 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 Bureau instituted an investigation in this case on May 3, 1963. The dollar value of imports received during 1962 was approximately $400,000.

TREASURY DEPARTMENT

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

Treasury Department Circular No. 418 (current revision) and this notice, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or Branch.

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ing institutions will not be permitted to submit tenders except for their own
unt. Tenders will be received without deposit from incorporated banks and
t companies and from responsible and recognized dealers in investment securities.
ers from others must be accompanied by payment of 2 percent of the face amount
reasury bills applied for, unless the tenders are accompanied by an express
anty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal Re-
e Banks and Branches, following which public announcement will be made by the
sury Department of the amount and price range of accepted bids. Those submit-
tenders will be advised of the acceptance or rejection thereof. The Secretary
he Treasury expressly reserves the right to accept or reject any or all tenders,
hole or in part, and his action in any such respect shall be final. Subject
hese reservations, noncompetitive tenders for $ 400,000 or less without
ed price from any one bidder will be accepted in full at the average price (in
decimals) of accepted competitive bids. Settlement for accepted tenders in
dance with the bids must be made or completed at the Federal Reserve Bank on
uly 15, 1963, in cash or other immediately available funds or in a like
amount of Treasury bills maturing July 15, 1963. Cash and exchange
rs will receive equal treatment. Cash adjustments will be made for differ-
between the par value of maturing bills accepted in exchange and the issue
of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale
her disposition of the bills, does not have any exemption, as such, and loss
the sale or other disposition of Treasury bills does not have any special
ment, as such, under the Internal Revenue Code of 1954. The bills are subject
tate, inheritance, gift or other excise taxes, whether Federal or State, but

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE July 2, 1963

TREASURY REFUNDS ONE-YEAR BILLS

Owing to the gratifying improvement in its cash position, the Treasury has decided only to replace the $2 billion of one-year bills maturing July 15, rathe than raising this issue to the $2.5 billion level of the other outstanding one-y bill issues.

The Treasury Department, by this public notice, invites tenders for $ 2,000,000,000 , or thereabouts, of 366 -day Treasury bills, for cash and in exchange for Treasury bills maturing July 15, 1963 , in the amount of $ 2,003,591,000 , to be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided. The bills of this series will be dated July 15, 1963 , and will mature July 15, 1964 , 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/~~Standard~~ Daylight Saving time, Tuesday, July 9, 1963 . 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 t price offered must be expressed on the basis of 100, with not more than three de imals, e. g., 99.925. Fractions may not be used. (Notwithstanding the fact tha these bills will run for 366 days, the discount rate will be computed on a b discount basis of 360 days, as is currently the practice on all issues of Treas 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 Branch on application therefor.

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

TREASURY DEPARTMENT

WASHINGTON, D.C.

July 2, 1963

R IMMEDIATE RELEASE

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Banking institutions generally may submit tenders for account of omers provided the names of the customers are set forth in such ers. Others than banking institutions will not be permitted to it tenders except for their own account. Tenders will be received ɔut deposit from incorporated banks and trust companies and from ɔnsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $400,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on July 15, 1963, in cas or other immediately available funds or in a like face amount of Treasury bills maturing July 15, 1963. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differenc 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 th Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, bu are exempt from all taxation now or hereafter imposed on the princip 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 Secti 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount discount at which bills issued hereunder are sold is not considered 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 on 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 taxab year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418 (current revision) and thi notice, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained any Federal Reserve Bank or Branch.

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

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Banking institutions generally may submit tenders for account of customers rided the names of the customers are set forth in such tenders. Others than ing institutions will not be permitted to submit tenders except for their account. Tenders will be received without deposit from incorporated banks trust companies and from responsible and recognized dealers in investment rities. Tenders from others must be accompanied by payment of 2 percent of face amount of Treasury bills applied for, unless the tenders are accompanied n express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal rve Banks and Branches, following which public announcement will be made by Treasury Department of the amount and price range of accepted bids. Those itting tenders will be advised of the acceptance or rejection thereof. The etary of the Treasury expressly reserves the right to accept or reject any ll tenders, in whole or in part, and his action in any such respect shall be l. Subject to these reservations, noncompetitive tenders for $200,000 or for the additional bills dated April 11, 1963, (91 days remaining until maturity date on October 10, 1963) and noncompetitive tenders for ,000 or less for the 182 -day bills without stated price from any one r 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 on July 11, 1963, in cash or other immediately available funds or like face amount of Treasury bills maturing July 11, 1963. Cash

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, July 3, 1963

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 July 11, 1963 , in the amount of $ 2,102,458,000 , as follows:

91 -day bills (to maturity date) to be issued July 11, 1963 , in the amount of $ 1,300,000,000 , or thereabouts, representing an additional amount of bills dated April 11, 1963 , and to mature October 10, 1963 , originally issued in the amount of $ 801,369,000 , the additional and original bills to be freely interchangeable.

182 -day bills, for $ 800,000,000 , or thereabouts, to be dated July 11, 1963 , and to mature January 9, 1964 .

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $50,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Daylight Saving time, Monday, July 8, 1963. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three

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TREASURY DEPARTMENT

WASHINGTON, D.C.

July 3, 1963

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 July 11, 1963, in the amount of $2,102,458,000, as follows:

91-day bills (to maturity date) to be issued July 11, 1963, in the amount of $1,300,000,000, or thereabouts, representing an additional amount of bills dated April 11, 1963, and to mature October 10, 1963, originally issued in the amount of $801,369,000, the additional and original bills to be freely interchangeable.

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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 ustomers provided the names of the customers are set forth in such enders. Others than banking institutions will not be permitted to ubmit tenders except for their own account. Tenders will be received ithout deposit from incorporated banks and trust companies and from esponsible and recognized dealers in investment securities. Tenders rom others must be accompanied by payment of 2 percent of the face nount of Treasury bills applied for, unless the tenders are companied by an express guaranty of payment by an incorporated bank 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 April 11,1963, (91-days remaining until maturity date on October 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 July 11, 1963, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 11, 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 from any Federal Reserve Bank or Branch.

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FOR RELEASE A. M. NEWSPAPERS,
Tuesday, July 9, 1963.

July 8, 1963

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated April 11, 1963, and the other series to be dated July 11, 1963, which were offered on July 3, were opened at the Federal Reserve Banks on July 8. 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 October 10, 1963		:	182-day Treasury bills maturing January 9, 1964	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.211 a/	3.121%	:	98.361 b/	3.242%
Low	99.184	3.228%	:	98.315	3.333%
Average	99.200	3.164% 1/	:	98.346	3.272% 1/

a/ Excepting 5 tenders totaling $1,050,000; b/ Excepting 2 tenders totaling $1,[illegible]
81 percent of the amount of 91-day bills bid for at the low price was accepted
31 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	$ 43,663,000	$ 33,663,000	:	$ 4,066,000	$ 4,066,000
New York	1,557,182,000	799,382,000	:	1,015,163,000	607,913,000
Philadelphia	29,749,000	14,749,000	:	9,456,000	4,456,000
Cleveland	31,970,000	31,970,000	:	16,567,000	16,567,000
Richmond	14,662,000	14,662,000	:	3,776,000	3,776,000
Atlanta	33,261,000	33,261,000	:	7,567,000	7,567,000
Chicago	202,076,000	142,076,000	:	118,944,000	73,944,000
St. Louis	35,943,000	31,943,000	:	6,574,000	6,074,000
Minneapolis	20,344,000	20,344,000	:	5,044,000	5,044,000
Kansas City	31,161,000	31,161,000	:	25,882,000	25,882,000
Dallas	28,007,000	28,007,000	:	10,917,000	10,917,000
San Francisco	118,827,000	118,827,000	:	33,920,000	33,920,000
TOTALS	$2,146,845,000	$1,300,045,000 c/		$1,257,876,000	$800,126,000

c/ Includes $253,760,000 noncompetitive tenders accepted at the average price of 99.[illegible]
d/ Includes $50,903,000 noncompetitive tenders accepted at the average price of 98.[illegible]
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 3.23%, for the 91-day bills, and 3.37%, 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.

RELEASE A. M. NEWSPAPERS,
day, July 9, 1963.

July 8, 1963

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U.S. Balance of Payments
Residual Financing of the Deficit
1960-1st Qtr. 1963
(In millions of $)

	1960	1961	1962	Change 1960-62 (Reductions in Financing +)	1st Qtr. '63 Not Seasonally Adjusted
1. RESIDUAL FINANCING OF THE DEFICIT	-3,881	-2,370	-2,186	+1,695	-319
2. Increase in short-term official & banking liab. and in foreign holdings of marketable U.S. Govt.bonds and notes (decrease -)	+1,737	+1,764	+653	+1,084	+287
3. Foreign private holders including banks & int'l & regional organizations (excl.IMF)	+289	+1,083	+200	+89	+376
4. Foreign official holders	+1,448 1/	+681	+453	+995	-89
5. Decrease in U.S. monetary reserve assets (increase -)	+2,144	+606	+1,533	+611	+32
6. IMF position	+442 1/	-135	+626	-184	-46
7. Convertible currencies	-	-116	+17	-17	-33
8. Gold	+1,702	+857	+890	+812	+111

1/ Revised.

TABLE 3

U.S. Balance of Payments, Selected Balances 1960-1st Qtr. 1963 (In millions of $)

	1960	1961	1962	Change 1960-62 (Improvement +)	1st Qtr. 1963 Seasonally Adjusted
A. Regular transactions					
1. Regular recorded transactions, excluding private short-term capital outflow 1/	-1,792	-774	-1,925	-133	-915
2. Recorded domestic and foreign private short-term capital	-1,438	-1,364	-623	+815	+42
3. Unrecorded transactions	-683	-905	-1,025	-342	-44
4. BALANCE ON REGULAR TRANSACTIONS	-3,913	-3,043	-3,573	+340	-917
B. Special Government transactions					
1. Non-scheduled receipts on Gov't loans	+48	+668	+666	+618	+25
2. Advances on military exports	-16	+5	+470	+486	+23
3. Sales of non-marketable, medium-term non-convertible securities	-	-	+251	+251	+63
4. Sales of non-marketable, medium-term convertible securities	-	-	-	-	+350
5. BALANCE A+B, excluding B.4	-3,881	-2,370	-2,186	+1,695	-806
6. BALANCE A+B	-3,881	-2,370	-2,186	+1,695	-456

1/ Differs from sum of line 12 of Table 1 and line 10 of Table 2 by the amount of Export-Import Bank fundings of U.S. private short-term credits. Though not a payment abroad and therefore not included in line 10 of Table 2, these fundings are already reflected as receipts of private short-term capital in line A.2 of this table and must, therefore, also be included as Government outpayments in line A.1. During the periods 1962, 93; 1963 1st quarter, 8.

U.S. Balance of Payments
Commercial Surplus on Goods and Services
1960-1st Quarter 1963
(In millions of $)

	1960	1961	1962	Change 1960-62 (Improvement /)	1st Qtr. 1963 Seasonally Adjusted
1. Nonmilitary merchandise exports	/19,459	/19,913	/20,479	/1,020	/4,998
2. Less exports financed by Gov't. grants and capital	/1,919	/2,237	/2,345	/426	/613
3. COMMERCIAL MERCHANDISE EXPORTS (1-2)	/17,540	/17,676	/18,134	/594	/4,385
4. NONMILITARY MERCHANDISE IMPORTS	-14,723	-14,497	-16,145	-1,422	-3,985
5. COMMERCIAL TRADE BALANCE	/2,817	/3,179	/1,989	-828	/400
6. Private investment income	/2,873	/3,464	/3,850	/977	/1,005
7. Other nonmilitary service receipts	/4,307	/4,532	/4,801	/494	/1,180
8. Less services financed by Gov't. grants and capital	/288	/430	/538	/250	/160
9. COMMERCIAL SERVICE EXPORTS (6/7-8)	/6,892	/7,566	/8,113	/1,221	/2,025
10. NONMILITARY SERVICE IMPORTS	-5,434	-5,436	-5,791	-357	-1,447
11. COMMERCIAL SERVICES BALANCE	/1,458	/2,130	/2,322	/864	/578
12. COMMERCIAL SURPLUS	/4,275	/5,309	/4,311	/36	/978

TABLE 2

U.S. Balance of Payments
Balance on Government Assistance and Long-Term Capital Accounts
1960-1st Quarter 1963
(In millions of $)

	1960	1961	1962	Change 1960-62 (Improvement +)	1st Qtr. 1963 Seasonally Adjusted
1. Military expenditures	-3,048	-2,934	-3,028	+20	-741
2. Military cash receipts	+320	+398	+1,143	+823	+204
(of which advances on military exports)	(-16)	(+5)	(+470)	(+486)	(+23)
3. Gov't. grants & capital outflows, gross	(-3,405)	(-4,056)	(-4,281)	(-876)	(-1,082)
a. Less transactions involving no immediate dollar outflow 1/	(-2,298)	(-2,940)	(-3,211)	(-913)	(-856)
b. Dollar payments abroad (3 -3a)	-1,107	-1,116	-1,070	+37	-226
4. Repayments on U.S. Gov't. loans, excluding fundings by new loans	+585	+1,201	+1,182	+597	+128
(of which non-scheduled repayments)	(+48)	(+668)	(+666)	(+618)	(+25)
5. U.S. direct and long-term portfolio investments abroad	-2,544	-2,609	-2,766	-222	-1,013
6. Foreign direct and long-term portfolio investments in the United States	+430	+466	+271	-159	+28
7. Remittances and pensions	-672	-705	-736	-64	-217
8. Changes in Gov't. liabilities 2/ 3/	+1	*	+248	+247	+63
(of which sales of non-marketable, medium-term non-convertible securities)	(-)	(-)	(+251)	(+251)	(+63)
9. BALANCE, incl.spec.Govt.transactions 3/	-6,035	-5,299	-4,756	+1,279	-1,774
10. BALANCE, excl.spec.Govt.transactions 3/	-6,067	-5,972	-6,143	-76	-1,885

* Less than $500,000.

1/ Comprises principally U.S. merchandise and service exports, refundings of loans of U.S. Govt. and private U.S. lenders, & subscriptions to int'l institutions in the form of non-interest bearing notes.

2/ Excludes liab. associated with military transactions and with Gov't. assistance operations.

3/ Excludes sales of non-marketable, medium-term, convertible Gov't. securities.

by businessmen of the dynamic stimulus to investment and consumption inherent in the tax program. Should it fail of enactment, the frustrations of these expectations might well arrest the progress and invite a recession. Moreover, this progress, promising increased revenues for the fiscal year 1964 over those earlier estimated in the President's January budget, complemented by reductions in projected appropriations by the President and the Congress, should ease the concern of those who were troubled by the size of the deficit as originally projected for fiscal 1964.

The passage of the tax program, by adding to the momentum of an advancing economy, offers the greatest opportunity in years to move our economy to full employment. Despite our recent progress, the rate of unemployment has remained undiminished; last month it was slightly higher than in June a year ago. While our labor force increased over the year by 1,200,000, only 800,000 new jobs were created. Yet, the Nation is a year closer to its responsibility to provide work for the floodtide of youth born in the aftermath of World War II. Twice as many jobs must be created in each of the remaining years of the Sixties as have been created in the last two years of an expanding economy if we are to meet the mandate of the Employment Act of 1946.

The boiling over of racial tensions witnessed in recent months should not impair the priority of the tax program on the legislative agenda. For who can doubt that an overriding element in the quest for equal opportunity and in the frictions resulting therefrom is the need for jobs and the chance to provide a better standard of living, housing and education for Negro and white alike. Discrimination is not likely to be dissipated by pushing whites out of jobs for Negroes, but rather by creating adequate job opportunities for both.

And, finally, for reasons I have analyzed briefly in my statement, the enactment of the tax program is central to our basic objective of achieving balance in our international accounts and maintaining confidence in the dollar. A vigorous dynamic and growing American economy is the necessary backdrop for achieving the sharp competitive edge that will increase our trade surplus -- for reaching demand and profit levels that will invite the increasing investment that will bring our two-way capital flows into better balance -- for assuring our friends abroad that putting dollars to work earning interest and profits is preferable to exchanging them for gold.

To meet both of our national economic objectives -- growth and full employment at home, and a balance in our international payments -- and to meet them simultaneously, within the framework of a market economy, clearly requires further effort. We cannot expect our problems to yield easily, but a solution is within our grasp.

To those who urge that balance of payments be given the top priority, as well as to those who urge that domestic growth be an exclusive preoccupation, I can only reply -- we cannot achieve one without the other -- we must achieve both if we are to be true to our national purpose and our international obligations.

the effects on domestic demand, if need be, by restrictive fiscal measures. And, finally, it would be helpful if these countries would continue to share more fully in the burdens of providing for our common defense and of assisting in the development of less fortunate areas of the world.

Balance of payments surpluses have very real advantages for the Western European countries, but they create some problems as well. In particular, they contribute to inflation in these countries, and this inflationary impact is not limited to the purely financial implications of the surplus. A balance of payments surplus is inherently inflationary, when in a time of general labor shortage and pressure on available resources, more goods and services are sold outside the economy than are imported.

As a result of pressures generated in part by these surpluses, combined with a general shortage of labor, wages and prices in Europe have been rising for the past few years far more rapidly than in the United States, unit costs have been increasing, and profit margins have declined. This offers us an opportunity to compete more effectively. But, it would be foolhardy to expect European authorities to sit back, and permit this inflation to proceed unchecked.

European Governments are already exerting themselves to restrain wage increases through what has come to be known as "incomes" policy. However, the natural inflationary forces are so powerful that their efforts have only succeeded in somewhat moderating the tempo of the inflationary process. But should this process proceed to a point where European countries find their balance of payments to be endangered, we can expect them to take strong action irrespective of the domestic consequences. However, a general disappearance of European balance of payments surpluses would almost inevitably mean the simultaneous disappearance of our deficit. Meanwhile, the continuation of this moderate inflationary tendency in Europe gives us an opportunity to bring our own payments into balance, thus laying the essential groundwork for the strengthening of the whole international payments system. But this opportunity must be seized. And we must be prepared to take those further actions that our needs require. For it is clear that further action and renewed impetus are needed to improve each of the major sectors of our balance of payments -- our trade balance, Government expenditures abroad, and the capital account.

The Need for Further Action

In view of the broad authority and influence of this Committee on the economic policy of the Congress, I should like to take advantage of this opportunity to stress with all the conviction I can summon the indispensable importance of decisive action by the Congress to enact during this session a program of tax reduction and revision along the lines generally proposed by the President at the beginning of this year.

The continued progress in our economy since that time, as measured by the increase in Gross National Product and other indicators, serves to accentuate rather than diminish, the desirability and feasibility of that forward step. This progress in some part is built on expectations realistic. It fails to recognize both the practical difficulties of reversing the current pressure of savings flows seeking investment outlets in this country, and the great hazards for the domestic economy implicit in any such attempt.

My second point concerns our position as world banker, and your question concerning the applicability of exchange controls on capital flows to our situation. Exchange controls would directly violate one of the precepts upon which our whole effort is predicated -- that, in our economy, we must rely primarily upon decentralized decision making by millions of individuals and businesses responding to market forces. Government, to be sure, must accept the responsibility for influencing these market forces in ways consistent with national objectives, but always without attempting to direct individual transactions.

Moreover, a partial system of exchange controls would soon break down as funds flowed through uncontrolled channels -- spurred by the fear of still further controls. In the end, a complete system of exchange controls would be required. This would seriously prejudice the position of the dollar as the world's chief reserve currency, would tend to shrink world liquidity and reduce the volume of world trade, thus bringing in its train grave dangers of a world-wide economic recession. For these reasons, the institution of exchange controls, even though supposedly applicable only to certain types of transaction, is not a practicable or acceptable policy for the United States.

Instead, we must continue to meet our special responsibility as world banker. Essentially, this is to pursue policies that assure maintenance of the stability of the dollar free from exchange controls. In return, foreign countries have freely and willingly provided us with huge resources -- aggregating some $21\frac{1}{2}$ billion in liquid dollar balances alone. The rise in these balances of over $15 billion since 1949 has financed 58% of our cumulative deficits over the past 13 years. Had it not been for our position as banker to the world, this credit would not have been extended to us, and we would long ago have been faced with the hard necessity of curtailing imports, reducing foreign investment, and cutting into the substance of our defense and aid spending abroad.

The Surplus Countries

In assessing the outlook for our balance of payments, we must also look at developments in the surplus countries. The surpluses that are the counterpart of our payments deficit have for the most part been accruing to the other industrial countries of continental Western Europe. Orderly and constructive elimination of payments imbalances requires that these surplus countries accept a responsibility for pursuing policies which will reduce their surpluses, thus paralleling U. S. efforts to eliminate our deficit. These countries should continue to eliminate trade barriers which discriminate against our exports. In addition, it would be appropriate for them to work toward lower interest rates, particularly long-term rates, offsetting substantially below those in Europe -- except only for Switzerland and the Netherlands -- are largely responsible for the increasing volume of foreign long-term borrowing in our markets. Thus, while there is evidence on both sides regarding the sensitivity of long-term portfolio investment to interest rates, it seems clear that interest rates are not by any means the only factor involved.

The ready availability of American capital and our well-developed market facilities are also important. As I pointed out in Rome over a year ago, our balance of payments problem limits the amount of long-term portfolio capital which we can prudently supply to others. It is essential for other industrial countries to develop their own capital markets so that they can do a more complete job in meeting their own requirements. While the last year has seen some progress in this direction -- most notably in Germany, Italy, and perhaps now in France -- it has not been adequate and the demands on our markets are still much too heavy. Mr. Roosa will be glad to furnish you with fuller information on the state of the various European capital markets and on the progress that has been made during the past year.

Looking at our payments as a whole, it is clear that if we are to achieve balance there must be a substantial reduction in the net outflow of long-term portfolio capital as well as a reduction in the outflow of short-term funds. One means of approaching this objective is to see to it that our capital market is utilized to mobilize foreign savings to the maximum extent possible -- that is, we need to export securities as well as goods, and to take advantage of the interest of foreign investors in new dollar issues. We have noted that a large part of the extensive recent activity in new foreign issues has been carried out through private placements. These private placements, many of which are Canadian issues, normally foreclose the possibility of foreign participation that always exists in a public offering. We have urgently invited the financial community to explore this problem further in the hope that it will be feasible for them to make wider use of public offerings.

Capital Flows and Our Position as World Banker

On the subject of longer-term capital flows and interest rates, I would like to make two general points of basic importance. First, purchases of foreign securities are a very small fraction of the very large total of $50 to $60 billion that is annually placed in mortgages and other long-term securities in this country. With confidence in price stability restored, the willingness of savers to place money at savings institutions and to commit funds for longer-term investment is growing, and interest rates have been reflecting this increase in savings. Long-term interest rates in this country may well respond over time to growing investment demand in the normal market manner. However, the approach taken in some quarters abroad that a drastic effort should be made by public policy to raise the entire structure of long-term interest rates by a sizable amount in an effort to slow down the outflow of long-term capital does not seem to me to be

2. Foreign currency claims of banks and non-financial concerns on Canada and Europe;

3. "Other" bank-reported short-term claims on Canada and Europe; and

4. Errors and omissions for all areas combined.

These four items accounted for between $1.2 billion and $1.4 billion of our over-all balance of payments deficit during each of the three years 1960 - 1962 when interest rate differentials favored Canada and Europe. In 1959, on the contrary, when interest rate differentials were favorable to the United States, these same four items accounted for an inflow of funds that reduced our over-all deficit by some $500 million. A sizeable part of this difference may be attributed to the interest rate factor.

The New York Federal Reserve Bank study suggests that a reasonable reduction of the current differential in short-term rates would be likely to improve our annual balance of payments by $500 million or more. In addition, this study shows that private foreign holders of dollars are strongly influenced by interest rate differentials. This would not affect our balance of payments figures but would substantially reduce the gold drain, since private foreign holders would retain their dollars in larger amounts rather than turn them over to official holders who alone have the right to convert them into gold.

One more piece of confirming evidence is available. Since last fall a few large banks have reported to the Federal Reserve on a confidential basis the totals of their short-term transactions involving transfers to Canada and the U.K. on a fully covered basis. Such transfers are clearly interest induced and have continued at a substantial pace throughout the first six months of this year. The sample, which makes no pretense of being complete, shows over $220 million of such transfers so far this year.

For all these reasons, we are convinced that substantial amounts of short-term flows are sensitive to interest rate differentials. This opinion is also fully supported by the unanimous views of those here and abroad who actively deal in foreign exchange on a daily basis. Mr. Roosa will be glad to answer in full any questions you may have on this highly important, but rather technical, subject.

In the case of long-term portfolio investment, on the other hand, the effects of interest rates are much less clear. Such studies as have been made, mostly by various Federal Reserve banks, fail to show any consistent correlation between the volume of United States purchases of foreign long-term securities and existing long-term interest rate differentials. However, these studies do show that whenever long-term rates in the United States are relatively high, as in 1959, portfolio purchases tend to decrease. In spite of these inconclusive findings, European authorities are categoric in their views that our present long-term rates, which are

I am aware of the fact that the only detailed study hereto submitted to you -- that made last summer by Professor Bell -- interpreted as indicating a lack of interest rate sensitivity i all short-term capital movements. This is an area that has unt recently received comparatively little study. This is perfectl standable since the free and large scale movement of short-terr dates only from the end of 1958, when the currencies of most o: major industrialized countries became convertible.

The Treasury has, of course, had a close interest in this some time. In order to increase the availability of informati ing capital movements, and thus facilitate improved understanc knowledge, the regular reporting forms for banks and non-finar tutions have been modified and improved. A supplementary forr financial institutions was introduced last fall and revised m hitherto unavailable information from these new forms.

In a further effort to broaden the content and coverage of our balance of payments statistics and to improve their presentation, the Director of the Bureau of the Budget has recently appointed an eminent committee of business and academic economists to study all aspects of our balance of payments statistics. This committee is chaired by Dr. Edward M. Bernstein and is due to file its report next spring after a full year of study.

Paralleling our work on the new reporting forms, we also undertook early last summer a staff study to examine short-term capital movements as fully as possible with the available data. We engaged an outside consultant to assist us -- Professor Peter Kenen of Columbia University. This study was completed last fall, and indicates a clear sensitivity of certain short-term capital movements to interest rate differentials. We will be glad to make this technical study available to the Committee if you so desire.

Since the completion of this staff study, the sensitivity of short-term capital flows has been confirmed by a detailed investigation which has just been completed by the research department of the Federal Reserve Bank of New York. This report, which the Bank has authorized us to furnish to your Committee, attempts -- successfully, in my opinion -- to reconcile the apparent divergencies in the Treasury-sponsored and Bell studies. It points out that short-term capital movements include a wide variety of capital flows, some of which are sensitive to interest considerations and others not. It further shows that those types of flows in which our study found a close correlation with interest rate differentials are precisely the same flows for which Professor Bell was unable to find any correlation with trade movements.

The types of short-term flows which these studies indicate are sensitive to interest rate differentials include the following:

1. Dollar claims of non-financial concerns on Canada and Europe;

Capital Flows and Interest Differentials

In addition to developing facilities for financing our deficit and working toward a stronger payments system, the United States has over the past two years participated to an unprecedented degree in active and extensive debate, discussion, and consultation with the other industrial countries on national economic policies affecting mutual international objectives. This has been particularly true with respect to factors affecting the international movement of long-term and short-term capital.

It is evident in these discussions that European financial circles feel that the differentials between the higher interest rates prevailing in many West European countries and those in the United States are contributing importantly to the outward flow of capital from this country, and that these differentials should be narrowed. For our part, we have recognized that there is a considerable sensitivity of movements of short-term capital to interest rate levels in the various leading countries -- a sensitivity that has repeatedly been confirmed by those in close touch with the market, and is often observable in reported data, despite the variety of other influences at work at any time.

I would like at this point to address myself in some detail to your question relating to the degree of sensitivity of short-term capital movements to interest rate differentials. Our conclusion, after studying this matter intensively, is that there are substantial sums of liquid funds that are potentially sensitive to differentials between interest rates here and interest rates in the Euro-dollar market, and also between rates here and those on British and Canadian Treasury bills and on other short-term paper in those as well as in Continental European money markets. This is particularly true when the forward exchange rates fail to offset most of the actual interest rate differential. Financing of third country trade through acceptances also appears rather sensitive, while bank loans to official borrowers or preferred customers and financing of American exports appear much less so.

Despite much that has already been accomplished through cooperative action, both in keeping our short-term rates at somewhat higher levels and in keeping foreign money market rates as low as practicable, existing differentials are still causing substantial outflows of the more sensitive types of capital. Much of the outflow in April and May, for instance, appears to reflect increased deposits of American firms in Canadian banks and a sharp increase in American acceptance financing of trade between foreign countries. To illustrate the problem, the pull of the Euro-dollar market -- with three-month money returning just under 4% in London -- is apparent; prevailing yields for roughly comparable types of money market instruments in New York are around 3-1/4%. While existing differentials with respect to most of the important foreign markets are not large, it is important that we continue to do all that is reasonable to narrow them further in order to reduce significant outflows, and perhaps in time reverse the direction of some of these flows.

This problem has already been studied very carefully by your own Subcommittee and I hope that your studies continue. Similar studies are in process, of course, within the Administration, as well as in most of the other leading countries and international organizations.

The path ahead is not clear and much further work will be required, but experience with the even more difficult problems following World War II gives one confidence that as the nature and magnitude of future needs become clearer to most of us, ways to cope with those needs can and will be developed. The international payments system has evolved remarkably well since the days of Bretton Woods, and this process of evolution toward a stronger system has certainly not been completed.

But as I have already noted, in considering the long-run need for improvements in the international payments mechanism, we must avoid the error of thinking that the solution to our present balance of payments difficulties can be found in such improvements. No international payments system will relieve countries of their individual responsibilities to achieve balance in their international payments over a reasonable period of time. It is, of course, most important that there be an adequate amount of reserves, suitably distributed, to allow a reasonable period of time during which the adjustments needed by any particular country can be made. The United States is prepared to work with other countries to strengthen and improve the international payments mechanism in this direction. But, such efforts will be doomed to failure if other countries feel that we look upon them as a means of avoiding the steps we ourselves must take now to bring our payments into balance.

Nor can we afford to delay in the illusion that some system of flexible exchange rates may somehow offer a painless and acceptable method of adjustment. Visionary proposals of this kind, which I know have been brought to your attention from time to time, ignore the basic fact that the world payments system today -- and with it the prospects for expanding trade -- rests upon the interchangeability of gold and the dollar at a fixed price, and confidence in the stability of other leading currencies. A regime of flexible rates among the major trading nations has never, through the years, successfully met the test of use and experience. The cost in greater uncertainty, disruption of the highly integrated world trading community, and a lessened flow of trade and investment would be far too high a price to pay. The United States, together with every other leading nation, is for that reason fully committed to preservation of the system of fixed exchange rates as the essential underpinning for freely flowing and expanding trade. That commitment is embodied in the Bretton Woods Agreements.

in currencies other than U. S. dollars, importantly bolstering the ability of the Fund to meet sizable drawings without exhausting its supply of usable currencies.

Thus, bilateral and multilateral facilities are playing complementary roles in meeting our needs -- and the needs of other nations -- for liquidity and credit resources. Because of the particular nature of the problem facing us, our main effort over the past year has been to strengthen these facilities through bilateral arrangements that could be selectively tailored to meet immediate needs.

Our deficits have a counterpart in surpluses in other countries, but these surpluses have not been evenly distributed, nor are their size and location predictable. With one or two exceptions, the surpluses have tended to concentrate first in one country and then another. The countries which happen to be experiencing these surpluses at a given time are also those which are accumulating dollars, often beyond their immediate needs, thus creating pressure to turn these surplus dollars into gold. The flexibility of bilateral arrangements makes them particularly appropriate and useful in reducing these pressures, inasmuch as they can be directed more precisely to the point of need. Moreover, certain techniques -- repayment of debts, for instance -- can only be arranged on a bilateral basis.

Multilateral arrangements, on the other hand, are more useful -- I should say essential -- whenever it becomes desirable or necessary to strengthen the international payments system as a whole by adding to international liquidity generally. As the President stated in addressing the Annual Meeting of the International Monetary Fund and the World Bank in Washington last year, and as he confirmed last month in Europe, the United States welcomes continuing study of methods to improve further the functioning and stability of the international monetary system. The financial ministers of the ten countries participating in the special IMF borrowing arrangements also stated last September that they were ready to contribute to such studies. Clearly, it is important, even while the pressures of our own imbalance are still upon us, to examine carefully all manner of proposals that may be useful to us, and to the world, once the current imbalance has been corrected and new problems emerge. But these global plans cannot and should not be regarded as specific correctives for our present problems. I should also point out that there is widespread agreement that no general shortage of international liquidity is evident at the moment. That is partly because of the special resources arrangements in the IMF, in the establishment of which the United States took the lead during 1961 and early 1962. But it also seems clear that the time will come when new facilities or arrangements will be required to ensure for the future an adequate over-all growth in monetary reserves and credit availability.

No less significant are satisfactory arrangements for the residual financing of the deficit, and ample protection for the dollar against speculative pressures or other emergencies. In developing facilities for these purposes, we have also been alert to their implications for longer-range strengthening of the international monetary and payments system. I shall touch only briefly on our actual operations in this area, but Under Secretary Roosa will be prepared to discuss them extensively.

Prepayment of debt has reduced the deficit by about two-thirds of a billion dollars in each of the years 1961 and 1962. These payments have been mutually beneficial. They provide a capital inflow into the United States that is definite and final. From the point of view of the surplus country, these repayments, eliminating holdings of dollars that at the time are excessive, avoid a future stream of payments that might fall due at less opportune times. When there are traditional or other pressures to maintain a particular ratio of gold to dollar holdings in official reserves of some countries, these debt prepayments also serve to avoid unnecessary movements of gold.

The sale of medium-term Treasury securities to foreign monetary authorities can serve somewhat similar purposes, although these transactions do not have the permanence of debt prepayment. A special feature of these securities is that they can, where both countries consider this appropriate, be denominated in the currency of the lending country. These securities thus provide surplus countries a third alternative to gold or dollar-denominated securities in making use of their dollar accruals. The foreign currency issues must still be considered experimental, and their future depends in large measure upon the response which they evoke from the leading official holders of dollars. But, there are $630 million of these special foreign currency medium-term issues outstanding at the present time. Without the introduction of this instrument, transfers of gold into foreign reserves would probably have been substantially higher.

In addition to these arrangements, the Federal Reserve has further developed its network of reciprocal currency agreements, providing foreign exchange facilities to either party if needed to meet temporary strains. The aggregate of these "swap" facilities now totals $1,550 million.

<u>The Role of Bilateral and Multilateral Arrangements</u>

All of these bilateral arrangements are further buttressed by the resources of the International Monetary Fund, which can provide credit in case of need on terms of 3 to 5 years. The resources of the Fund were supplemented during 1962, when the necessary ratifications were completed to establish the special borrowing arrangement agreed to by ten of the leading industrialized countries. This arrangement makes up to $6 billion of supplementary resources available to be used, if needed by any of the participating countries, to meet threats to the stability of the international payments system. Of these resources, $4 billion are available

Our programs aimed at these objectives have already been greatly expanded, and we anticipate that the results will be cumulatively favorable as more and more American firms are brought into contact with export markets. However, I might note at this time that the House of Representatives just last month failed to approve the appropriations requested by the Department of Commerce to strengthen these efforts to stimulate our exports. I earnestly hope that the comparatively small amount of funds involved, less than $6 million in all, will be restored by the Senate and included in the final appropriation bill -- for it surely will be returned to us many times over in additional earnings from exports. Failure to approve these funds can only ensure a smaller trade surplus and a larger deficit in our balance of payments.

Effective action in these three areas -- tax reduction, price and cost stability, and an intensified export effort -- provides the core of our longer-run program to restore balance in our international payments. In addition, in view of the trenchant analysis in the March report of this Committee, I need not emphasize here the importance of successful trade negotiations to assure that foreign markets are open to our products, and I will not discuss this problem further today.

But these measures will necessarily require time to take effect through the working of market forces; their impact on our international payments is as yet insufficient; and it would not be possible or prudent to rest on these actions alone.

More Direct Government Action to Reduce and Finance the Deficit

This is why we have undertaken a great variety of more direct actions that promise prompt results. While some of these measures will be of value for years ahead, others provide only temporary benefits, or would not be desirable as permanent programs. But all of them are urgently necessary today to achieve a reduction in foreign expenditures, to provide addditional foreign receipts, or to facilitate the financing of our deficits in a manner which will strengthen rather than distrub the world payments system.

As I suggested earlier, methods of reducing foreign exchange costs in the two largest areas of governmental foreign expenditures -- military spending and foreign aid -- have been pursued vigorously. But further progress must and will be made. As we review these programs intensively, opportunities for additional savings are being found, without jeopardizing essential national security objectives. In addition, we are subjecting the foreign transactions of every other Federal agency to a periodic screening and justification procedure centered in the Bureau of the Budget. While the total of these expenditures is not nearly so large as those for defense and aid, moderate further balance of payments savings will be possible in this area. New international marketing procedures by the Department of Agriculture -- as, for example, the new cotton auction program -- can also be expected to make a significant contribution.

circumstances, with our economy operating well below its capacity and with high unemployment, the stimulus of the substantial tax cut we have recommended would not be inflationary. Consequently a tight credit policy designed to slow consumption and counter inflation would appear to be most inappropriate in the present setting. The relation of a tax cut to monetary policy is quite different.

As I will point out in detail later, there is strong evidence that a substantial portion of short-term capital flows are markedly sensitive to interest rate differentials. Because of this fact, and in the light of the size of our continuing over-all balance of payments deficit, we must recognize the possibility that the monetary authorities may at some point feel obliged to take further action designed to influence those rates that are particularly significant for our balance of payments. A tax cut would be most helpful in offsetting any possible adverse effect of such action on our domestic economy. To put it in a nutshell, my view is that a tighter monetary policy will not be required by the results of a tax cut, but that a tax cut would prove most helpful should the monetary authorities feel obliged to take further action for balance of payments reasons.

Tax reduction to improve our industrial efficiency and our balance on international investment flows must be paralleled by vigilant maintenance of wage and price stability. Our success in holding costs and prices steady during the current expansion has been gratifying. Over recent years, the annual rate of wage increase in manufacturing has dropped steadily, and for the past two years has been slightly below the yearly gains in productivity. That in turn has made possible a small decline in wholesale prices since 1960. Nevertheless, the major test still lies ahead, as our economy returns closer to its full potential. That is why we have placed so much emphasis on the wage/price guideposts developed by the Council of Economic Advisers as an appropriate benchmark for evaluating the longer-run behavior of wages and prices -- recognizing at the same time that any tendency for productivity to exceed wage gains, when accompanied by a parallel fall in prices, would help speed the needed process of adjustment.

Finally, to be sure that our improving competitive position is translated as quickly and fully as possible into growth in our trade surplus, we must also provide all appropriate governmental stimulus and assistance to the actual process of exporting. Many more American businessmen must be made aware of the large and profitable opportunities offered by foreign markets. They should be assisted with all the market information that government can provide, and with intensive official promotion of American products abroad. And they must continue to be provided with ample facilties for export financing, fully comparable to those available in the other industrialized countries.

facilities at home rather than abroad will increase. Foreigners are likely to respond to the increased opportunities as well, and securities of U. S. firms, attracting the increasing funds of foreign savers, could become one of our best selling exports. At the same time, the huge flow of savings generated by American citizens will more readily find employment within our own borders, reducing the present spillover of surplus savings to other markets.

The ability to employ our savings fully, and to attract investment from abroad, fundamentally rests on the growth and profitability of our economy. There are indications that profit margins are now shrinking in Europe, under the pressure of rising costs. If we can improve the growth prospects and profitability of our economy, this should be a powerful factor favorably influencing the long-term capital account in our balance of payments.

The past year has seen important progress in reducing the tax incentives for direct investments abroad by American business. One of the substantial tax advantages of foreign investment has been the more favorable treatment of new investment through special tax credits and accelerated depreciation. The investment credit enacted last fall, which was limited to domestic investment, and our accompanying administrative reform of depreciation have gone a long way to remove this differential. Enactment of the corporate tax reduction recommended by the President will be a substantial further step in equalizing the tax status of investment at home and abroad -- in fact, with a reduction of the corporate income tax to 47 per cent, the tax incentive to foreign investment in most industrial countries as compared to domestic investment will have been so reduced as to be only a very minor element in business decisions to invest abroad.

The Revenue Act of 1962 also revised our laws so as to strike hard at the use of tax havens for purposes of tax avoidance. While it is still much too soon to be able to quantify the results of this action in balance of payments or revenue terms, there is evidence of declining interest in the establishment of new subsidiaries in tax haven countries.

In considering the relationship of our current tax program to the balance of payments, it is also important to point out that tax reduction will accomplish a needed redistribution, between fiscal and monetary policy of the responsibilities for encouraging business expansion. Readily available credit is of little avail if the incentives are weak for using that credit to make new investment. But, when incentives to invest are strong, minor changes in interest rates may go relatively unnoticed, and the monetary authorities can have more freedom to influence those rates that are significant in terms of international capital flows.

You have inquired specifically as to whether a tax cut would require a tighter monetary policy to prevent a deterioration in our international accounts. To this in my view the answer is clearly no. Under present to assure adequate financing of our remaining deficits in a manner consistent with an improved payments system and the role of the U. S. dollar as an international reserve currency.

In its particulars, our program has encompassed a broad range of actions and policies, of widely varying character and timing. Its most important components have been, and will continue to be, measures that will improve the competitive position of our economy, not only in terms of efficient production at reasonable prices of the goods and services in demand in world markets, but also in terms of its attraction to capital, both foreign and domestic. Basically, this means a rapidly growing economy attractive to new investment -- an economy in which our industry provides clear leadership to the world in product design and development, as well as in production methods. And it also must mean stability or reductions in costs and prices.

<u>The Long Range Program - Tax Policy, Cost and Price Stability, Export Promotion</u>

The primary opportunity today for action of major and lasting importance to support these goals lies in the area of taxation. The investment credit enacted last year and our thoroughgoing administrative liberalization and modernization of the regulations governing depreciation have given a strong boost to the international competitive position of American industry. But more is needed. We must strike from our economy the shackles of wartime tax rates which were originally designed to curb excess demand and combat the strong inflationary pressures of the war and early postwar years. The $10 billion net reduction in personal and corporate income taxes recommended by the President will do just this. Not only is this tax reduction program the keystone of our effort to lift the growth of our domestic output and employment, but it has a direct bearing on our prospects for eliminating our balance of payments deficit.

Of course, one of the effects of any stimulus to domestic growth, whether induced by tax reduction or otherwise, will be some increase in imports to feed the production process and to meet the demand generated by higher incomes. But added investment in new plant and equipment, responding to the stimulus of tax reduction should help us to reduce costs through the installation of new and up-to-date machinery. And a rapidly growing economy will offer a favorable environment for the introduction of new products and for pioneering in new production processes. This will help make American businessmen more competitive not only in foreign markets, but also in our own home market, where we face substantial and aggressive foreign competition.

Even more important in terms of the balance of payments, tax reduction will greatly improve the investment climate in the United States. Incentives for the American businessman to utilize his funds in expanding

The Basic Approach of our Balance of Payments Program

The basic philosophy and general approach which will continue to underlie our program for closing the deficit were first set down in the President's Message to Congress on the Balance of Payments of February 1961. As he has made clear, our firm intent is to attain a satisfactory and durable balance in our over-all payments by means consistent with other basic national interests. We cannot seek solutions at odds with our traditional reliance on a decentralized free enterprise economy. We must recognize the clear need for reducing unemployment and for more rapid economic growth at home. In our own interests, and those of other nations, international trade must be expanded rather than restricted. And we cannot abandon our central responsibilities of world leadership -- for maintaining secure defenses, for contributing to the development of less favored nations, and for conducting our affairs in a way that will maintain freedon of capital movements and strengthen the fabric of the international monetary system.

These basic requirements, combined with the simple fact of our dominant role in world trade and finance, have meant that we could not either prudently or effectively utilize many of the simpler and more direct types of action by which other countries have sometimes dealt with their payments deficits. Currency devaluation, import restrictions, exchange controls, substantial restriction of credit designed to raise interest rates and reduce domestic consumption, or abandonment of our commitments for the protection of the free world are all out of the question. Instead, we have recognized that:

First, a satisfactory and lasting balance in our payments can be achieved only as substantial adjustments are made in countless transactions by our private citizens and business firms, each responding freely and vigorously to new market incentives and opportunities;

Second, these necessary market adjustments must be supported and encouraged by an appropriate fiscal and monetary environment, by effective Government trade promotion programs, and by firm discipline in the maintenance of price and cost stability;

Third, because the full benefits of these market adjustments will become evident only over a period of years, there is a continuing need to seek additional and more immediately effective reductions in, or offsets to, those large foreign payments that can be subjected to direct administrative action, particularly in the areas of defense and aid;

Fourth, as a further means of assuring our capacity to deal with the immediate situation while our longer-term program is taking hold, we must pursue vigorously a wide variety of measures

The final line of Table 4 shows that our gold payments in both 1961 and 1962 were little more than half as large as in 1960. Our gold loss in the first six months of the current year has been running at a rate substantially below the 1961-62 level, and during this period the Treasury gold stock declined by $245 million. However, since the volume of gold transactions customarily fluctuates substantially during the course of any one year, it is difficult to draw conclusions from the results over any few months.

One other fact deserves mention before leaving these tables. Transactions with Canada swung markedly against the United States during the first quarter of 1963 as compared with a year ago, when our position vis-a-vis Canada was unusually favorable. Between these two quarters, the swing against us was $360 million. This was largely due to the unusually heavy Canadian borrowings in the United States to which I referred earlier. This rate of borrowing is not likely to continue. Meanwhile, our "regular transactions" with all other countries showed an improvement during the first quarter as compared to the same period in 1962.

The Over-All Strength of the U.S. Financial Position

In appraising these recent flows, and the evident need for further action to reduce the deficit, I want to emphasize that the over-all strength of our financial position is enormous, despite the decline in our gold stock and the increase in our liquid liabilities to foreigners. Today, the aggregate value of private investment holdings abroad by Americans totals over $60 billion. Nearly two-thirds represents direct investment in foreign enterprises -- the kind of investment which can be expected to yield a steady increase in earnings over the years ahead. The increase in these private assets since the end of 1949, when our long series of deficits began, has roughly matched our loss of gold and the rise in foreign claims on the United States. At the end of 1962, investments by our private citizens in other countries, plus our gold stock, exceeded holdings of foreign countries and international institutions here -- most of which are in relatively low-yielding money market instruments -- by an estimated $25 billion, or about the same as in 1949. In 1957, before the recent period of larger deficits, the margin was only slightly larger. Moreover, these calculations do not take any account of the steady accumulation of U. S. Government loans and investments abroad, which now total about $18 billion. Some of these Government funds, to be sure, may not be fully realizable in useful currencies, but in toto they do represent much of real value, and they serve to further bolster our long-run position.

increased by over $500 million. During the first quarter of 1963, this balance remained at approximately the 1962 level. It is this pattern which points so clearly to the need for an intensification of our efforts to achieve a more competitive economy and to reduce the burdens on our international accounts from aid and defense to the maximum extent consistent with the vital national objectives toward which these programs are directed.

Meanwhile, we have had considerable success in arranging "special transactions" to narrow the gap in our payments, helping to carry us through this difficult period. These transactions totaled nearly $1.4 billion in 1962. But arrangements of this character, dependent as they are on the cooperation and confidence of our friends and trading partners and representing a charge on our future earnings, cannot be viewed as a substitute for substantial and early improvement in our trade, capital, and regular Government accounts.

Table 4 shows the manner in which our residual deficit has been financed -- through the acquisition of additional dollars by foreign countries and international institutions, through net repayments by foreign countries to the International Monetary Fund in dollars, and ultimately through net sales of gold or convertible currencies. While the composition of this financing depends importantly on the position and policies of the countries whose surpluses happen, at any given time, to be the counterpart of our deficit, it is clear that each of these means of financing has played an important role over the past three years.

I should point out that the decline indicated in our net position vis-a-vis the IMF -- that is, the increase in the Fund's dollar holdings -- does not reflect any drawing on the Fund by the United States. Rather, it reflects the extent to which other countries, which in the past have borrowed dollars in large volume from the IMF in time of difficulty, have now repaid those drawings.

When a foreign country draws dollars from the IMF, they may use these dollars to finance their own deficit; as these funds pass from country to country, they may become a claim on our gold or must be absorbed in other ways. Conversely, as dollars are repaid to the Fund -- as they were in a net amount of almost $1 billion over the three years 1960-1962 -- these dollars, until drawn by other countries at some later date, are immobilized in the IMF. An equivalent portion of our deficit is thus financed without loss of gold or a buildup in dollar holdings of foreign countries. At the same time, under the rules of the Fund, our potential drawing rights are increased or reduced as Fund holdings of dollars decline and rise. As of last April 30, Fund holdings of dollars reached the amount of our dollar subscription -- equal to 75 per cent of our quota. Repayments cannot be accepted by the Fund in dollars beyond this limit. In other words, with minor technical exceptions, countries presently indebted to the Fund cannot now make repayments in dollars but must repay either in gold or other convertible currencies of which the Fund holds less than 75 per cent of quota.

Long-term capital outflows, also shown on Table 2, moved somewhat higher in both 1961 and 1962, and then jumped sharply during the first quarter of this year, reaching a total of over $1 billion in only three months. This upturn, primarily due to an exceptionally large volume of Canadian borrowing in the New York market, is the largest single factor responsible for the lack of improvement in our over-all accounts during the first quarter.

Moreover, the flow of foreign direct and long-term portfolio investment into the United States declined sharply in 1962 from levels already disproportionately low relative to similar U. S. investment abroad. There was a still further decline during the first three months of 1963.

Short-term capital, on the other hand, flowed toward the United States on balance during the first quarter. However, this was to some extent a statistical illusion. Definite signs of renewed outflow have been apparent each month since January, when a single large loan repayment combined with the usual reversal of year-end window dressing by European banks to cause a sharp, but temporary, improvement of some $200 million. This January inflow has been more than offset in succeeding months. For the first five months of 1963, the net recorded short-term outflow appears to have been about $200 million.

As shown on Table 3, net recorded short-term capital movements were substantially smaller last year than during 1960, when funds flowed out in record volume, but were still uncomfortably large. Moreover, the interpretation of this downward trend in recorded outflows since 1960 is somewhat clouded by a rise over the same period in unrecorded outflows, which usually are thought to include a substantial element of short-term capital. Looking at the picture as a whole, it is evident that movements of short-term capital will continue to require very close attention in our effort to move toward sustainable equilibrium.

Consistent with our objective of presenting these data to interested analysts as clearly and meaningfully as possible, certain revisions have recently been introduced in the official presentation of balance of payments data by the Department of Commerce. Accordingly, Table 3, in summarizing the data, distinguishes between "regular" and "special Government" transactions.

Broadly speaking, "regular transaction" are those public and private transactions responding to usual market forces and to well-established governmental policies here and abroad. The "special transactions" are those resulting from intergovernmental negotiations specifically arranged to ease the balance of payments situation of the United States. This category is comprised of foreign debt prepayments, advance payments on military exports, and sales of non-marketable, medium-term Treasury securities to foreigners.

As Table 3 shows, our balance on "regular transactions" showed considerable improvement in 1961, but approximately 60 per cent of this improvement was lost in 1962 when the deficit on these transactions

Import Bank credits. Most of the remaining half is disbursed by the Agency for International Development. About 50 per cent of the disbursements by AID (and under related small programs) in the calendar year 1962 is now estimated to have been provided in the form of U. S. goods and services, as compared with approximately one-third that took this form in 1960. This percentage will rise sharply in coming years. The Agency for International Development estimates that the proportion of its new commitments that will directly be reflected over a period of time in shipments of American goods and services reached a figure of more than 80 per cent during the fiscal year 1963. This means that, in time, more than 90 per cent of Government grants and capital will finance U. S. exports.

The significant upward shift in the proportion of tied aid is probably the least known aspect of our entire balance of payments program. Many people who have suddenly recognized the grave significance of our balance of payments problem are urging that the way to stop the dollar drain is to cut out foreign aid. What we are doing instead is to see to it that, so long as we remain in balance of payments deficit, this country gives as much as possible of its aid in kind. When we can make our aid available this way, there is no shift of dollars to others, but instead shipment of goods produced here.

Your Committee has inquired as to the actual net effect on the balance of payments of tying aid to American procurement, apparently having in mind that some of this aid (or other funds available to the recipient nation) may have been spent in the United States in any event. No one can pretend to answer that question with precision. But it appears to us, on the basis of our evaluations of the specific development programs financed by American aid, the types of goods involved, and the availability of alternative sources of supply, that a very large proportion of this aid, if not tied, would find its way into the reserves of other industrialized countries rather than result in exports from the United States. That is why we think it appropriate, in analyzing our export figures, to include only those shipments that are commercially financed. We recognize that some fraction of the aid financed shipments might also have been sold on fully competitive terms, although virtually all recipients would have had to curtail imports sharply in the absence of assistance. Furthermore, it is important to note that some of the funds shown as dollar payments under economic aid in our balance-of-payments statistics -- including the payments we make to international organizations -- result in purchases of U. S. goods and services, and not in building up foreign reserves of dollars.

Taking these various qualifications into account, it is the best judgment of the AID agency that the figures I cited earlier about the amount of tied U. S. economic aid do not overstate the degree to which our economic aid in fact represents U. S. goods and services sent abroad, adding to what we would otherwise have sold commercially. Tied aid may be rightly viewed as an expedient to be abandoned when our international accounts return to equilibrium and other aid-donors are prepared to follow similar policies. But, we believe it to be an essential tool for reconciling, during this difficult period, the imperatives of our balance of payments with an effective aid program directed toward vital foreign policy objectives.

by hard and imaginative effort by American business enterprise. And, industry must be supported by all the assistance in trade promotion and export credit facilities that Government can appropriately render, consistent with our firm commitments to the principles of freer trade and fair competition embodied in the General Agreement on Tariffs and Trade.

Meanwhile, our surplus on commercial services has improved appreciably since 1960, fully offsetting the decline in our merchandise trade balance. This has been achieved despite a sizable increase in our tourist expenditures abroad, largely because of a rise of nearly $1 billion in two years in our annual income from private foreign investments. This flow of earnings exceeded $1 billion during the first quarter of 1963 alone, one reflection of the basic strength of our international investment position.

The outflow of dollars stemming from net Government payments abroad, plus net private long-term capital movements, as shown on Table 2, declined in both 1961 and 1962, dropping from slightly over $6 billion in 1960 to $4-3/4 billion last year. However, this improvement was largely due to some special Government receipts. During the first quarter of 1963, this favorable trend was sharply reversed, as private long-term capital outflows rose sharply and the special Government receipts included in these figures ran at a much lower rate than during 1962.

Net military expenditures abroad declined by nearly $850 million between 1960 and 1962, largely because of a sharp rise in military payments to us by our allies. This rise in military receipts reflected agreements with certain of our allies providing for procurement of more of their equipment and supplies from the U. S., helping to offset the balance of payments impact of the costs of maintaining our forces in their countries. However, a large portion of these military receipts during 1962 represented advance payments for military hardware to be delivered at a later date; similar advances were small during the first quarter of this year.

Meanwhile, the Defense Department has successfully held its gross spending abroad below 1960 levels. Vigorous economy efforts and increased emphasis on American procurement have been required to achieve this result in the face of the added costs related to the "Berlin build-up" in the fall of 1961 and to the substantial increases in local prices in areas where our troops are stationed.

At the same time, dollar outlays overseas for economic assistance have been held essentially level, while an increased total amount of aid has been provided in the form of American goods and services. Roughly half of the gross Government grants and capital expenditures that appear in the balance of payments is inherently tied to exports of U. S. goods and services, under Public Law 480 programs and Export-restore solid balance of payments equilibrium.

But, the hard fact is that progress toward our goal of balance has been disappointingly slow and uneven over the past twelve months. When all special Government transactions are excluded, the deficit during the first quarter of this year was no smaller than the average quarterly figure for 1962.

We have been able to finance this continuing deficit successfully. But that task will rapidly become more difficult unless we can point to concrete evidence that we are making further significant inroads into the hard core of our deficit. And to achieve that necessary progress, our efforts directed toward improvement in every major sector of the balance of payments must be sustained and intensified.

Developments in Our Balance of Payments Accounts since 1960

The nature of our problem is illustrated in the tables accompanying my statement, which summarize developments in the various sectors of our balance of payments since 1960. As indicated by Table 1, our over-all surplus on goods and services -- excluding those exports of both goods and services directly financed by our foreign aid programs -- was about the same in 1962 as in 1960, at $4.3 billion. If allowance is made for the impact of the dock strike last winter, the results for the first quarter of this year were in line with 1962 experience. In 1961, however, this "commercial surplus" had temporarily moved considerably higher, to $5.3 billion.

The year 1961 was favorably influenced by a decline in imports, associated with the delayed effects of the 1960 recession. Subsequent recovery brought a sharp rebound in imports last year, and, as a result, our surplus on commercial merchandise trade alone was some $800 million smaller in 1962 than it had been in 1960, despite a growth of roughly $600 million in our commercial exports. This would indeed be discouraging, had we not foreseen the sharp increase in import requirements from recession levels which was quite consistent with past cyclical behavior. Even so, these data suggest the critical importance of further efforts to lift our export performance and widen our trade surplus.

Department of Commerce analysts have recently reported some tentative but suggestive, indications that our competitive position in world markets is beginning to improve. Imports over recent months are running a bit below expected relationships to GNP, and exports are slightly above a level that might have been anticipated on the basis of trends in foreign business activity. But this evidence, welcome as it is, provides no ground for concluding that improvement in this area can be decisive in terms of our over-all problem for the period immediately ahead. In this highly competitive world economy, that result can only be assured over a period of years by improved industrial efficiency, and

TREASURY DEPARTMENT
Washington

FOR RELEASE ON DELIVERY

STATEMENT OF THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
BEFORE THE
JOINT ECONOMIC COMMITTEE
MONDAY, JULY 8, 1963, 10:00 A.M. EDT

I welcome this opportunity to discuss with your Committee the policies and programs of the United States aimed at restoring balance in our international accounts. The searching questions you have submitted to the Treasury focus on many of the key issues with which we must deal. I should like to touch upon each of them in my testimony today, although a number of them can be more fully covered by Under Secretary Roosa.

Your inquiry is particularly timely, for the data now becoming available for the first half of 1963 emphasize again that the path toward balance is not any easy one -- that past progress can be no substitute for renewed effort -- and that, while we have been able to buy time, there is no time to waste. In recognition of these facts, the Cabinet Committee on the Balance of Payments, established last summer by the President under my chairmanship, has for some months been conducting an intensive review of all aspects of our progress and programs. That review is nearly completed. The Administration is now preparing a new detailed action program for the fiscal year that began this month -- a program that will build upon and reinforce the policies introduced shortly after President Kennedy took office. This discussion, by providing an opportunity to explore with you the varied aspects of our problem -- a problem that cuts across so many vital national interests -- will greatly assist us in making final decisions on appropriate and effective measures to meet our needs. After these decisions are approved by the President and announced, we will of course be glad to return and discuss them with you should you so desire.

In evaluating our progress over the past two years, a number of encouraging developments are evident. Our over-all payments deficit has been reduced moderately from a peak of $3.9 billion in 1960, and an average of $3.7 billion in the period 1958-1960, to $2.4 billion in 1961 and to $2.2 billion in 1962. This was achieved despite the higher level of imports associated with substantial gains in the domestic economy. Labor costs and prices have held steady throughout this period of rising activity, in sharp contrast to the pattern of developments within some other leading industrialized nations. And, there is reason for confidence that these emerging market forces -- if supported and reinforced by well conceived tax reduction and concerted effort by Government, industry, and labor -- will in time

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Meanwhile, our surplus on commercial services has improved appreciably since 1960, fully offsetting the decline in our merchandise trade balance. This has been achieved despite a sizable increase in our tourist expenditures abroad, largely because of a rise of nearly $1 billion in two years in our annual income from private foreign investments. This flow of earnings exceeded $1 billion during the first quarter of 1963 alone, one reflection of the basic strength of our international investment position.

The outflow of dollars stemming from net Government payments abroad, plus net private long-term capital movements, as shown on Table 2, declined in both 1961 and 1962, dropping from slightly over $6 billion in 1960 to $4-3/4 billion last year. However, this improvement was largely due to some special Government receipts. During the first quarter of 1963, this favorable trend was sharply reversed, as private long-term capital outflows rose sharply and the special Government receipts included in these figures ran at a much lower rate than during 1962.

Net military expenditures abroad declined by nearly $850 million between 1960 and 1962, largely because of a sharp rise in military payments to us by our allies. This rise in military receipts reflected agreements with certain of our allies providing for procurement of more of their equipment and supplies from the U. S., helping to offset the balance of payments impact of the costs of maintaining our forces in their countries. However, a large portion of these military receipts during 1962 represented advance payments for military hardward to be delivered at a later date; similar advances were small during the first quarter of this year.

Meanwhile, the Defense Department has successfully held its gross spending abroad below 1960 levels. Vigorous economy efforts and increased emphasis on American procurement have been required to achieve this result in the face of the added costs related to the "Berlin build-up" in the fall of 1961 and to the substantial increases in local prices in areas where our troops are stationed.

At the same time, dollar outlays overseas for economic assistance have been held essentially level, while an increased total amount of aid has been provided in the form of American goods and services. Roughly half of the gross Government grants and capital expenditures that appear in the balance of payments is inherently tied to exports of U. S. goods and services, under Public Law 480 programs and Export-

Import Bank credits. Most of the remaining half is disbursed by the Agency for International Development. About 50 per cent of the disbursements by AID (and under related small programs) in the calendar year 1962 is now estimated to have been provided in the form of U. S. goods and services, as compared with approximately one-third that took this form in 1960. This percentage will rise sharply in coming years. The Agency for International Development estimates that the proportion of its new commitments that will directly be reflected over a period of time in shipments of American goods and services reached a figure of more than 80 per cent during the fiscal year 1963. This means that, in time, more than 90 per cent of Government grants and capital will finance U. S. exports.

The significant upward shift in the proportion of tied aid is probably the least known aspect of our entire balance of payments program. Many people who have suddenly recognized the grave significance of our balance of payments problem are urging that the way to stop the dollar drain is to cut out foreign aid. What we are doing instead is to see to it that, so long as we remain in balance of payments deficit, this country gives as much as possible of its aid in kind. When we can make our aid available this way, there is no shift of dollars to others, but instead shipment of goods produced here.

Your Committee has inquired as to the actual net effect on the balance of payments of tying aid to American procurement, apparently having in mind that some of this aid (or other funds available to the recipient nation) may have been spent in the United States in any event. No one can pretend to answer that question with precision. But it appears to us, on the basis of our evaluations of the specific development programs financed by American aid, the types of goods involved, and the availability of alternative sources of supply, that a very large proportion of this aid, if not tied, would find its way into the reserves of other industrialized countries rather than result in exports from the United States. That is why we think it appropriate, in analyzing our export figures, to include only those shipments that are commercially financed. We recognize that some fraction of the aid financed shipments might also have been sold on fully competitive terms, although virtually all recipients would have had to curtail imports sharply in the absence of assistance. Furthermore, it is important to note that some of the funds shown as dollar payments under economic aid in our balance-of-payments statistics -- including the payments we make to international organizations -- result in purchases of U. S. goods and services, and not in building up foreign reserves of dollars.

Taking these various qualifications into account, it is the best judgment of the AID agency that the figures I cited earlier about the amount of tied U. S. economic aid do not overstate the degree to which our economic aid in fact represents U. S. goods and services sent abroad, adding to what we would otherwise have sold commercially. Tied aid may be rightly viewed as an expedient to be abandoned when our international accounts return to equilibrium and other aid-donors are prepared to follow similar policies. But, we believe it to be an essential tool for reconciling, during this difficult period, the imperatives of our balance of payments with an effective aid program directed toward vital foreign policy objectives.

Long-term capital outflows, also shown on Table 2, moved somewhat higher in both 1961 and 1962, and then jumped sharply during the first quarter of this year, reaching a total of over $1 billion in only three months. This upturn, primarily due to an exceptionally large volume of Canadian borrowing in the New York market, is the largest single factor responsible for the lack of improvement in our over-all accounts during the first quarter.

Moreover, the flow of foreign direct and long-term portfolio investment into the United States declined sharply in 1962 from levels already disproportionately low relative to similar U. S. investment abroad. There was a still further decline during the first three months of 1963.

Short-term capital, on the other hand, flowed toward the United States on balance during the first quarter. However, this was to some extent a statistical illusion. Definite signs of renewed outflow have been apparent each month since January, when a single large loan repayment combined with the usual reversal of year-end window dressing by European banks to cause a sharp, but temporary, improvement of some $200 million. This January inflow has been more than offset in succeeding months. For the first five months of 1963, the net recorded short-term outflow appears to have been about $200 million.

As shown on Table 3, net recorded short-term capital movements were substantially smaller last year than during 1960, when funds flowed out in record volume, but were still uncomfortably large. Moreover, the interpretation of this downward trend in recorded outflows since 1960 is somewhat clouded by a rise over the same period in unrecorded outflows, which usually are thought to include a substantial element of short-term capital. Looking at the picture as a whole, it is evident that movements of short-term capital will continue to require very close attention in our effort to move toward sustainable equilibrium.

Consistent with our objective of presenting these data to interested analysts as clearly and meaningfully as possible, certain revisions have recently been introduced in the official presentation of balance of payments data by the Department of Commerce. Accordingly, Table 3, in summarizing the data, distinguishes between "regular" and "special Government" transactions.

Broadly speaking, "regular transaction" are those public and private transactions responding to usual market forces and to well-established governmental policies here and abroad. The "special transactions" are those resulting from intergovernmental negotiations specifically arranged to ease the balance of payments situation of the United States. This category is comprised of foreign debt prepayments, advance payments on military exports, and sales of non-marketable, medium-term Treasury securities to foreigners.

As Table 3 shows, our balance on "regular transactions" showed considerable improvement in 1961, but approximately 60 per cent of this improvement was lost in 1962 when the deficit on these transactions increased by over $500 million. During the first quarter of 1963, this balance remained at approximately the 1962 level. It is this pattern which points so clearly to the need for an intensification of our efforts to achieve a more competitive economy and to reduce the burdens on our international accounts from aid and defense to the maximum extent consistent with the vital national objectives toward which these programs are directed.

Meanwhile, we have had considerable success in arranging "special transactions" to narrow the gap in our payments, helping to carry us through this difficult period. These transactions totaled nearly $1.4 billion in 1962. But arrangements of this character, dependent as they are on the cooperation and confidence of our friends and trading partners and representing a charge on our future earnings, cannot be viewed as a substitute for substantial and early improvement in our trade, capital, and regular Government accounts.

Table 4 shows the manner in which our residual deficit has been financed -- through the acquisition of additional dollars by foreign countries and international institutions, through net repayments by foreign countries to the International Monetary Fund in dollars, and ultimately through net sales of gold or convertible currencies. While the composition of this financing depends importantly on the position and policies of the countries whose surpluses happen, at any given time, to be the counterpart of our deficit, it is clear that each of these means of financing has played an important role over the past three years.

I should point out that the decline indicated in our net position vis-a-vis the IMF -- that is, the increase in the Fund's dollar holdings -- does not reflect any drawing on the Fund by the United States. Rather, it reflects the extent to which other countries, which in the past have borrowed dollars in large volume from the IMF in time of difficulty, have now repaid those drawings.

When a foreign country draws dollars from the IMF, they may use these dollars to finance their own deficit; as these funds pass from country to country, they may become a claim on our gold or must be absorbed in other ways. Conversely, as dollars are repaid to the Fund -- as they were in a net amount of almost $1 billion over the three years 1960-1962 -- these dollars, until drawn by other countries at some later date, are immobilized in the IMF. An equivalent portion of our deficit is thus financed without loss of gold or a buildup in dollar holdings of foreign countries. At the same time, under the rules of the Fund, our potential drawing rights are increased or reduced as Fund holdings of dollars decline and rise. As of last April 30, Fund holdings of dollars reached the amount of our dollar subscription -- equal to 75 per cent of our quota. Repayments cannot be accepted by the Fund in dollars beyond this limit. In other words with minor technical exceptions, countries presently indebted to the Fund cannot now make repayments in dollars but must repay either in gold or other convertible currencies of which the Fund holds less than 75 per cent of quota.

The final line of Table 4 shows that our gold payments in both 1961 and 1962 were little more than half as large as in 1960. Our gold loss in the first six months of the current year has been running at a rate substantially below the 1961-62 level, and during this period the Treasury gold stock declined by $245 million. However, since the volume of gold transactions customarily fluctuates substantially during the course of any one year, it is difficult to draw conclusions from the results over any few months.

One other fact deserves mention before leaving these tables. Transactions with Canada swung markedly against the United States during the first quarter of 1963 as compared with a year ago, when our position vis-a-vis Canada was unusually favorable. Between these two quarters, the swing against us was $360 million. This was largely due to the unusually heavy Canadian borrowings in the United States to which I referred earlier. This rate of borrowing is not likely to continue. Meanwhile, our "regular transactions" with all other countries showed an improvement during the first quarter as compared to the same period in 1962.

The Over-All Strength of the U.S. Financial Position

In appraising these recent flows, and the evident need for further action to reduce the deficit, I want to emphasize that the over-all strength of our financial position is enormous, despite the decline in our gold stock and the increase in our liquid liabilities to foreigners. Today, the aggregate value of private investment holdings abroad by Americans totals over $60 billion. Nearly two-thirds represents direct investment in foreign enterprises -- the kind of investment which can be expected to yield a steady increase in earnings over the years ahead. The increase in these private assets since the end of 1949, when our long series of deficits began, has roughly matched our loss of gold and the rise in foreign claims on the United States. At the end of 1962, investments by our private citizens in other countries, plus our gold stock, exceeded holdings of foreign countries and international institutions here -- most of which are in relatively low-yielding money market instruments -- by an estimated $25 billion, or about the same as in 1949. In 1957, before the recent period of larger deficits, the margin was only slightly larger. Moreover, these calculations do not take any account of the steady accumulation of U. S. Government loans and investments abroad, which now total about $18 billion. Some of these Government funds, to be sure, may not be fully realizable in useful currencies, but in toto they do represent much of real value, and they serve to further bolster our long-run position.

The basic Approach of our Balance of Payments Program

The basic philosophy and general approach which will continue to underlie our program for closing the deficit were first set down in the President's Message to Congress on the Balance of Payments of February 1961. As he has made clear, our firm intent is to attain a satisfactory and durable balance in our over-all payments by means consistent with other basic national interests. We cannot seek solutions at odds with our traditional reliance on a decentralized free enterprise economy. We must recognize the clear need for reducing unemployment and for more rapid economic growth at home. In our own interests, and those of other nations, international trade must be expanded rather than restricted. And we cannot abandon our central responsibilities of world leadership -- for maintaining secure defenses, for contributing to the development of less favored nations, and for conducting our affairs in a way that will maintain freedon of capital movements and strengthen the fabric of the international monetary system.

These basic requirements, combined with the simple fact of our dominant role in world trade and finance, have meant that we could not either prudently or effectively utilize many of the simpler and more direct types of action by which other countries have sometimes dealt with their payments deficits. Currency devaluation, import restrictions, exchange controls, substantial restriction of credit designed to raise interest rates and reduce domestic consumption, or abandonment of our commitments for the protection of the free world are all out of the question. Instead, we have recognized that:

First, a satisfactory and lasting balance in our payments can be achieved only as substantial adjustments are made in countless transactions by our private citizens and business firms, each responding freely and vigorously to new market incentives and opportunities;

Second, these necessary market adjustments must be supported and encouraged by an appropriate fiscal and monetary environment, by effective Government trade promotion programs, and by firm discipline in the maintenance of price and cost stability;

Third, because the full benefits of these market adjustments will become evident only over a period of years, there is a continuing need to seek additional and more immediately effective reductions in, or offsets to, those large foreign payments that can be subjected to direct administrative action, particularly in the areas of defense and aid;

Fourth, as a further means of assuring our capacity to deal with the immediate situation while our longer-term program is taking hold, we must pursue vigorously a wide variety of measures to assure adequate financing of our remaining deficits in a manner consistent with an improved payments system and the role of the U. S. dollar as an international reserve currency.

In its particulars, our program has encompassed a broad range of actions and policies, of widely varying character and timing. Its most important components have been, and will continue to be, measures that will improve the competitive position of our economy, not only in terms of efficient production at reasonable prices of the goods and services in demand in world markets, but also in terms of its attraction to capital, both foreign and domestic. Basically, this means a rapidly growing economy attractive to new investment -- an economy in which our industry provides clear leadership to the world in product design and development, as well as in production methods. And it also must mean stability or reductions in costs and prices.

The Long Range Program - Tax Policy, Cost and Price Stability, Export Promotion

The primary opportunity today for action of major and lasting importance to support these goals lies in the area of taxation. The investment credit enacted last year and our thoroughgoing administrative liberalization and modernization of the regulations governing depreciation have given a strong boost to the international competitive position of American industry. But more is needed. We must strike from our economy the shackles of wartime tax rates which were originally designed to curb excess demand and combat the strong inflationary pressures of the war and early postwar years. The $10 billion net reduction in personal and corporate income taxes recommended by the President will do just this. Not only is this tax reduction program the keystone of our effort to lift the growth of our domestic output and employment, but it has a direct bearing on our prospects for eliminating our balance of payments deficit.

Of course, one of the effects of any stimulus to domestic growth, whether induced by tax reduction or otherwise, will be some increase in imports to feed the production process and to meet the demand generated by higher incomes. But added investment in new plant and equipment, responding to the stimulus of tax reduction should help us to reduce costs through the installation of new and up-to-date machinery. And a rapidly growing economy will offer a favorable environment for the introduction of new products and for pioneering in new production processes. This will help make American businessmen more competitive not only in foreign markets, but also in our own home market, where we face substantial and aggressive foreign competition.

Even more important in terms of the balance of payments, tax reduction will greatly improve the investment climate in the United States. Incentives for the American businessman to utilize his funds in expanding facilities at home rather than abroad will increase. Foreigners are likely to respond to the increased opportunities as well, and securities of U. S. firms, attracting the increasing funds of foreign savers, could become one of our best selling exports. At the same time, the huge flow of savings generated by American citizens will more readily find employment within our own borders, reducing the present spillover of surplus savings to other markets.

The ability to employ our savings fully, and to attract investment from abroad, fundamentally rests on the growth and profitability of our economy. There are indications that profit margins are now shrinking in Europe, under the pressure of rising costs. If we can improve the growth prospects and profitability of our economy, this should be a powerful factor favorably influencing the long-term capital account in our balance of payments.

The past year has seen important progress in reducing the tax incentives for direct investments abroad by American business. One of the substantial tax advantages of foreign investment has been the more favorable treatment of new investment through special tax credits and accelerated depreciation. The investment credit enacted last fall, which was limited to domestic investment, and our accompanying administrative reform of depreciation have gone a long way to remove this differential. Enactment of the corporate tax reduction recommended by the President will be a substantial further step in equalizing the tax status of investment at home and abroad -- in fact, with a reduction of the corporate income tax to 47 per cent, the tax incentive to foreign investment in most industrial countries as compared to domestic investment will have been so reduced as to be only a very minor element in business decisions to invest abroad.

The Revenue Act of 1962 also revised our laws so as to strike hard at the use of tax havens for purposes of tax avoidance. While it is still much too soon to be able to quantify the results of this action in balance of payments or revenue terms, there is evidence of declining interest in the establishment of new subsidiaries in tax haven countries.

In considering the relationship of our current tax program to the balance of payments, it is also important to point out that tax reduction will accomplish a needed redistribution, between fiscal and monetary policy, of the responsibilities for encouraging business expansion. Readily available credit is of little avail if the incentives are weak for using that credit to make new investment. But, when incentives to invest are strong, minor changes in interest rates may go relatively unnoticed, and the monetary authorities can have more freedom to influence those rates that are significant in terms of international capital flows.

You have inquired specifically as to whether a tax cut would require a tighter monetary policy to prevent a deterioration in our international accounts. To this in my view the answer is clearly no. Under present circumstances, with our economy operating well below its capacity and with high unemployment, the stimulus of the substantial tax cut we have recommended would not be inflationary. Consequently a tight credit policy designed to slow consumption and counter inflation would appear to be most inappropriate in the present setting. The relation of a tax cut to monetary policy is quite different.

As I will point out in detail later, there is strong evidence that a substantial portion of short-term capital flows are markedly sensitive to interest rate differentials. Because of this fact, and in the light of the size of our continuing over-all balance of payments deficit, we must recognize the possibility that the monetary authorities may at some point feel obliged to take further action designed to influence those rates that are particularly significant for our balance of payments. A tax cut would be most helpful in offsetting any possible adverse effect of such action on our domestic economy. To put it in a nutshell, my view is that a tighter monetary policy will not be required by the results of a tax cut, but that a tax cut would prove most helpful should the monetary authorities feel obliged to take further action for balance of payments reasons.

Tax reduction to improve our industrial efficiency and our balance on international investment flows must be paralleled by vigilant maintenance of wage and price stability. Our success in holding costs and prices steady during the current expansion has been gratifying. Over recent years, the annual rate of wage increase in manufacturing has dropped steadily, and for the past two years has been slightly below the yearly gains in productivity. That in turn has made possible a small decline in wholesale prices since 1960. Nevertheless, the major test still lies ahead, as our economy returns closer to its full potential. That is why we have placed so much emphasis on the wage/price guideposts developed by the Council of Economic Advisers as an appropriate benchmark for evaluating the longer-run behavior of wages and prices -- recognizing at the same time that any tendency for productivity to exceed wage gains, when accompanied by a parallel fall in prices, would help speed the needed process of adjustment.

Finally, to be sure that our improving competitive position is translated as quickly and fully as possible into growth in our trade surplus, we must also provide all appropriate governmental stimulus and assistance to the actual process of exporting. Many more American businessmen must be made aware of the large and profitable opportunities offered by foreign markets. They should be assisted with all the market information that government can provide, and with intensive official promotion of American products abroad. And they must continue to be provided with ample facilties for export financing, fully comparable to those available in the other industrialized countries.

Our programs aimed at these objectives have already been greatly expanded, and we anticipate that the results will be cumulatively favorable as more and more American firms are brought into contact with export markets. However, I might note at this time that the House of Representatives just last month failed to approve the appropriations requested by the Department of Commerce to strengthen these efforts to stimulate our exports. I earnestly hope that the comparatively small amount of funds involved, less than $6 million in all, will be restored by the Senate and included in the final appropriation bill -- for it surely will be returned to us many times over in additional earnings from exports. Failure to approve these funds can only ensure a smaller trade surplus and a larger deficit in our balance of payments.

Effective action in these three areas -- tax reduction, price and cost stability, and an intensified export effort -- provides the core of our longer-run program to restore balance in our international payments. In addition, in view of the trenchant analysis in the March report of this Committee, I need not emphasize here the importance of successful trade negotiations to assure that foreign markets are open to our products, and I will not discuss this problem further today.

But these measures will necessarily require time to take effect through the working of market forces; their impact on our international payments is as yet insufficient; and it would not be possible or prudent to rest on these actions alone.

More Direct Government Action to Reduce and Finance the Deficit

This is why we have undertaken a great variety of more direct actions that promise prompt results. While some of these measures will be of value for years ahead, others provide only temporary benefits, or would not be desirable as permanent programs. But all of them are urgently necessary today to achieve a reduction in foreign expenditures, to provide addditional foreign receipts, or to facilitate the financing of our deficits in a manner which will strengthen rather than distrub the world payments system.

As I suggested earlier, methods of reducing foreign exchange costs in the two largest areas of governmental foreign expenditures -- military spending and foreign aid -- have been pursued vigorously. But further progress must and will be made. As we review these programs intensively, opportunities for additional savings are being found, without jeopardizing essential national security objectives. In addition, we are subjecting the foreign transactions of every other Federal agency to a periodic screening and justification procedure centered in the Bureau of the Budget. While the total of these expenditures is not nearly so large as those for defense and aid, moderate further balance of payments savings will be possible in this area. New international marketing procedures by the Department of Agriculture -- as, for example, the new cotton auction program -- can also be expected to make a significant contribution.

No less significant are satisfactory arrangements for the residual financing of the deficit, and ample protection for the dollar against speculative pressures or other emergencies. In developing facilities for these purposes, we have also been alert to their implications for longer-range strengthening of the international monetary and payments system. I shall touch only briefly on our actual operations in this area, but Under Secretary Roosa will be prepared to discuss them extensively.

Prepayment of debt has reduced the deficit by about two-thirds of a billion dollars in each of the years 1961 and 1962. These payments have been mutually beneficial. They provide a capital inflow into the United States that is definite and final. From the point of view of the surplus country, these repayments, eliminating holdings of dollars that at the time are excessive, avoid a future stream of payments that might fall due at less opportune times. When there are traditional or other pressures to maintain a particular ratio of gold to dollar holdings in official reserves of some countries, these debt prepayments also serve to avoid unnecessary movements of gold.

The sale of medium-term Treasury securities to foreign monetary authorities can serve somewhat similar purposes, although these transactions do not have the permanence of debt prepayment. A special feature of these securities is that they can, where both countries consider this appropriate, be denominated in the currency of the lending country. These securities thus provide surplus countries a third alternative to gold or dollar-denominated securities in making use of their dollar accruals. The foreign currency issues must still be considered experimental, and their future depends in large measure upon the response which they evoke from the leading official holders of dollars. But, there are $630 million of these special foreign currency medium-term issues outstanding at the present time. Without the introduction of this instrument, transfers of gold into foreign reserves would probably have been substantially higher.

In addition to these arrangements, the Federal Reserve has further developed its network of reciprocal currency agreements, providing foreign exchange facilities to either party if needed to meet temporary strains. The aggregate of these "swap" facilities now totals $1,550 million.

The Role of Bilateral and Multilateral Arrangements

All of these bilateral arrangements are further buttressed by the resources of the International Monetary Fund, which can provide credit in case of need on terms of 3 to 5 years. The resources of the Fund were supplemented during 1962, when the necessary ratifications were completed to establish the special borrowing arrangement agreed to by ten of the leading industrialized countries. This arrangement makes up to $6 billion of supplementary resources available to be used, if needed by any of the participating countries, to meet threats to the stability of the international payments system. Of these resources, $4 billion are available in currencies other than U. S. dollars, importantly bolstering the ability of the Fund to meet sizable drawings without exhausting its supply of usable currencies.

Thus, bilateral and multilateral facilities are playing complementary roles in meeting our needs -- and the needs of other nations -- for liquidity and credit resources. Because of the particular nature of the problem facing us, our main effort over the past year has been to strengthen these facilities through bilateral arrangements that could be selectively tailored to meet immediate needs.

Our deficits have a counterpart in surpluses in other countries, but these surpluses have not been evenly distributed, nor are their size and location predictable. With one or two exceptions, the surpluses have tended to concentrate first in one country and then another. The countries which happen to be experiencing these surpluses at a given time are also those which are accumulating dollars, often beyond their immediate needs, thus creating pressure to turn these surplus dollars into gold. The flexibility of bilateral arrangements makes them particularly appropriate and useful in reducing these pressures, inasmuch as they can be directed more precisely to the point of need. Moreover, certain techniques -- repayment of debts, for instance -- can only be arranged on a bilateral basis.

Multilateral arrangements, on the other hand, are more useful -- I should say essential -- whenever it becomes desirable or necessary to strengthen the international payments system as a whole by adding to international liquidity generally. As the President stated in addressing the Annual Meeting of the International Monetary Fund and the World Bank in Washington last year, and as he confirmed last month in Europe, the United States welcomes continuing study of methods to improve further the functioning and stability of the international monetary system. The financial ministers of the ten countries participating in the special IMF borrowing arrangements also stated last September that they were ready to contribute to such studies. Clearly, it is important, even while the pressures of our own imbalance are still upon us, to examine carefully all manner of proposals that may be useful to us, and to the world, once the current imbalance has been corrected and new problems emerge. But these global plans cannot and should not be regarded as specific correctives for our present problems. I should also point out that there is widespread agreement that no general shortage of international liquidity is evident at the moment. That is partly because of the special resources arrangements in the IMF, in the establishment of which the United States took the lead during 1961 and early 1962. But it also seems clear that the time will come when new facilities or arrangements will be required to ensure for the future an adequate over-all growth in monetary reserves and credit availability.

This problem has already been studied very carefully by your own Subcommittee and I hope that your studies continue. Similar studies are in process, of course, within the Administration, as well as in most of the other leading countries and international organizations.

The path ahead is not clear and much further work will be required, but experience with the even more difficult problems following World War II gives one confidence that as the nature and magnitude of future needs become clearer to most of us, ways to cope with those needs can and will be developed. The international payments system has evolved remarkably well since the days of Bretton Woods, and this process of evolution toward a stronger system has certainly not been completed.

But as I have already noted, in considering the long-run need for improvements in the international payments mechanism, we must avoid the error of thinking that the solution to our present balance of payments difficulties can be found in such improvements. No international payments system will relieve countries of their individual responsibilities to achieve balance in their international payments over a reasonable period of time. It is, of course, most important that there be an adequate amount of reserves, suitably distributed, to allow a reasonable period of time during which the adjustments needed by any particular country can be made. The United States is prepared to work with other countries to strengthen and improve the international payments mechanism in this direction. But, such efforts will be doomed to failure if other countries feel that we look upon them as a means of avoiding the steps we ourselves must take now to bring our payments into balance.

Nor can we afford to delay in the illusion that some system of flexible exchange rates may somehow offer a painless and acceptable method of adjustment. Visionary proposals of this kind, which I know have been brought to your attention from time to time, ignore the basic fact that the world payments system today -- and with it the prospects for expanding trade -- rests upon the interchangeability of gold and the dollar at a fixed price, and confidence in the stability of other leading currencies. A regime of flexible rates among the major trading nations has never, through the years, successfully met the test of use and experience. The cost in greater uncertainty, disruption of the highly integrated world trading community, and a lessened flow of trade and investment would be far too high a price to pay. The United States, together with every other leading nation, is for that reason fully committed to preservation of the system of fixed exchange rates as the essential underpinning for freely flowing and expanding trade. That commitment is embodied in the Bretton Woods Agreements.

Capital Flows and Interest Differentials

In addition to developing facilities for financing our deficit and working toward a stronger payments system, the United States has over the past two years participated to an unprecedented degree in active and extensive debate, discussion, and consultation with the other industrial countries on national economic policies affecting mutual international objectives. This has been particularly true with respect to factors affecting the international movement of long-term and short-term capital

It is evident in these discussions that European financial circles feel that the differentials between the higher interest rates prevailing in many West European countries and those in the United States are contributing importantly to the outward flow of capital from this country, and that these differentials should be narrowed. For our part, we have recognized that there is a considerable sensitivity of movements of shor term capital to interest rate levels in the various leading countries -- a sensitivity that has repeatedly been confirmed by those in close touch with the market, and is often observable in reported data, despite the variety of other influences at work at any time.

I would like at this point to address myself in some detail to your question relating to the degree of sensitivity of short-term capital movements to interest rate differentials. Our conclusion, after studying this matter intensively, is that there are substantial sums of liquid funds that are potentially sensitive to differentials between interest rates here and interest rates in the Euro-dollar market, and also between rates here and those on British and Canadian Treasury bills and on other short-term paper in those as well as in Continental European money markets. This is particularly true when the forward exchange rates fail to offset most of the actual interest rate differential. Financing of third country trade through acceptances also appears rather sensitive, while bank loans to official borrowers or preferred customers and financing of American exports appear much less so.

Despite much that has already been accomplished through cooperative action, both in keeping our short-term rates at somewhat higher levels an in keeping foreign money market rates as low as practicable, existing differentials are still causing substantial outflows of the more sensitiv types of capital. Much of the outflow in April and May, for instance, appears to reflect increased deposits of American firms in Canadian banks and a sharp increase in American acceptance financing of trade between foreign countries. To illustrate the problem, the pull of the Euro-dollar market -- with three-month money returning just under 4% in London -- is apparent; prevailing yields for roughly comparable types of money market instruments in New York are around 3-1/4%. While existing differentials with respect to most of the important foreign markets are not large, it is important that we continue to do all that is reasonable to narrow them further in order to reduce significant outflows, and perhaps in time reverse the direction of some of these flows.

I am aware of the fact that the only detailed study heretofore submitted to you -- that made last summer by Professor Bell -- has been interpreted as indicating a lack of interest rate sensitivity in over-all short-term capital movements. This is an area that has until recently received comparatively little study. This is perfectly understandable since the free and large scale movement of short-term capital dates only from the end of 1958, when the currencies of most of the major industrialized countries became convertible.

The Treasury has, of course, had a close interest in this matter for some time. In order to increase the availability of information regarding capital movements, and thus facilitate improved understanding and knowledge, the regular reporting forms for banks and non-financial institutions have been modified and improved. A supplementary form for non-financial institutions was introduced last fall and revised forms for banks were introduced about a month ago. We expect much new and hitherto unavailable information from these new forms.

In a further effort to broaden the content and coverage of our balance of payments statistics and to improve their presentation, the Director of the Bureau of the Budget has recently appointed an eminent committee of business and academic economists to study all aspects of our balance of payments statistics. This committee is chaired by Dr. Edward M. Bernstein and is due to file its report next spring after a full year of study.

Paralleling our work on the new reporting forms, we also undertook early last summer a staff study to examine short-term capital movements as fully as possible with the available data. We engaged an outside consultant to assist us -- Professor Peter Kenen of Columbia University. This study was completed last fall, and indicates a clear sensitivity of certain short-term capital movements to interest rate differentials. We will be glad to make this technical study available to the Committee if you so desire.

Since the completion of this staff study, the sensitivity of short-term capital flows has been confirmed by a detailed investigation which has just been completed by the research department of the Federal Reserve Bank of New York. This report, which the Bank has authorized us to furnish to your Committee, attempts -- successfully, in my opinion -- to reconcile the apparent divergencies in the Treasury-sponsored and Bell studies. It points out that short-term capital movements include a wide variety of capital flows, some of which are sensitive to interest considerations and others not. It further shows that those types of flows in which our study found a close correlation with interest rate differentials are precisely the same flows for which Professor Bell was unable to find any correlation with trade movements.

The types of short-term flows which these studies indicate are sensitive to interest rate differentials include the following:

1. Dollar claims of non-financial concerns on Canada and Europe;

2. Foreign currency claims of banks and non-financial concerns on Canada and Europe;

3. "Other" bank-reported short-term claims on Canada and Europe; and

4. Errors and omissions for all areas combined.

These four items accounted for between $1.2 billion and $1.4 billion of our over-all balance of payments deficit during each of the three years 1960 - 1962 when interest rate differentials favored Canada and Europe. In 1959, on the contrary, when interest rate differentials were favorable to the United States, these same four items accounted for an inflow of funds that reduced our over-all deficit by some $500 million. A sizeable part of this difference may be attributed to the interest rate factor.

The New York Federal Reserve Bank study suggests that a reasonable reduction of the current differential in short-term rates would be likely to improve our annual balance of payments by $500 million or more. In addition, this study shows that private foreign holders of dollars are strongly influenced by interest rate differentials. This would not affect our balance of payments figures but would substantially reduce the gold drain, since private foreign holders would retain their dollars in larger amounts rather than turn them over to official holders who alone have the right to convert them into gold.

One more piece of confirming evidence is available. Since last fall a few large banks have reported to the Federal Reserve on a confidential basis the totals of their short-term transactions involving transfers to Canada and the U.K. on a fully covered basis. Such transfers are clearly interest induced and have continued at a substantial pace throughout the first six months of this year. The sample, which makes no pretense of being complete, shows over $220 million of such transfers so far this year.

For all these reasons, we are convinced that substantial amounts of short-term flows are sensitive to interest rate differentials. This opinion is also fully supported by the unanimous views of those here and abroad who actively deal in foreign exchange on a daily basis. Mr. Roosa will be glad to answer in full any questions you may have on this highly important, but rather technical, subject.

In the case of long-term portfolio investment, on the other hand, the effects of interest rates are much less clear. Such studies as have been made, mostly by various Federal Reserve banks, fail to show any consistent correlation between the volume of United States purchases of foreign long-term securities and existing long-term interest rate differentials. However, these studies do show that whenever long-term rates in the United States are relatively high, as in 1959, portfolio purchases tend to decrease. In spite of these inconclusive findings, European authorities are categoric in their views that our present long-term rates, which are substantially below those in Europe -- except only for Switzerland and the Netherlands -- are largely responsible for the increasing volume of foreign long-term borrowing in our markets. Thus, while there is evidence on both sides regarding the sensitivity of long-term portfolio investment to interest rates, it seems clear that interest rates are not by any means the only factor involved.

The ready availability of American capital and our well-developed market facilities are also important. As I pointed out in Rome over a year ago, our balance of payments problem limits the amount of long-term portfolio capital which we can prudently supply to others. It is essential for other industrial countries to develop their own capital markets so that they can do a more complete job in meeting their own requirements. While the last year has seen some progress in this direction -- most notably in Germany, Italy, and perhaps now in France -- it has not been adequate and the demands on our markets are still much too heavy. Mr. Roosa will be glad to furnish you with fuller information on the state of the various European capital markets and on the progress that has been made during the past year.

Looking at our payments as a whole, it is clear that if we are to achieve balance there must be a substantial reduction in the net outflow of long-term portfolio capital as well as a reduction in the outflow of short-term funds. One means of approaching this objective is to see to it that our capital market is utilized to mobilize foreign savings to the maximum extent possible -- that is, we need to export securities as well as goods, and to take advantage of the interest of foreign investors in new dollar issues. We have noted that a large part of the extensive recent activity in new foreign issues has been carried out through private placements. These private placements, many of which are Canadian issues, normally foreclose the possibility of foreign participation that always exists in a public offering. We have urgently invited the financial community to explore this problem further in the hope that it will be feasible for them to make wider use of public offerings.

Capital Flows and Our Position as World Banker

On the subject of longer-term capital flows and interest rates, I would like to make two general points of basic importance. First, purchases of foreign securities are a very small fraction of the very large total of $50 to $60 billion that is annually placed in mortgages and other long-term securities in this country. With confidence in price stability restored, the willingness of savers to place money at savings institutions and to commit funds for longer-term investment is growing, and interest rates have been reflecting this increase in savings. Long-term interest rates in this country may well respond over time to growing investment demand in the normal market manner. However, the approach taken in some quarters abroad that a drastic effort should be made by public policy to raise the entire structure of long-term interest rates by a sizable amount in an effort to slow down the outflow of long-term capital does not seem to me to be realistic. It fails to recognize both the practical difficulties of reversing the current pressure of savings flows seeking investment outlets in this country, and the great hazards for the domestic economy implicit in any such attempt.

My second point concerns our position as world banker, and your question concerning the applicability of exchange controls on capital flows to our situation. Exchange controls would directly violate one of the precepts upon which our whole effort is predicated -- that, in our economy, we must rely primarily upon decentralized decision making by millions of individuals and businesses responding to market forces. Government, to be sure, must accept the responsibility for influencing these market forces in ways consistent with national objectives, but always without attempting to direct individual transactions.

Moreover, a partial system of exchange controls would soon break down as funds flowed through uncontrolled channels -- spurred by the fear of still further controls. In the end, a complete system of exchange controls would be required. This would seriously prejudice the position of the dollar as the world's chief reserve currency, would tend to shrink world liquidity and reduce the volume of world trade, thus bringing in its train grave dangers of a world-wide economic recession. For these reasons, the institution of exchange controls, even though supposedly applicable only to certain types of transaction, is not a practicable or acceptable policy for the United States.

Instead, we must continue to meet our special responsibility as world banker. Essentially, this is to pursue policies that assure maintenance of the stability of the dollar free from exchange controls. In return, foreign countries have freely and willingly provided us with huge resources -- aggregating some $21\frac{1}{2}$ billion in liquid dollar balances alone. The rise in these balances of over $15 billion since 1949 has financed 58% of our cumulative deficits over the past 13 years. Had it not been for our position as banker to the world, this credit would not have been extended to us, and we would long ago have been faced with the hard necessity of curtailing imports, reducing foreign investment, and cutting into the substance of our defense and aid spending abroad.

The Surplus Countries

In assessing the outlook for our balance of payments, we must also look at developments in the surplus countries. The surpluses that are the counterpart of our payments deficit have for the most part been accruing to the other industrial countries of continental Western Europe. Orderly and constructive elimination of payments imbalances requires that these surplus countries accept a responsibility for pursuing policies which will reduce their surpluses, thus paralleling U. S. efforts to eliminate our deficit. These countries should continue to eliminate trade barriers which discriminate against our exports. In addition, it would be appropriate for them to work toward lower interest rates, particularly long-term rates, offsetting the effects on domestic demand, if need be, by restrictive fiscal measures. And, finally, it would be helpful if these countries would continue to share more fully in the burdens of providing for our common defense and of assisting in the development of less fortunate areas of the world.

Balance of payments surpluses have very real advantages for the Western European countries, but they create some problems as well. In particular, they contribute to inflation in these countries, and this inflationary impact is not limited to the purely financial implications of the surplus. A balance of payments surplus is inherently inflationary, when in a time of general labor shortage and pressure on available resources, more goods and services are sold outside the economy than are imported.

As a result of pressures generated in part by these surpluses, combined with a general shortage of labor, wages and prices in Europe have been rising for the past few years far more rapidly than in the United States, unit costs have been increasing, and profit margins have declined. This offers us an opportunity to compete more effectively. But, it would be foolhardy to expect European authorities to sit back, and permit this inflation to proceed unchecked.

European Governments are already exerting themselves to restrain wage increases through what has come to be known as "incomes" policy. However, the natural inflationary forces are so powerful that their efforts have only succeeded in somewhat moderating the tempo of the inflationary process. But should this process proceed to a point where European countries find their balance of payments to be endangered, we can expect them to take strong action irrespective of the domestic consequences. However, a general disappearance of European balance of payments surpluses would almost inevitably mean the simultaneous disappearance of our deficit. Meanwhile, the continuation of this moderate inflationary tendency in Europe gives us an opportunity to bring our own payments into balance, thus laying the essential groundwork for the strengthening of the whole international payments system. But this opportunity must be seized. And we must be prepared to take those further actions that our needs require. For it is clear that further action and renewed impetus are needed to improve each of the major sectors of our balance of payments -- our trade balance, Government expenditures abroad, and the capital account.

The Need for Further Action

In view of the broad authority and influence of this Committee on the economic policy of the Congress, I should like to take advantage of this opportunity to stress with all the conviction I can summon the indispensable importance of decisive action by the Congress to enact during this session a program of tax reduction and revision along the lines generally proposed by the President at the beginning of this year.

The continued progress in our economy since that time, as measured by the increase in Gross National Product and other indicators, serves to accentuate rather than diminish, the desirability and feasibility of that forward step. This progress in some part is built on expectations by businessmen of the dynamic stimulus to investment and consumption inherent in the tax program. Should it fail of enactment, the frustrations of these expectations might well arrest the progress and invite a recession. Moreover, this progress, promising increased revenues for the fiscal year 1964 over those earlier estimated in the President's January budget, complemented by reductions in projected appropriations by the President and the Congress, should ease the concern of those who were troubled by the size of the deficit as originally projected for fiscal 1964.

The passage of the tax program, by adding to the momentum of an advancing economy, offers the greatest opportunity in years to move our economy to full employment. Despite our recent progress, the rate of unemployment has remained undiminished; last month it was slightly higher than in June a year ago. While our labor force increased over the year by 1,200,000, only 800,000 new jobs were created. Yet, the Nation is a year closer to its responsibility to provide work for the floodtide of youth born in the aftermath of World War II. Twice as many jobs must be created in each of the remaining years of the Sixties as have been created in the last two years of an expanding economy if we are to meet the mandate of the Employment Act of 1946.

The boiling over of racial tensions witnessed in recent months should not impair the priority of the tax program on the legislative agenda. For who can doubt that an overriding element in the quest for equal opportunity and in the frictions resulting therefrom is the need for jobs and the chance to provide a better standard of living, housing and education for Negro and white alike. Discrimination is not likely to be dissipated by pushing whites out of jobs for Negroes, but rather by creating adequate job opportunities for both.

And, finally, for reasons I have analyzed briefly in my statement, the enactment of the tax program is central to our basic objective of achieving balance in our international accounts and maintaining confidence in the dollar. A vigorous dynamic and growing American economy is the necessary backdrop for achieving the sharp competitive edge that will increase our trade surplus -- for reaching demand and profit levels that will invite the increasing investment that will bring our two-way capital flows into better balance -- for assuring our friends abroad that putting dollars to work earning interest and profits is preferable to exchanging them for gold.

To meet both of our national economic objectives -- growth and full employment at home, and a balance in our international payments -- and to meet them simultaneously, within the framework of a market economy, clearly requires further effort. We cannot expect our problems to yield easily, but a solution is within our grasp.

To those who urge that balance of payments be given the top priority, as well as to those who urge that domestic growth be an exclusive preoccupation, I can only reply -- we cannot achieve one without the other -- we must achieve both if we are to be true to our national purpose and our international obligations.

U.S. Balance of Payments
Commercial Surplus on Goods and Services
1960-1st Quarter 1963
(In millions of $)

	1960	1961	1962	Change 1960-62 (Improvement +)	1st Qtr. 1963 Seasonally Adjusted
1. Nonmilitary merchandise exports	+19,459	+19,913	+20,479	+1,020	+4,998
2. Less exports financed by Gov't. grants and capital	+1,919	+2,237	+2,345	+426	+613
3. COMMERCIAL MERCHANDISE EXPORTS (1-2)	+17,540	+17,676	+18,134	+594	+4,385
4. NONMILITARY MERCHANDISE IMPORTS	-14,723	-14,497	-16,145	-1,422	-3,985
5. COMMERCIAL TRADE BALANCE	+2,817	+3,179	+1,989	-828	+400
6. Private investment income	+2,873	+3,464	+3,850	+977	+1,005
7. Other nonmilitary service receipts	+4,307	+4,532	+4,801	+494	+1,180
8. Less services financed by Gov't. grants and capital	+288	+430	+538	+250	+160
9. COMMERCIAL SERVICE EXPORTS (6+7-8)	+6,892	+7,566	+8,113	+1,221	+2,025
10. NONMILITARY SERVICE IMPORTS	-5,434	-5,436	-5,791	-357	-1,447
11. COMMERCIAL SERVICES BALANCE	+1,458	+2,130	+2,322	+864	+578
12. COMMERCIAL SURPLUS	+4,275	+5,309	+4,311	+36	+978

TABLE 2

U.S. Balance of Payments
Balance on Government Assistance and Long-Term Capital Accounts
1960-1st Quarter 1963
(In millions of $)

	1960	1961	1962	Change 1960-62 (Improvement +)	1st Qtr. 1963 Seasonally Adjusted
1. Military expenditures	-3,048	-2,934	-3,028	+20	-741
2. Military cash receipts	+320	+398	+1,143	+823	+204
(of which advances on military exports)	(-16)	(+5)	(+470)	(+486)	(+23)
3. Gov't. grants & capital outflows, gross	(-3,405)	(-4,056)	(-4,281)	(-876)	(-1,082)
a. Less transactions involving no immediate dollar outflow 1/	(-2,298)	(-2,940)	(-3,211)	(-913)	(-856)
b. Dollar payments abroad (3 -3a)	-1,107	-1,116	-1,070	+37	-226
4. Repayments on U.S. Gov't. loans, excluding fundings by new loans	+585	+1,201	+1,182	+597	+128
(of which non-scheduled repayments)	(+48)	(+668)	(+666)	(+618)	(+25)
5. U.S. direct and long-term portfolio investments abroad	-2,544	-2,609	-2,766	-222	-1,013
6. Foreign direct and long-term portfolio investments in the United States	+430	+466	+271	-159	+28
7. Remittances and pensions	-672	-705	-736	-64	-217
8. Changes in Gov't. liabilities 2/ 3/	+1	*	+248	+247	+63
(of which sales of non-marketable, medium-term non-convertible securities)	(-)	(-)	(+251)	(+251)	(+63)
9. BALANCE, incl.spec.Govt.transactions 3/	-6,035	-5,299	-4,756	+1,279	-1,774
10. BALANCE, excl.spec.Govt.transactions 3/	-6,067	-5,972	-6,143	-76	-1,885

* Less than $500,000.

1/ Comprises principally U.S. merchandise and service exports, refundings of loans of U.S. Govt. and private U.S. lenders, & subscriptions to int'l institutions in the form of non-interest bearing notes.

2/ Excludes liab. associated with military transactions and with Gov't. assistance operations.

3/ Excludes sales of non-marketable, medium-term, convertible Gov't. securities.

U.S. Balance of Payments, Selected Balances
1960-1st Qtr. 1963
(In millions of $)

	1960	1961	1962	Change 1960-62 (Improvement +)	1st Qtr. 1963 Seasonally Adjusted
A. Regular transactions					
1. Regular recorded transactions, excluding private short-term capital outflow 1/	-1,792	-774	-1,925	-133	-915
2. Recorded domestic and foreign private short-term capital	-1,438	-1,364	-623	+815	+42
3. Unrecorded transactions	-683	-905	-1,025	-342	-44
4. BALANCE ON REGULAR TRANSACTIONS	-3,913	-3,043	-3,573	+340	-917
B. Special Government transactions					
1. Non-scheduled receipts on Gov't loans	+48	+668	+666	+618	+25
2. Advances on military exports	-16	+5	+470	+486	+23
3. Sales of non-marketable, medium-term non-convertible securities	-	-	+251	+251	+63
4. Sales of non-marketable, medium-term convertible securities	-	-	-	-	+350
5. BALANCE A+B, excluding B.4	-3,881	-2,370	-2,186	+1,695	-806
6. BALANCE A+B	-3,881	-2,370	-2,186	+1,695	-456

1/ Differs from sum of line 12 of Table 1 and line 10 of Table 2 by the amount of Export-Import Bank fundings of U.S. private short-term credits. Though not a payment abroad and therefore not included in line 10 of Table 2, these fundings are already reflected as receipts of private short-term capital in line A.2 of this table and must, therefore, also be included as Government outpayments in line A.1. During the periods in question they were: 1960, 0; 1961, 111; 1962, 93; 1963 1st quarter, 8.

TABLE 4

U.S. Balance of Payments
Residual Financing of the Deficit
1960-1st Qtr. 1963
(In millions of $)

	1960	1961	1962	Change 1960-62 (Reductions in Financing +)	1st Se
1. RESIDUAL FINANCING OF THE DEFICIT	-3,881	-2,370	-2,186	+1,695	
2. Increase in short-term official & banking liab. and in foreign holdings of marketable U.S. Govt.bonds and notes (decrease -)	+1,737	+1,764	+653	+1,084	+287
3. Foreign private holders including banks & int'l & regional organizations (excl.IMF)	+289	+1,083	+200	+89	+376
4. Foreign official holders	+1,448 1/	+681	+453	+995	-89
5. Decrease in U.S. monetary reserve assets (increase -)	+2,144	+606	+1,533	+611	+32
6. IMF position	+442 1/	-135	+626	-184	-46
7. Convertible currencies	-	-116	+17	-17	-33
8. Gold	+1,702	+857	+890	+812	+111

1/ Revised.

FOR RELEASE A. M. NEWSPAPERS,
Wednesday, July 10, 1963.

July 9, 1963

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

The Treasury Department announced last evening that the tenders for $2,000,[illegible] or thereabouts, of 366-day Treasury bills to be dated July 15, 1963, and to mature July 15, 1964, which were offered on July 2, were opened at the Federal Reserve [illegible] July 9.

The details of this issue are as follows:

Total applied for	- $4,495,099,000	
Total accepted	- 2,000,022,000	(includes $214,774,000 entered on a noncompetitive basis and accepted in full at the average price shown below)

Range of accepted competitive bids: (Excepting eleven tenders totaling $1,[illegible])

High	- 96.412	Equivalent rate of discount approx.	3.529% per [illegible]
Low	- 96.342	" " " " "	3.598% " "
Average	- 96.358	" " " " "	3.582% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 92,060,000	$ 27,630,000
New York	2,852,546,000	1,075,335,000
Philadelphia	58,377,000	29,949,000
Cleveland	248,543,000	112,428,000
Richmond	30,331,000	8,231,000
Atlanta	51,960,000	23,510,000
Chicago	686,276,000	575,556,000
St. Louis	26,424,000	13,224,000
Minneapolis	27,029,000	5,629,000
Kansas City	56,652,000	26,809,000
Dallas	35,177,000	8,677,000
San Francisco	329,724,000	93,044,000
TOTAL	$4,495,099,000	$2,000,022,000

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 3.74%. 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.

RELEASE A. M. NEWSPAPERS,
esday, July 10, 1963.

July 9, 1963

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

The Treasury Department announced last evening that the tenders for $2,000,000,000, hereabouts, of 366-day Treasury bills to be dated July 15, 1963, and to mature 15, 1964, which were offered on July 2, were opened at the Federal Reserve Banks on 9.

The details of this issue are as follows:

Total applied for - $4,495,099,000
Total accepted - 2,000,022,000 (includes $214,774,000 entered on a noncompetitive basis and accepted in full at the average price shown below)

Range of accepted competitive bids: (Excepting eleven tenders totaling $3,100,000)

High	- 96.412	Equivalent rate of discount approx. 3.529% per annum
Low	- 96.342	" " " " " 3.598% " "
Average	- 96.358	" " " " " 3.582% " " 1/

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 92,060,000	$ 27,630,000
New York	2,852,546,000	1,075,335,000
Philadelphia	58,377,000	29,949,000
Cleveland	248,543,000	112,428,000
Richmond	30,331,000	8,231,000
Atlanta	51,960,000	23,510,000
Chicago	686,276,000	575,556,000
St. Louis	26,424,000	13,224,000
Minneapolis	27,029,000	5,629,000
Kansas City	56,652,000	26,809,000
Dallas	35,177,000	8,677,000
San Francisco	329,724,000	93,044,000
TOTAL	$4,495,099,000	$2,000,022,000

coupon issue of the same length and for the same amount invested, the return on se bills would provide a yield of 3.74%. Interest rates on bills are quoted in ms of bank discount with the return related to the face amount of the bills payable maturity rather than the amount invested and their length in actual number of days ated to a 360-day year. In contrast, yields on certificates, notes, and bonds are puted in terms of interest on the amount invested, and relate the number of days aining in an interest payment period to the actual number of days in the period, h semiannual compounding if more than one coupon period is involved.

Statement of Stanley S. Surrey,
Assistant Secretary of the Treasury,
before the House Committee on Ways and Means
on H. R. 3846 on July 10, 1963

Two features of this bill are of special interest to the Treasury Department: the accounting for the funds to be used for the Land and Water Conservation Fund, and the revision of the taxes on special motor fuels and gasoline.

The bill would require the Department to set up a separate account in which to assign the revenues from the sources specified in section 2 of the bill, that is, admission fees to parks, revenues from sale of surplus lands, and the taxes on fuel used in motorboats. This special account, under the terms of section 3 of the bill, then would be divided between a newly prescribed Land and Water Conservation Fund and the miscellaneous receipts of the Treasury Department as determined by the President. Transfers to the miscellaneous receipts of the Treasury would represent such sums as the President deemed appropriate to help offset the cost of acquiring additional lands for public recreation and fish and wildlife enhancement financed through appropriations to water-resource agencies.

In addition to accounting for the receipts from the specified sources, the Department would have the function of determining the revenues derived from the taxes on special motor fuels and gasoline used in motorboats. Under section 7(d) of the bill, revenues from fuel used in motorboats would be paid from time to time from the Highway Trust Fund into the separate account from which funds are transferred to the Land and Water Conservation Fund. Amounts so transferred would be determined by the Secretary of the Treasury after consultation with the Secretary of Commerce. Withdrawals from the Highway Trust Fund would be equivalent to the taxes received on or after January 1, 1964 with respect to fuel used in motorboats.

Changes in the present taxes on special motor fuels and gasoline would raise the effective rate on such fuels when used in motorboats from 2 cents to 4 cents a gallon. The 4-cent rate is the general rate at this time, but a 2-cent rate is in effect when such fuels are used other than in a registered highway vehicle.

In the case of special motor fuels (such as propane and butane), the rate is set at 2 cents a gallon if such fuel is sold for use otherwise than as a fuel for the propulsion of a registered highway vehicle. Where such fuel is purchased upon payment of the 4 cents a gallon tax and subsequently not used for the propulsion of a registered highway motor vehicle, provision is made for refund of 2 cents of the 4 cents tax. In the case of the 4 cents per gallon tax on gasoline, provision is similarly made for refund of 2 cents per gallon of the tax if such gasoline is used otherwise than as a fuel in a registered highway motor vehicle. There is no tax on diesel fuel used in boats. The diesel fuel tax is limited to fuel used in a diesel-powered highway vehicle. Furthermore, both the taxes on special motor fuels and gasoline contain an exemption for fuel used in commercial fishing boats.

H. R. 3846 would increase the effective rate of tax on special motor fuels and gasoline used in motorboats to 4 cents a gallon in two ways. In the case of special motor fuels, the increase would be achieved through a revision of the imposition section of the law to include use in motorboats along with use in registered highway motor vehicles as a use incurring the 4 cents a gallon rate. In the case of gasoline, the result would be achieved by excluding use in a motorboat from the list of nonhighway uses of gasoline qualifying for a 2 cents a gallon refund. The changes would be effective for special motor fuels sold, or used, on or after January 1, 1964, and for gasoline used on or after such date.

Although the apparent effective tax rate on fuel used in motorboats is now 2 cents a gallon, available statistics indicate that few operators of motorboats take advantage of the privilege of obtaining a refund of tax on gasoline used in their boats. While special motor fuels can be bought for use in motorboats at the 2 cents a gallon rate, there apparently are few motorboats operated on these fuels. Consequently, the proposed change in the law would have little real effect as to the amount of tax effectively paid on fuel used in motorboats. At the same time, in view of the apparent small number of refund requests on motorboat gasoline, the estimated revenues from the 4 cents a gallon taxes on fuel used in motorboats would largely represent a net reduction in the income of the Highway Trust Fund. We estimate that the revenues from the 4 cents a gallon taxes will be about $3 million in fiscal 1964 and $26 million in fiscal 1965. The low figure for 1964 is occasioned by the January 1, 1964 effective date and the seasonal factors associated with pleasure use of motorboats.

President Kennedy's letter of February 14 to the President of the Senate and the Speaker of the House of Representatives stressed the need for an aggressive program to provide for our present and future outdoor recreation needs. The President, drawing upon the findings and recommendations of the bipartisan Outdoor Recreation Resources Review Commission, emphasized the growing demand for such facilities and the inadequacies of resources now available. The Land and Water Conservation Fund proposal is intended to help meet these needs by providing a formal long-term program of financial aid to the States for the expansion of their outdoor recreation facilities. Expansion of Federal outdoor recreation facilities also would be facilitated by the provision of a continuing source of funds to finance land and water acquisitions.

The use of receipts from the taxes on fuel used in motorboats to finance a minor part (about 20 percent) of the proposed Federal cost of acquisition and development of outdoor recreation facilities seems reasonable and appropriate. Recreational lands which will be acquired and developed by moneys from the Land and Water Conservation Fund will include water areas or, in some cases, provide access to water areas.

Additional Federal and State outdoor recreation facilities will provide the greatly expanded number of motorboaters of recent years with more and better facilities to make use of their boats. And as indicated above, the proposed increase in the taxes on fuel used in motorboats probably will be largely theoretical in effect. Operators of motorboats therefore will not pay much in the way of an increase in fuel taxes, but at the same time their fuel tax funds will help to provide facilities which will be of value to them.

The proposed realignment in the use of the funds derived from the taxes on fuel used in motorboats will, of course, reduce the moneys available to the Highway Trust Fund from January 1, 1964 until its planned termination in 1972. We estimate this reduction as being about $284 million. In this connection, I should point out that the President's airway user charge proposals also would affect the Highway Trust Fund through removal of revenues derived from the taxation of gasoline used in aircraft. We estimate the airplane gasoline revenues at $207 million over the life of the Highway Trust Fund. The letter of Secretary Dillon to the Speaker of the House on February 28, 1963 pointed out that these two legislative programs, under the terms of the Highway Revenue Act of 1956 and present revenue projections, would require withholding from apportionment a total of $369 million of the authorizations for the fiscal years 1968-1971 for the interstate highway system. This is a minor sum in the total of the Highway Trust Fund or the interstate system. By 1968 the Trust Fund will be receiving over $300 million a month. Thus, a reduction during the rest of the life of the Highway Trust Fund of revenues of $284 million, or even $491 million, would require only a few weeks extension in the dedication of present revenue sources to such Fund. In fact, however, no adjustment in the life of the Fund may be required if revenues run even slightly higher than present projections.

TREASURY DEPARTMENT

WASHINGTON, D.C.

July 10, 1963

FOR IMMEDIATE RELEASE

TREASURY MARKET TRANSACTIONS IN JUNE

During June 1963, 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 $73,860,400.00.

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D-900

TREASURY DEPARTMENT

WASHINGTON, D.C.

July 10, 1963

FOR IMMEDIATE RELEASE

TREASURY MARKET TRANSACTIONS IN JUNE

During June 1963, 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 $73,860,400.00.

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D-900

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 sa 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 subjec 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 in clude in his income tax return only the difference between the price paid for su bills, whether on original issue or on subsequent purchase, and the amount actual 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, pre scribe 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.

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

Banking institutions generally may submit tenders for account of customers rovided the names of the customers are set forth in such tenders. Others than anking institutions will not be permitted to submit tenders except for their m account. Tenders will be received without deposit from incorporated banks id trust companies and from responsible and recognized dealers in investment ecurities. Tenders from others must be accompanied by payment of 2 percent of e face amount of Treasury bills applied for, unless the tenders are accompanied an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal serve Banks and Branches, following which public announcement will be made by e Treasury Department of the amount and price range of accepted bids. Those bmitting tenders will be advised of the acceptance or rejection thereof. The cretary of the Treasury expressly reserves the right to accept or reject any all tenders, in whole or in part, and his action in any such respect shall be al. Subject to these reservations, noncompetitive tenders for $ 200,000 ~~(16)~~ or s for the additional bills dated April 18, 1963 ~~(17)~~, (91 ~~(18)~~ days remain- until maturity date on October 17, 1963 ~~(19)~~) and noncompetitive tenders for 0,000 ~~(20)~~ or less for the 182 ~~(21)~~ -day bills without stated price from any one der will be accepted in full at the average price (in three decimals) of ac- ted competitive bids for the respective issues. Settlement for accepted ten- s in accordance with the bids must be made or completed at the Federal Reserve ks on July 18, 1963 ~~(22)~~, in cash or other immediately available funds or a like face amount of Treasury bills maturing July 18, 1963 ~~(23)~~. Cash

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE July 10, 1963

TREASURY'S WEEKLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders for two serie of Treasury bills to the aggregate amount of $ 2,100,000,000 , or thereabouts, for cash and in exchange for Treasury bills maturing July 18, 1963 , in the amoun of $ 2,100,781,000 , as follows:

91 -day bills (to maturity date) to be issued July 18, 1963 , in the amount of $ 1,300,000,000 , or thereabouts, representing an additional amount of bills dated April 18, 1963 , and to mature October 17, 1963 , originally issued in the amount of $ 800,442,000 , the additional and original bills to be freely interchangeable.

182 -day bills, for $ 800,000,000 , or thereabouts, to be dated July 18, 1963 , and to mature January 16, 1964 .

The bills of both series will be issued on a discount basis under competitiv and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only and in denominations of $1,000, $5,000, $10,000, $50,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Daylight Saving ~~Standard~~ time, Monday, July 15, 1963. 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 th price offered must be expressed on the basis of 100, with not more than three

TREASURY DEPARTMENT

WASHINGTON, D.C.

July 10, 1963

FOR IMMEDIATE RELEASE

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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 July 18, 1963, in the amount of $2,100,781,000, as follows:

91-day bills (to maturity date) to be issued July 18, 1963, in the amount of $ 1,300,000,000, or thereabouts, representing an additional amount of bills dated April 18, 1963, and to mature October 17, 1963, originally issued in the amount of $800,442,000, the additional and original bills to be freely interchangeable.

182-day bills, for $ 800,000,000, or thereabouts, to be dated July 18, 1963, and to mature January 16, 1964.

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $50,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Daylight Saving time, Monday, July 15, 1963. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

D-901

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less for the additional bills dated April 18, 1963, (91-days remaining until maturity date on October 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 July 18, 1963, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 18, 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 from any Federal Reserve Bank or Branch.

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TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, JULY 11, 1963

D-902

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, 1963 - September 30, 1963

IMPORTS - July 1, 1963 - July 5, 1963 (or as noted)

Country of Production	ITEM 391		ITEM 392		ITEM 393		ITEM 394	
	Lead-bearing ores, flue dust, and mattes		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.		Zinc-bearing ores of all kinds, except pyrites containing not over 3% of zinc		Zinc in blocks, pigs, or slabs; old and worn-out zinc, fit only to be remanufactured, zinc dross, and zinc skimmings	
	Quarterly Quota Dutiable Lead	Imports	Quarterly Quota Dutiable Lead	Imports	Quarterly Quota Dutiable Zinc	Imports	Quarterly Quota By Weight	Imports
	(Pounds)		(Pounds)		(Pounds)		(Pounds)	
Australia	10,080,000	10,080,000	23,680,000	5,026	-	-	-	-
Belgian Congo	-	-	-	-	-	-	5,440,000	-
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	7,520,000
Bolivia	5,040,000	2,308,385*	-	-	-	-	-	-
Canada	13,440,000	427,593*	15,920,000	780,035	66,480,000	66,480,000	37,840,000	1,023,743
Italy	-	-	-	-	-	-	3,600,000	-
Mexico	-	-	36,880,000	4,292,144	70,480,000	11,357,494	6,320,000	-
Peru	16,160,000	2,227,819	12,880,000	1,400,935	35,120,000	478,590	3,760,000	720,878
Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	1,620,016*	-	-	-	-
All other foreign countries (total)	6,560,000	150,529*	6,080,000	6,080,000	17,840,000	12,640,703*	6,080,000	6,080,000

*Imports as of July 8, 1963.

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

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, JULY 11, 1963

D-902

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, 1963 - September 30, 1963

IMPORTS - July 1, 1963 - July 5, 1963 (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 (Pounds)	Quarterly Quota Dutiable Lead (Pounds)	Imports (Pounds)	Quarterly Quota Dutiable Zinc (Pounds)	Imports (Pounds)	Quarterly Quota By Weight (Pounds)	Imports (Pounds)
Australia	10,080,000	10,080,000	23,680,000	5,026	-	-	-	-
Belgian Congo	-	-	-	-	-	-	5,440,000	-
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	7,520,000
Bolivia	5,040,000	2,308,985*	-	-	-	-	-	-
Canada	13,440,000	427,593*	15,920,000	780,035	66,480,000	66,480,000	37,840,000	1,023,743
Italy	-	-	-	-	-	-	3,600,000	-
Mexico	-	-	36,880,000	4,292,144	70,480,000	11,357,494	6,320,000	-
Peru	16,160,000	2,227,819	12,880,000	1,400,935	35,120,000	478,590	3,760,000	720,878
Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	1,620,016*	-	-	-	-
All other foreign countries (total)	6,560,000	150,529*	6,080,000	6,080,000	17,840,000	12,640,703*	6,080,000	6,080,000

*Imports as of July 8, 1963.

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TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE

THURSDAY, JULY 11, 1963

D-903

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

QUARTERLY QUOTA PERIOD - April 1, 1963 - June 30, 1963

IMPORTS - April 1, 1963 - June 30, 1963

Country of Production	ITEM 391: Lead-bearing ores, flue dust, and mattes		ITEM 392: Lead bullion or base bullion, lead in pigs and bars, lead dross, reclaimed lead, scrap lead, antimonial lead, antimonial scrap lead, type metal, all alloys or combinations of lead n.s.p.f.		ITEM 393: Zinc-bearing ores of all kinds, except pyrites containing not over 3% of zinc		ITEM 394: Zinc in blocks, pigs, or slabs; old and worn-out zinc, fit only to be remanufactured, zinc dross, and zinc skimmings	
	Quarterly Quota Dutiable Lead (Pounds)	Imports	Quarterly Quota Dutiable Lead (Pounds)	Imports	Quarterly Quota Dutiable Zinc (Pounds)	Imports	Quarterly Quota By Weight (Pounds)	Imports
Australia	10,080,000	10,080,000	23,680,000	23,660,000	-	--	-	-
Belgian Congo	-	-	-	-	-	-	5,440,000	5,438,047
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	7,520,000
Bolivia	5,040,000	5,040,000	-	-	-	-	-	-
Canada	13,440,000	4,042,669	15,920,000	15,885,095	66,480,000	66,480,000	37,840,000	37,840,000
Italy	-	-	-	-	-	-	3,600,000	-
Mexico	-	-	36,880,000	36,880,000	70,480,000	70,460,000	6,320,000	6,301,820
Peru	16,160,000	16,160,000	12,880,000	12,878,692	35,120,000	32,166,976	3,760,000	3,758,066
Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	15,760,000	-	--	-	-
All other foreign countries (total)	6,560,000	6,560,000	6,080,000	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.

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE

THURSDAY, JULY 11, 1963

D-903

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Country of Production	ITEM 391: Lead-bearing ores, flue dust, and mattes		ITEM 392: Lead bullion or base bullion, lead in pigs and bars, lead dross, reclaimed lead, scrap lead, antimonial lead, antimonial scrap lead, type metal, all alloys or combinations of lead n.s.p.f.		ITEM 393: Zinc-bearing ores of all kinds, except pyrites containing not over 3% of zinc		ITEM 394: Zinc in blocks, pigs, or slabs; old and worn-out zinc, fit only to be remanufactured, zinc dross, and zinc skimmings	
	Quarterly Quota Dutiable Lead (Pounds)	Imports (Pounds)	Quarterly Quota Dutiable Lead (Pounds)	Imports (Pounds)	Quarterly Quota Dutiable Zinc (Pounds)	Imports (Pounds)	Quarterly Quota By Weight (Pounds)	Imports (Pounds)
Australia	10,080,000	10,080,000	23,680,000	23,680,000	-	--	-	-
Belgian Congo	-	-	-	-	-	-	5,440,000	5,438,847
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	7,520,000
Bolivia	5,040,000	5,040,000	-	-	-	-	-	-
Canada	13,440,000	4,042,669	15,920,000	15,885,095	66,480,000	66,480,000	37,840,000	37,840,000
Italy	-	-	-	-	-	-	3,600,000	-
Mexico	-	-	36,880,000	36,880,000	70,480,000	70,480,000	6,320,000	6,301,820
Peru	16,160,000	16,160,000	12,880,000	12,878,692	35,120,000	32,166,976	3,760,000	3,758,068
Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	15,760,000	-	--	-	-
All other foreign countries (total)	6,560,000	6,560,000	6,080,000	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.

Commodity	Period and Quantity		Unit of Quantity	Imports as of June 29, 196
Absolute Quotas:				
Butter substitutes, including butter oil, containing 45% or more butterfat.............	Calendar Year 1963	1,200,000	Pound	Quota Fill
Cotton products, except cotton wastes, produced in any stage preceding the spinning into yarn.........................	12 mos. from Sept. 11, 1962	1,000	Pound	8
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	Quota Fill

1/ Imports through July 8, 1963

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
THURSDAY, JULY 11,1963

D-904

The Bureau of Customs announced today preliminary figures on imports for consumption of the following commodities from the beginning of the respective quota periods through June 29, 1963:

Commodity	Period and Quantity		Unit of Quantity	Imports as of June 29, 19
Tariff-Rate Quotas:				
Cream, fresh or sour..............	Calendar Year	1,500,000	Gallon	406,228
Whole Milk, fresh or sour.........	Calendar Year	3,000,000	Gallon	3
Cattle, 700 lbs. or more each (other than dairy cows).........	April 1, 1963-June 30, 1963	120,000	Head	9,745
Cattle less than 200 lbs. each....	12 mos. from April 1, 1963	200,000	Head	39,368
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish........	Calendar Year	24,874,871	Pound	Quota Filled
Tuna Fish.........................	Calendar Year	63,130,642	Pound	22,414,914
White or Irish potatoes:				
Certified seed..................	12 mos. from Sept. 15, 1962	114,000,000	Pound	58,990,542
Other...........................		36,000,000	Pound	29,900,977
Walnuts...........................	Calendar Year	5,000,000	Pound	3,367,317
Stainless steel table flatware (table knives, table forks, table spoons)..................	Nov. 1, 1962-Oct. 31, 1963	69,000,000	Pieces	68,479,884

1/ Imports for consumption at the quota rate are limited to 12,437,436 pounds during the first six months of the calendar year.

TREASURY DEPARTMENT
Washington

ATE RELEASE
)AY, JULY 11,1963

D-904

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ilk, fresh or sour.........	Calendar Year	3,000,000	Gallon	3
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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	Quota Fi

1/ Imports through July 8, 1963

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 July 8, 1963	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1962, to July 8, 1963
United Kingdom	4,323,457	1,461,383	1,441,152	1,091,408
Canada	239,690	239,690	-	-
France	227,420	162,778	75,807	75,183
British India	69,627	49,926	-	-
Netherlands	68,240	51,982	22,747	21,836
Switzerland	44,388	11,234	14,796	-
Belgium	38,559	33,150	12,853	-
Japan	341,535	-	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany	76,329	36,070	25,443	-
Italy	21,263	-	7,088	-
	5,482,509	2,046,213	1,599,886	1,188,427

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, JULY 11, 1963

D-905

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 - July 8, 1963

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	35,995	Paraguay	871	-
British India	2,003,483	81,640	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	-	-
			1/Other British W. Indies	21,321	-
			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 - July 8, 1963

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		

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, JULY 11, 1963

D-905

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Union of Soviet			1/Other British W. Indies	21,321	-
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D-905

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE

THURSDAY, JULY 11, 1963 D-906

The Bureau of Customs has announced the following preliminary figures showing the imports for consumption from January 1, 1963, to June 29, 1963, 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 June 29, 1963
Buttons........	680,000	Gross	139,936
Cigars.........	160,000,000	Number	6,435,310
Coconut oil....	358,400,000	Pound	192,721,283
Cordage........	6,000,000	Pound	2,920,355
Tobacco........	5,200,000	Pound	3,910,301

TREASURY DEPARTMENT
Washington

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TREASURY DEPARTMENT

WASHINGTON, D.C.

July 11, 1963

FOR IMMEDIATE RELEASE

WITHHOLDING OF APPRAISEMENT ON VITAL WHEAT GLUTEN

The Treasury Department is instructing customs field officers to withhold appraisement on vital wheat gluten from Australia, 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 dollar value of imports received during 1962 was approximately $775,000. The complaint in this case was received on April 19, 1963.

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WASHINGTON, D.C.

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FOR RELEASE ON DELIVERY

TREASURY DEPARTMENT
Washington

STATEMENT OF THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY

BEFORE THE BANKING AND CURRENCY COMMITTEE
OF THE HOUSE OF REPRESENTATIVES

JULY 11, 1963, 10:00 A. M.

Mr. Chairman and members of the Committee:

I am happy to appear before you today in support of legislation relating to the International Bank for Reconstruction and Development (IBRD) and the Inter-American Bank (IDB).

The bills under consideration would authorize me, as Governor for the United States of the IBRD and of the IDB, to vote in favor of resolutions before their respective Boards of Governors to authorize increases in the capital of the two banks and an increase in the Fund for Special Operations of the IDB. The National Advisory Council on International Monetary and Financial Problems, established by the Congress in the Bretton Woods Agreements Act of 1945, strongly urges the Congress to act favorably on the requested authorizations. The Council has submitted reports relating to these problems which cover in detail the reasons for the requested legislation.

D-907

I would first like to discuss the IBRD legislation, and will then go on to the IDB.

International Bank for Reconstruction and Development

The Committee members are, I am sure, quite familiar with the work of the International Bank, so that I shall discuss its operations only very briefly to bring the record up to date. The World Bank has made 349 loans in 64 countries for a total of almost $7 billion in the course of its 17 years of activity. On these loans it has disbursed $5.4 billion and it now has outstanding $4.7 billion in loans to its member countries and enterprises in these countries. Over $2 billion loaned by the IBRD has been repaid to it or sold to other investors. Its loans have been prudently made and the payments due have been made regularly, with no defaults to date. Its loans have financed the cost of important projects in the fields of power, transportation, and agricultural and industrial development.

The World Bank finances its activities principally from borrowings in the financial markets of the world. Privat investors by buying the World Bank's bonds thus participate importantly in economic development abroad. On March 31, 1963 the last published balance sheet, the IBRD had outstanding $2.5 billion in bonds and notes. Of this amount, $1.9 billion was payable in U. S. dollars and $600 million in Deutsche Marks, Swiss francs, sterling, Netherlands guilders, Italian lire, Canadian dollars and Belgian francs. Some of the IBRD's dollar bonds and notes have been sold to investors abroad and over half of its obligations are held by residents of other countries. It is estimated that about $800 million of the dollar denominated securities of the World Bank are held by foreigners, in addition to those bonds and notes which are denominated in foreign currencies.

In addition to its direct lending operations, the International Bank has provided important services to its members in advising them on their development programs, sending special missions to assist them in formulating their projects and advising them on policies and administrative techniques to put these projects on a sound basis. The World Bank has also had programs in training of personnel from its less developed member countries in dealing with their long range economic programs. I mention this technical assistance and advisory function of the IBRD particularly in connection with the bill before you, since the primary objective of the legislation is to permit the IBRD to admit additional members, particularly newly independent countries which are in great need of its technical advice and appropriate financial assistance.

The authorized capital of the International Bank is $21 billion and this capital has been almost completely subscribed by the members since the increase in capital authorized in 1959. The sole purpose of the proposed increase of $1 billion in the capital of the World Bank is to permit the admission of additional new members and to permit special increases in the capital subscription of the present members when this is appropriate. The United States would not subscribe any portion of this billion dollars in new capital; no authorization or appropriation of funds would be required. Since the last annual meeting a number of small countries have been admitted to the World Bank's membership and this week five additional countries of Africa became members. With the addition of these countries, the Bank's membership has risen to 90, and its subscribed capital has now reached $20,790 million. Under its present authorization only $210 million remains available for subscription by new members. There are eleven countries whose applications are presently under consideration. The new capital required for the membership of these eleven countries exceeds $280 million, which is more than the presently available authorization, and additional membership applications are expected from other non-member countries.

The Bretton Woods Agreements Act specifies that the United States Governor for the Bank may not vote for any increase in its capital without the specific authorization of the Congress. It is this authorization which I am now requesting.

As of this week, sixty-five of the World Bank's member countries, representing nearly 66% of total voting power, have voted in favor of the proposed capital increase. No negative votes have been cast. The Bank's Articles of Agreement require favorable action by members having seventy-five percent of total votes for the increase to become effective. Since the voting power of the United States is approximately 28% of the total, U.S. action is now all that is required to make the increase effective.

I strongly urge favorable Congressional action on this legislation, so that as Governor I can cast my vote in favor of this action which will facilitate the admission to the Bank of new members, which are so greatly in need of its advice and assistance. I repeat that this involves no increase in the United States' subscription nor any increase in its present liability to the Bank.

Inter-American Development Bank

I would now like to turn to the proposal to expand the resources of the Inter-American Development Bank and thereby provide for the continued operation of that institution as a major force in the Alliance for Progress.

Since the IDB was established at the close of 1959 and began operating in the fall of 1960, it has assumed an active and increasingly vital role in Latin America's economic and social development. Although established prior to such major milestones of Inter-American cooperation as the Act of Bogota, and the Charter of Punta del Este, the IDB's Charter anticipated the principles subsequently set forth and now established as basic elements of the Alliance for Progress. All of the IDB's activities serve the accomplishment of the goals of the Alliance and the IDB - as the principal financial institution of the Inter-American organization - has become a central and essential operating element of this great endeavor. In short, the Inter-American Development Bank has in a very real sense become "The Bank of the Alliance" --

breaking the trail and providing leadership in showing the way to the economic and social development of this hemisphere.

Structure and U. S. Participation

Let me recall briefly, Mr. Chairman, the structure of the IDB and the extent of United States participation in this institution which was established for the purpose of contributing to "the acceleration of the process of economic development of the member countries."

The IDB was initially established with an authorized ordinary capital amounting to $850 million. In addition, there was established within the IDB, a Fund for Special Operations with resources of approximately $150 million. The aggregate initial resources of the IDB were thus on the order of $1 billion, and were further supplemented by entrusting to the IDB the administration for the United States of the Social Progress Trust Fund with $394 million.

Of the authorized ordinary capital of $850 million, it was arranged that $400 million would be paid in, and of this latter sum the United States subscribed to $150 million, while the Latin American members subscribed to $232 million, half of which was paid in gold or dollars and half in their own currencies. (Although Cuba was initially considered a prospective member, Cuba failed to join the IDB and to subscribe to its capital, and is now excluded from membership.) Actual payments to the IDB on these subscriptions were made in three installments completed in October 1962. All of the members have met their subscription payments promptly and in full.

That portion of the ordinary capital not required to be paid in is known as the "callable capital." The callable capital was established at $450 million, of which the United States share is $200 million and other members is $232 million. The callable capital represents a guarantee of the member governments for the IDB's obligations and thus permits the IDB to raise funds in the private capital markets. The IDB has in fact successfully used this authority by raising funds totalling approximately $100 million in two separate bond issues. A first placement of bonds was arranged in April 1962 in Italy, for $24.2 million equivalent in Italian lire, at 5 percent and for a 20-year term. In December of last year, IDB successfully floated in this country a public issue consisting of $75 million of 20-year 4-1/4 percent bonds.

Turning to the resources of the Fund for Special Operations, the United States contributed $100 million of the initial Fund and the Latin American members paid in $46 million (half of which, again, was in the form of gold or dollars and half in their own currencies).

To recapitulate, the extent of United States participation to date in providing capital to the Inter-American Development Bank has involved payments of $250 million ($150 million for ordinary capital and $100 million for the Fund for Special Operations) and a callable capital subscription of $200 million which will not involve any payment except in the highly unlikely event the IDB should ever be unable to meet its obligations. In addition, of course, the United States has entrusted the administration of the $394 million Social Progress Trust Fund to the IDB.

Proposed Enlargement of Resources of IDB

The Agreement establishing the Inter-American Development Bank contemplated a future need to enlarge the resources of the IDB and included specific provisions looking toward such an enlargement. It was provided that the callable capital could be increased after all the original subscriptions had been paid and that the Fund for Special Operations could be increased when the Governors deemed it advisable. In the spring of 1962, it became clear from the tempo of the IDB's operations that the question of an increase in the IDB's capital should be placed under active study. The Governors of the IDB at that time, meeting in Buenos Aires, instructed the Board of Executive Directors to study the question of enlarging the resources of the IDB and to submit such proposals as appeared desirable.

The Directors submitted their Report on this matter in March of this year, together with their recommendations. The full text of this Report has been made available as an Appendix in the Special Report of the National Advisory Council submitted to you earlier. At their annual meeting in Caracas in April of this year, the Governors of the IDB approved the proposals of the Executive Directors to enlarge the resources of the IDB and recommended to each member that it take the necessary administrative and legal actions to make the proposals effective as soon as possible.

The proposal now placed before you involves three major actions: First, the authorized capital of the IDB would be increased by $1 billion, entirely in the form of callable capital available to back-up the IDB's obligations. Second, the resources of the Fund for Special Operations would be increased by $73 million. Third, the authorized ordinary capital would be further increased by $300 million to provide for the possible future admission of new members to the IDB.

The proposed $1 billion increase in the callable capital would be subscribed by all members in the same proportions as their present subscriptions bear to the present authorized ordinary capital of the IDB. The United States share of the increase would thus be $411.8 million. Authority for this increase is being requested at this time in order to provide the Bank with assurance regarding its ability to raise additional funds in the private capital market. Members are to notify the Bank on or before December 31, 1963 of their agreement to the proposed increase and their intention to subscribe to their proportionate share. The actual subscriptions, and appropriations to meet the United States subscription, will not be required until a later stage and will be phased in two installments--one half by the end of December, 1964 and the other half by the end of 1965.

I wish to emphasize that it is highly unlikely that any of this increase in our subscription would be paid out as actual cash expenditure of the Treasury. The "callable capital" arrangement is similar to our subscription to the IBRD, which has worked so successfully during the past 15 years, with no defaults, no inability of the IBRD to meet its obligations, and no cash transfers required from the Treasury. We do not anticipate that our experience with the IDB will be any less satisfactory than it has been with the IBRD.

The proposed increase in the resources of the Fund for Special Operations represents a 50 percent increase over existing resources of the Fund. The United States share of the increase would be $50 million while the Latin American members will contribute $23 million. As was the case with t original contributions, the Latin American members will make their contributions to the extent of one half in gold or dollars and half in their own currencies. Members are to notify the IDB by the end of this year of their consent to the increase and intention to make the necessary payment within 90 days. Accordingly, an appropriation is being sought for the current fiscal year to enable the United States to make its payment.

The $300 million additional increase in the authorized capital of the IDB would not involve subscriptions by the United States or other existing members of the IDB. In other words, no authorization or appropriation of funds by the U. S. would be required. Rather this proposal looks toward the eventual admission of newly independent nations of the Americas, and possibly Canada, as members of the IDB. In the event such additional members are admitted and subscribe to as much as $220 million, one additional Executive Director would be elected to represent the members. At present the Board of Executive Directors consists of seven members, of which one represents the United States.

I should add, with respect to the Fund for Special Operations, that the proposed increase in resources represents approximately one additional year's needs for loan operations. The future of this Fund and its potential need for additional resources will be the subject of special study during the coming year. The Directors of the IDB were instructed by the Governors earlier this year to conduct such a study, looking especially at the relationship of this Fund, which was designed to make so-called "soft loans", to the other activities of the IDB. It has been the view of some -- and I tend to share this view -- that with the launching of the Alliance for Progress, the image of the IDB and its operations might be strengthened if its three existing loan windows could be consolidated. Consideration will therefore be given, together with the Latin American members, to the advisability in the future of limiting the IDB's operations to the existing ordinary capital or "hard loan window" and only one "soft window" which would combine operations now conducted through the Fund for Special Operations and the Social Progress Trust Fund -- much along the lines of the IBRD/IDA arrangements. Such a consolidation would not, of itself, affect the total amount of funds needed by the IDB for economic and social development purposes. Indeed, at least as much -- perhaps more -- will be needed than in the past for these purposes.

The Special Report of the National Advisory Council and the report of the IDB's Executive Directors explain fully the need for the proposed increase in the resources of the IDB. This need stems fundamentally from the tasks being assigned to the IDB within the context of the expanding program of inter-American economic cooperation, and Latin America's requirements for external resources to accomplish the goals of the Alliance for Progress. The specific amounts involved are derived by projecting a modest dollar lending rate, from the IDB's own resources, of $200 million a year, of which $150 million would be from ordinary capital and $50 million from the Fund for Special Operations. On this basis, it is estimated that existing lendable dollar resources will have been largely exhausted by calendar 1965, with respect to ordinary capital, and by the end of this year, with respect to the Special Fund. The proposed increases will cover additional loan commitments at the projected rates through 1967 for the ordinary capital, and, as I have noted, for one additional year (1964) in the Special Fund.

The IDB's Activities

The IDB has a remarkable record of accomplishment during the short 2-1/2 year span since it opened its doors for loan operations. As of the end of June, it had approved from its own resources 102 loans for an aggregate value of $412 million and 64 loans from the Social Progress Trust Fund for $348 million. In excess of $750 million has thus been put to work to meet the pressing economic and social needs of Latin America -- for housing and schools, for water supply and sanitat facilities, and for the variety of agricultural, industrial, and public works facilities essential to proper development and growth.

Of the loans made from its own capital resources, 69 loans for $295 million were financed out of the IDB's ordinary capital resources, drawing upon the paid-in capital subscriptions as well as the resources derived from the two bond issues last year. Approximately $52 million of these ordinary capital loans were made in the Latin American currencies available to the IDB. It has made 33 loans for $117 million, including $16 million in Latin American currencies, from the resources of the Fund for Special Operations, which are now rapidly approaching exhaustion.

Together with the assistance the IDB has provided to Latin America through the provision of this loan capital, it has also given help in the building of developmental institutions and the introduction of administrative and social reforms so vital to the success of the Alliance for Progress. Through effective administration of its loans, the IDB has been instrumental in the creation or improvement of many such institutions -- among them development banks, housing institutes, savings and loan associations, agrarian credit organizations. It has also helped significantly in re-structuring antiquated fiscal, agrarian and administrative systems.

Of especial interest at this time, I should note the increasing effort being made by the IDB to mobilize resources and obtain supplementary credits from European countries for development projects which it is helping to finance. I have already noted that the IDB placed its first bond issue in Europe. It has been very active in bringing Latin America's needs to the attention of the European countries and stimulating their interest in specific project opportunities. We are hopeful that the increasing interest in Latin America on the part of European governments and investors will help broaden their participation in international development assistance on suitable terms. We have in the IDB an admirable multilateral instrument which can assist -- and is exerting itself to assist -- in bringing about expanded European participation in the Alliance for Progress.

Conclusion

Mr. Chairman, the Inter-American Development Bank was established as the first tangible symbol of inter-American economic cooperation. Events moved rapidly after its establishment, and multilateral economic and social cooperation in this hemisphere culminated in President Kennedy's call in early 1961 for an "Alliance for Progress." In an unprecedented move shortly thereafter, the nations of the Americas committed themselves in the Charter of Punta del Este to a sweeping program of social reform and a decade of economic growth. Since then, the Inter-American Development Bank has assumed new stature, in the forefront of the Alliance, stimulating, encouraging, and leading the way toward achievement of the Alliance goals.

The realization of the goals of the Alliance is a formidable task. The difficulties inevitably encountered in attempting to bring about fundamental changes in whole societies are immense. Certainly, the mere provision of money from outside sources cannot assure success of the Alliance. Fortunately, there is increasing realization throughout Latin America that the extent of their own efforts will in the long run determine the success or failure of the Alliance for Progress and will determine whether the external resources being made available to them can be successfully utilized. The Inter-American Bank plays a significant role in shaping and stimulating the nature of Latin America's own efforts toward Alliance goals. Through their own financial participation, through their presence in the staff and management, and their decisions in all of its governing bodies, the IDB is available to the Latin American countries as their own instrument, which they themselves can use and direct in the struggle to cast off the bonds of poverty and ignorance.

The record shows that Latin America is making substantial and effective use of the IDB as a means of accelerating social and economic progress, and that the IDB is worthy of full and continued U.S. support. I therefore urge the approval of the bill before you to provide for increased participation by the United States in the Inter-American Development Bank.

Thank you, Mr. Chairman.

TREASURY DEPARTMENT
Washington

FOR RELEASE P. M. NEWSPAPERS
MONDAY, JULY 15, 1963

REMARKS BY JAMES J. ROWLEY
CHIEF, UNITED STATES SECRET SERVICE
BEFORE
THE MEMBERS OF THE FORTY-EIGHTH ANNUAL CONFERENCE
OF
THE INTERNATIONAL ASSOCIATION FOR IDENTIFICATION
JULY 15, 1963, AT ROCHESTER, NEW YORK
11:15 A.M.

I am delighted to attend this convention, and honored that you should have asked me to address you. On an occasion such as this, where the major law enforcement agencies of the free world are represented, I feel particularly privileged to speak for the United States Secret Service, for I am proud of its standing and its accomplishments -- and more personally because the Service has given me an opportunity to serve my country for more than a quarter of a century.

All of us who are a part of law enforcement share that common interest -- that is, to serve our Government at various levels, each of them as important as the next. Also, law enforcement officers share an unusual bond, a bit different from that of other public servants, for we are truly interdependent. Much of the success of the Secret Service, for example, results from cooperation of local law enforcement officers. At the same time I can assure you that my associates and I in the Secret Service are always willing to furnish assistance and cooperation on any matter of mutual interest.

I shall detail some of the missions of the Secret Service, but first let us focus on the basic reasons for the kind of professional work in which all of us here today are engaged. I believe that the fundamental purpose to which we are all dedicated is this: the protection of the rights of the individual.

Why the individual? The reason is that the strength and nobility of the free world nations stem from the individual and his rights. Neither a government nor its laws bestow those rights -- the rights of all human beings are fundamental and self-evident, and this is one of the great truths upon which our Nation was founded.

However, these rights find their practical application in the law, which is, after all, the expression of a code of morals evolved by a human society, and which society expects to be upheld and enforced.

Thus the law enforcement officer carries out the will of the people as expressed by law, and as law enforcement officers, we share the great responsibility of seeing that our fellow citizens continue to enjoy their rights -- that is why I said a moment ago that this is the purpose to which all of us here are dedicated: the protection of the rights of the individual.

To express that thought in another way: to us is entrusted the task of suppressing illegal acts that threaten the rights of individuals. I can think of no higher calling than that, for in so doing, we safeguard liberty and assure justice. These are not merely high-sounding words -- they head the list of rights every American citizen expects, and they are the precious commodities in which we have the privilege of dealing in our daily work. How well we discharge that duty depends not only upon our own characters, but upon our professional skill and training, and upon the ideals which sustain our particular organizations.

Abraham Lincoln once so aptly asked, "What constitutes the bulwark of our own liberty and independence?" He then went on to say that "Our reliance is in the love of liberty which God has planted in us. Our defense is in the spirit which proved liberty as the heritage of all men, in all lands everywhere. Destroy this spirit and you have planted the seeds of despotism at your own doors. Familiarize yourselves with the chains of bondage and you prepare your own limbs to wear them."

The work that you specialists in identification have done has been attuned to that objective. The common purpose of your organization in seeking improvement and development of identification and scientific detection is precisely aimed at protecting the individual from illegal acts that threaten his rights.

I know that you recognize the great importance of scientific detection, particularly when there are no eye witnesses to a crime. Many of you must have immense satisfaction in knowing that on numerous occasions you alone have assured conviction of the criminal and have thus contributed greatly to justice. The extensive and thoughtful program that your 48-year-old organization has arranged for this meeting will bring forth results for the benefit of your membership and others as well.

Had it not been for the dedication of all of you, I am sure that scientific detection would never have reached the stage it is in now, and I am equally confident that you will continue to build on the store of learning that you have accumulated for the benefit of all arms of law enforcement.

Yours has become a highly professional service that demands more and more scientific knowledge and training as time goes on. Furthermore, I am sure that you, as experienced identification specialists, are helping to educate and train the younger men who are joining your ranks. The interchange of ideas among individual officers and between law enforcement agencies is essential and this concept is deeply embedded in the operations of the Secret Service.

Many of you are familiar with the way the Service operates. Indeed, in many instances you have been in effect, a part of it. But let me summarize some of the background and operations of the Service.

It was almost a century ago -- 1865 to be exact -- that the need for an enforcement agency to protect the integrity of the United States currency emerged. What was that need? To suppress counterfeiting.

In 1865 counterfeit bills accounted for about one third of the currency in circulation. That was a grave situation, for it threatened the validity, and therefore the value, of the legitimate currency of the Nation. Something had to be done. The "something" was the organization of the United States Secret Service.

In only a few years, the Service stopped counterfeiters so effectively that the genuine currency of the Nation was restored to its place as the legitimate medium of exchange. But today counterfeiters continue their illegal efforts to defraud the unsuspecting public. And so do check forgers.

The forces for good and evil always have their reactions. So it is with printing and the allied sciences and arts. Counterfeiting too has been aided by advances in photographic reproduction and printing, which means that the people who manufacture bogus money have been helped by technological progress. If we twist the language a bit, we could say that better bad money is being made every day. However, at the same time, the Government has not just kept pace with counterfeiters, but rather <u>we</u> have paced <u>them</u>.

One way that this has been accomplished is in the process of making the currency. First, engravers in the Bureau of Engraving and Printing produce the most precise and finest engraved plates for paper money, notes, bonds and other Government obligations. All of them are done with the most exacting fidelity to the design, which is a true work of art.

This, then, makes it difficult for a counterfeiter to produce the plates to print the bogus money, but it is also hard to duplicate the fine printing that goes into American currency. Printers at the Bureau of Engraving and Printing are just as skilled in their way as are the engravers.

And so our currency is extremely hard to duplicate. The fact that most people automatically accept a piece of United States currency without question is proof that nearly 100 per cent of it is genuine.

Nevertheless counterfeiters still think that they can produce a product that will fool the public. I won't say that some of the makers of phony money aren't good workmen. They are. But, fortunately, our agents are able to track them down.

Take the case in Durham, North Carolina, about two weeks ago in which more than a million dollars in fake twenty dollar Federal Reserve Notes was seized. Within a few days after the Service learned that bogus money had been made in Durham, an undercover agent of the Service bought thirty thousand dollars worth from a passer. The passer was arrested and seventy thousand more was found in his car, along with nine hundred thousand dollars worth in his home. That arrest led to the arrest of two others who had made the bills and an additional two who had bought notes for distribution and sale. In all that action the Service enjoyed the full cooperation and help of the local chief of police, along with the officers in his department. So far, only a few of these bogus notes have been passed on the public.

Another case was the July 3, 1963, seizure in California of over two million dollars in highly deceptive fifty and twenty dollar counterfeit notes. Special Agents of the San Francisco office of the Service, working closely with the Chief of Police of Oakland and members of his department, made the arrest. It was the largest domestic seizure of bogus bills in the history of the Service. So far only a limited number of these notes have been circulated.

Thus, within a period of ten days two major counterfeiting rings, neither having a connection with the other, were smashed and the loss of more than three million dollars to the American public was averted.

The two cases cited are examples of undercover work by skilled agents aided, of course, by scientific means. They are typical of our day-to-day operations in suppressing the counterfeiter before he spreads his wares on an unsuspecting public. But perhaps more to the point today was the case of a defendant in Chicago who was found guilty by a Federal Jury on June 29, 1963, and sentenced by the Court to a five-year prison sentence for the manufacture of $5 counterfeit notes which circulated throughout the Midwest during 1961. In the search of the area under a printing press during the raid of the printing establishment suspected to be the source of the bogus bills, a Secret Service special agent found a small scrap of paper which contained a printed portion of the engraving of Abraham Lincoln from a counterfeit $5 bill.

"More than anything, that scrap proved to be our clincher in a mainly circumstantial case," said Raymond F. Zvetina, Assistant United States Attorney prosecuting the case. "It proved that the counterfeit bills which were popping up all over Chicago all came from that press. It proved that the print shop was the source."

How was this proved? It was proved by testimony of an expert witness through the use of scientific identification by demonstrating to the jury photographic blowups of the piece of scrap paper along with blowups of that same portion of the counterfeit notes which had been passed in Chicago. With impressive thoroughness the expert compared the similarity of minute flaws in the printing, testimony which was bolstered by scientific proof that the paper and ink used in the making of the counterfeits were the same as in the piece of scrap paper.

As a matter of interest, the Secret Service seizes about seven of the eight counterfeit bills that are made before they get into circulation. In the fiscal year 1962 the Service confiscated more than four million dollars in face value of counterfeit money, and about three and one-half million dollars of that was seized by our agents before it ever reached the public.

The Secret Service has another law enforcement responsibility, which is to apprehend the forgers of Government checks and bonds, but mainly checks. Many of these checks are for veterans' benefits and old age assistance, and in many instances they are the sole means of support for the payee. The crooks who prey on these people steal checks from mail boxes, forge endorsements, and then cash the checks, which numbered nearly 44,000 last year with a total face value of about $4.4 million. Special Agents of the Service arrested more than 3400 check forgers during the previous fiscal year.

The heavy volume of forged Government checks has made it imperative that the Service accelerate its system of identification of the multiple forger who operates from city to city, and state to state. To meet this challenge the Forgery Section in our Headquarters has developed a system of handwriting classification which can identify the work of the same forger regardless of where he may be operating. This system has been of considerable aid to our field offices. We hope that further development will enable us to keep on a current status with the multiple forger and thus anticipate his next area of operation instead of spending considerable time and money in backtracking his operation.

I have spent this time talking about counterfeiting and the ways in which the Secret Service is meeting its responsibility in this regard, but I want to emphasize that the first and most important mission of the Service is to protect the President, his family and the Vice President. Many of you may wonder why the Secret Service is charged with this responsibility. The reason for this may lie in the fact that, for a great many years, the Secret Service was the only general law enforcement agency of the Government. So, when three Presidents, Lincoln, Garfield and McKinley had been assassinated within the short space of 37 years, Congress decided in 1901 that the Chief Executive should be protected. The Secret Service was given the responsibility, and proudly carries it out today.

It is a formidable responsibility, but one that all agents of the Secret Service accept with a sense of deep satisfaction. Members of the White House Detail, a small compact organization, are always with the President, and they are supplemented on trips of the President by agents of the Service's field offices.

I have given you only a short sketch of the two major tasks of the Secret Service. We believe our activities have contributed most pointedly in carrying out the overall responsibility of the law enforcement officer -- that is, the suppression of illegal acts by individuals which threaten the rights of other individuals, and thus endanger the rights of our society as a whole.

I stress our common cause, because these are times that demand the best in all of us -- times that call for the kind of cooperation that springs from men who understand and appreciate the moral foundations upon which their work is based. Some call this a spirit of dedication.

No one knows the value of such a spirit better than does the law enforcement officer. He needs it now, and will continue to need it in the years to come. It is the kind of spirit that can invigorate your work -- which, though often tedious and sometimes gruelling, is vital in today's world of scientific crime detection and identification.

I am sure that the good citizens of all our countries wish you every success in your endeavors. To those of you visiting our shores for the first time, I extend a most cordial welcome; to those with whom we have worked before, may I say that we look forward to continued cooperation on matters of mutual interest to the Secret Service and to the highly respected law enforcement organizations you represent.

"However, these rights find their practical application in the law, which is, after all, the expression of a code of morals evolved by a human society, and which society expects to be upheld and enforced.

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Such was not the case a hundred years ago. Counterfeit bills then accounted for about one-third of the currency in circulation. The value of the country's legitimate currency was so jeopardized that the Congress created the Secret Service for the express purpose of suppressing the counterfeiters, which it succeeded in doing within a few years.

SECRET SERVICE OUTPACES COUNTERFEITERS

<u>DRAFT</u> 7/11/63

FOR RELEASE: A.M. NEWSPAPERS
MONDAY, JULY 15, 1963

Professional and amateur thieves stole 44,000 Government checks worth $4.4 million last fiscal year. Printers and engravers turned out more than $4 million worth of counterfeit currency in the same period. More than 3,400 forgers, ~~however,~~ ~~and every printer and engraver involved in counterfeiting schemes~~ known and were arrested by the Secret Service. ~~Only~~ ... counterfeit currency was confiscated before ~~one-half million counterfeit~~ dollars of the ~~more than~~ four ... the public. ~~million dollars printed ever reached the public.~~

These figures were revealed by James J. Rowley, Chief of the United States Secret Service, in his address this morning before a meeting of The International Association for Identification, Rochester, New York. Members of the Association include professional experts in scientific crime detection, identification, and investigation.

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Secretary Dillon has expressed his gratification at this further evidence of the close financial cooperation between our two countries.

No. 203

The following is the text of a press release issued in Paris today by the French Ministry of Finance and Economic Affairs:

" Mr. Valery Giscard d'Estaing, Minister of Finance and Economic Affairs, received Mr. Robert V. Roosa, Under Secretary of the U.S. Treasury, this afternoon.

"The Minister informed Mr. Roosa of the decision of the French Government to make a new prepayment during the coming week, on the external debt of France to the United States.

"This prepayment will amount to approximately $160 ~~b~~million and will include in particular the balance remainin due on the second loan ~~paid~~ made to France by the Export-Import Bank in1946, that is, $106.6 ~~b~~million.

"In addition, the Bank of France in the near future will repurchase from the International Bank for Reconstruct and Development the final installments stilldue the institu on the loan granted to the Credit National on May 9, 1947, that is, a sum of $59.1 ~~b~~million.

"The full amount of theloan granted the French by the IBRD will thus have been repurchased.

"The total of these operations amounts to $220 billion

TREASURY DEPARTMENT

WASHINGTON, D.C.

July 12, 1963

IMMEDIATE RELEASE

FRANCE TO PREPAY $160 MILLION ON
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D-909

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FOR RELEASE A. M. NEWSPAPERS,
Tuesday, July 16, 1963.

July 15, 1963

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated April 18, 1963, and the other series to be dated July 18, 1963, which were offered on July 10, were opened at the Federal Reserve Banks on July 15. 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 October 17, 1963		:	182-day Treasury bills maturing January 16, 1964	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.203	3.153%	:	98.318	3.327%
Low	99.183	3.232%	:	98.288	3.386%
Average	99.193	3.192% 1/	:	98.304	3.355% 1/

55 percent of the amount of 91-day bills bid for at the low price was accepted
39 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	$ 50,764,000	$ 40,664,000	:	$ 10,616,000	$ 10,616,[illegible]
New York	1,452,340,000	747,590,000	:	985,353,000	572,053,[illegible]
Philadelphia	32,494,000	17,494,000	:	9,437,000	4,437,[illegible]
Cleveland	39,811,000	39,811,000	:	9,449,000	9,449,[illegible]
Richmond	16,241,000	14,241,000	:	3,655,000	3,655,[illegible]
Atlanta	27,854,000	25,854,000	:	7,775,000	7,775,[illegible]
Chicago	219,285,000	161,285,000	:	113,501,000	59,501,[illegible]
St. Louis	50,781,000	46,781,000	:	9,377,000	8,877,[illegible]
Minneapolis	23,571,000	23,571,000	:	7,410,000	7,410,[illegible]
Kansas City	46,998,000	46,198,000	:	18,361,000	18,361,[illegible]
Dallas	36,447,000	36,447,000	:	11,012,000	11,012,[illegible]
San Francisco	102,168,000	100,168,000	:	86,997,000	86,997,[illegible]
TOTALS	$2,098,754,000	$1,300,104,000 a/		$1,272,943,000	$800,143,[illegible]

a/ Includes $321,045,000 noncompetitive tenders accepted at the average price of 99.[illegible]
b/ Includes $68,076,000 noncompetitive tenders accepted at the average price of 98.[illegible]
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 3.26%, for the 91-day bills, and 3.46%, 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-910

TREASURY DEPARTMENT

WASHINGTON, D.C.

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New York	1,452,340,000	747,590,000	:	985,353,000	572,053,000
Philadelphia	32,494,000	17,494,000	:	9,437,000	4,437,000
Cleveland	39,811,000	39,811,000	:	9,449,000	9,449,000
Richmond	16,241,000	14,241,000	:	3,655,000	3,655,000
Atlanta	27,854,000	25,854,000	:	7,775,000	7,775,000
Chicago	219,285,000	161,285,000	:	113,501,000	59,501,000
St. Louis	50,781,000	46,781,000	:	9,377,000	8,877,000
Minneapolis	23,571,000	23,571,000	:	7,410,000	7,410,000
Kansas City	46,998,000	46,198,000	:	18,36[illegible],000	18,361,000
Dallas	36,447,000	36,447,000	:	11,012,000	11,012,000
San Francisco	102,168,000	100,168,000	:	86,997,000	86,997,000
TOTALS	$2,098,754,000	$1,300,104,000 a/		$1,272,943,000	$800,143,000 b/

ncludes $321,045,000 noncompetitive tenders accepted at the average price of 99.193
ncludes $68,076,000 noncompetitive tenders accepted at the average price of 98.304
n a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 3.26%, for the 91-day bills, and 3.46%, 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.

-910

in the neighborhood of $1 billion. It is contemplated that the monthly one-year bill series might be dated to mature on the last day of each month.

Before proceeding further in its consideration of a monthly auction of one-year bills, the Treasury requests comments from members of the financial community and other interested parties concerning the desirability, the feasibility and the technical market aspects of such a program.

Comments should be submitted within the next thirty days, addressed to:

Mr. Frank E. Morris
Assistant to the Secretary
(Debt Management)
Room 3321
Main Treasury
Washington 25, D. C.

FOR RELEASE 4:00 p.m., Monday, July 15, 1963

TREASURY CONSIDERS MONTHLY AUCTIONS OF ONE-YEAR BILLS

The Treasury Department announced today that it is giving consideration to the establishment of monthly auctions of one-year Treasury bills in the interest of a more orderly scheduling of its short-term debt maturities.

Under such a program, if adopted, the outstanding quarterly series of one-year bills, (which mature on January 1 April 15, July 15, and October 15) would gradually be retired as they were replaced by monthly issues.

The amount of one-year bills to be auctioned monthly would, of course, be substantially smaller than the amounts currently auctioned on a quarterly basis. The monthly auctions, although they might be varied in size to meet both market conditions and Treasury cash needs, would probably be

TREASURY DEPARTMENT

WASHINGTON, D.C.

July 15, 1963

FOR IMMEDIATE RELEASE

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D-911

STATUTORY DEBT LIMITATION

As of June 30, 1963

Washington, July 15, 1963

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 May 29, 1963 (P. L. 88-30 88th Congress) provides that the above limitation shall be temporarily increased (1) during the period beginning May 29, 1963, and ending on June 30, 1963 to $307,000,000,000, (2) during the period beginning on July 1, 1963, and ending on August 31, 1963 to $309,000,000,000.

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			$307,000,000,
Outstanding -			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$47,229,867,000		
Certificates of indebtedness	22,169,068,000		
Treasury notes	52,145,030,000	$121,543,965,000	
Bonds -			
Treasury	81,963,865,350		
* Savings (Current redemption value)	48,313,709,695		
United States Retirement Plan bonds	185,350		
Depositary	103,114,500		
R. E. A. series	26,612,000		
Investment series	3,921,020,000	134,328,506,895	
Certificates of Indebtedness -			
Foreign series	465,000,000		
Foreign Currency series	25,456,750		
Treasury notes -			
Foreign series	183,000,000		
Treasury bonds-			
Foreign Currency series	604,401,081	1,277,857,831	
Special Funds - Treasury Certificates	2,500,000	2,500,000	
Certificates of indebtedness	6,184,942,975		
Treasury notes	4,808,423,000		
Treasury bonds	33,807,535,000	44,800,900,975	
Total interest-bearing		301,953,730,701	
Matured, interest-ceased		307,826,600	
Bearing no interest:			
United States Savings Stamps	53,679,798		
Excess profits tax refund bonds	695,969		
Special notes of the United States:			
Internat'l Monetary Fund series	2,922,000,000		
Internat'l Develop. Ass'n. series	128,956,600		
Inter-American Develop. Bank series	125,000,000	3,230,332,367	
Total		305,491,889,668	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F. H. A. & DC Stad. Bds.	605,489,600		
Matured, interest-ceased	1,120,775	606,610,375	
Grand total outstanding			306,098,500
Balance face amount of obligations issuable under above authority			901,499

Reconcilement with Statement of the Public Debt June 30, 1963
(Date)

(Daily Statement of the United States Treasury, June 28, 1963)
(Date)

Outstanding -	
Total gross public debt	305,859,632
Guaranteed obligations not owned by the Treasury	606,610
Total gross public debt and guaranteed obligations	306,466,243
Deduct - other outstanding public debt obligations not subject to debt limitation	367,743
	306,098,500

D-912

STATUTORY DEBT LIMITATION

As of June 30, 1963 Washington, July 15, 1963

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Certificates of indebtedness	22,169,068,000		
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Bonds -			
Treasury	81,963,865,350		
* Savings (Current redemption value)	48,313,709,695		
United States Retirement Plan bonds	185,350		
Depositary	103,114,500		
R. E. A. series	26,612,000		
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Treasury bonds	33,807,535,000	44,800,900,975	
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Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F. H. A. & DC Stad. Bds.	605,489,600		
Matured, interest-ceased	1,120,775	606,610,375	
Grand total outstanding			306,098,500,043
Balance face amount of obligations issuable under above authority			901,499,957

Reconcilement with Statement of the Public Debt June 30, 1963
(Date)

(Daily Statement of the United States Treasury, June 28, 1963)
(Date)

Outstanding -	
Total gross public debt	305,859,632,996
Guaranteed obligations not owned by the Treasury	606,610,375
Total gross public debt and guaranteed obligations	306,466,243,371
Deduct - other outstanding public debt obligations not subject to debt limitation	367,743,328
	306,098,500,043

D-912

TREASURY DEPARTMENT

WASHINGTON, D.C.

July 16, 1963

FOR IMMEDIATE RELEASE

TREASURY DECISION ON TITANIUM DIOXIDE
UNDER THE ANTIDUMPING ACT

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

The dollar value of imports of the involved merchandise received from Finland during 1962 was approximately $1,500,000.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

July 16, 1963

FOR IMMEDIATE RELEASE

WITHHOLDING OF APPRAISEMENT ON
STEEL REINFORCING BARS

The Treasury Department is instructing customs field officers to withhold appraisement on steel reinforcing bars 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 January 25, 1963, and was filed by the Oregon Steel Mills.

The dollar value of imports received during 1962 was approximately $830,000.

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The dollar value of imports received during 1962 was approximately $830,000.

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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 sa 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 subje 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 interes 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 actual 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, pr scribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or Branch.

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

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $ 200,000 or less for the additional bills dated April 25, 1963, (91 days remaining until maturity date on October 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 July 25, 1963, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 25, 1963. Cash

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, July 17, 1963

TREASURY'S WEEKLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders for two seri of Treasury bills to the aggregate amount of $ 2,100,000,000 , or thereabouts, fo cash and in exchange for Treasury bills maturing July 25, 1963 , in the amou of $ 2,100,500,000, as follows:

91 -day bills (to maturity date) to be issued July 25, 1963 , in the amount of $1,300,000,000 , or thereabouts, representing an additional amount of bills dated April 25, 1963 , and to mature October 24, 1963 , originally issued in the amount of $ 801,100,000 , the additional and original bills to be freely interchangeable.

182 -day bills, for $ 800,000,000 , or thereabouts, to be dated July 25, 1963 , and to mature January 23, 1964 .

The bills of both series will be issued on a discount basis under competitiv and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only and in denominations of $1,000, $5,000, $10,000, $50,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Daylight Saving ~~Standard~~ time, Monday, July 22, 1963. Tenders will not be received at the Treasury Department, Washington. Each tende must be for an even multiple of $1,000, and in the case of competitive tenders t price offered must be expressed on the basis of 100, with not more than three

D-913

TREASURY DEPARTMENT

WASHINGTON, D.C.

July 17, 1963

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 July 25, 1963, in the amount of $2,100,500,000, as follows:

91-day bills (to maturity date) to be issued July 25, 1963, in the amount of $ 1,300,000,000, or thereabouts, representing an additional amount of bills dated April 25, 1963, and to mature October 24,1963, originally issued in the amount of $801,100,000, the additional and original bills to be freely interchangeable.

182-day bills, for $800,000,000, or thereabouts, to be dated July 25, 1963, and to mature January 23, 1964.

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 fortrust company.

D-913

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Departmment of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $ 200,000or less for the additional bills dated April 25, 1963, (91-days remaining until maturity date on October 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 July 25, 1963, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 25,1963. 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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of the close cooperation which has existed between our two countries for so many years."

DRAFT July 12, 1963

Treasury Department

Washington, D. C.
July 18, 1963

For immediate release at 3 A.M. P.M. EDC
July 18, 1963

THE NETHERLANDS PREPAYS $70 MILLION OF ITS
POSTWAR DEBT TO THE UNITED STATES

The Government of the Netherlands is prepaying $70 million of its postwar debt to the United States.

Minister of Finance Zijlstra has notified Secretary Dillon of his Government's intention to repay in its entirety the remaining balance of $21.1 million of a $50 million 1945 Export-Import Bank credit, and also to repay $48.9 million of the remaining balance from the $129.5 million "Marshall Plan" loan of 1948--a total prepayment of $70 million.

This action of the Netherlands Government is in addition to the prepayment of other credits totaling $39.4 million which it made in 1961.

In responding to this action by the Netherlands Governmen Secretary Dillon said: "The ability of your Government to mak these advance payments, together with the more than $39 millio in similar payments in 1961, is eloquent testimony to the present strength of the Dutch economy. I am pleased that these loans helped to contribute to that strength.

"The Government of the United States is most appreciative of this action by the Netherlands Government as further evider

D- 914

TREASURY DEPARTMENT

WASHINGTON, D.C.

July 18, 1963

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"The Government of the United States is most appreciative of this action by the Netherlands Government as further evidence of the close cooperation which has existed between our two countries for so many years."

oOo

D-914

For Release On Delivery

TREASURY DEPARTMENT
Washington

REMARKS BY THE HONORABLE JOSEPH W. BARR
BEFORE THE 1963 CONVENTION OF THE
NATIONAL ASSOCIATION OF LIFE COMPANIES
AT THE SHERATON PARK HOTEL
WASHINGTON, D. C., 12:30 P.M., EDT
THURSDAY, JULY 18, 1963

THE TAX PROGRAM AND THE BALANCE OF PAYMENTS

My subject today is the balance of payments. It is a very topical one, for President Kennedy has just sent a message to Congress on the same subject. Before I discuss that message, however, I'd like to take a closer look at the problem.

You are, I am sure, all familiar with our recent domestic economic experience. We've had two recessions in the past six years. We've had four Federal budget deficits in the last five years, totalling almost $25 billion. During that time, at least five out of every hundred Americans willing and able to work have been unable to find work, and today more than four and a half million Americans are jobless. We've had a total output -- as measured by our Gross National Product -- far below potential, and today that gap is something like $35 or $40 billion.

All that adds up to an immediate, imperative need for a broad program of tax reduction along the lines President Kennedy has recommended. What many people fail to realize is that our international economic goals place an equally urgent label on the tax program.

Our international economic problem is simple to describe. Our total payments to foreigners are greater than our total receipts from them. This has been the case in every year since 1950 except for 1957. In 1960 the deficit was $3.9 billion. This was reduced to $2.4 billion in 1961 and to $2.2 billion last year.

Traditionally, of course, the United States, as the major industrial nation of the world, has always had a commanding position in world trade. The fact that our exports always outstripped our imports gave us a comfortable trade surplus year after year. But now we are carrying heavy responsibilities of defense and foreign aid, our people are spending large amounts on travel overseas, our firms are buying and building plants abroad and foreigners are borrowing large sums in our capital market. We still have a comfortable trade suplus, but it isn't big enough to offset these other outlays.

The only part of our defense and foreign aid spending that affects our balance of payments is, of course, the amount spent overseas -- and we are steadily reducing that figure. Eighty percent of the new commitments the agency for International Development made in the year ending last June 30 was for U. S. goods and services. Foreign aid expenditures overseas were a little over $1 billion in 1962 but we expect to have the rate down to $500 million a year by the end of next year. The Defense Department expects to be able to cut military expenditures overseas about 10 percent without adversely affecting our military commitments. Even more significantly, Defense has arranged for substantial purchases of military equipment in the U. S. by some of our allies.

One of the most important areas of all in our balance of payments is the area of capital flows -- both long-term and short-term. Its importance is well illustrated by the fact that the net outflows of U. S. private investment -- short-term and long-term -- were more than $3 billion in 1962, more than our balance of payments deficit.

The short-term flow has been a nagging problem. Short-term outflows plus unrecorded transactions which are probably largely short-term capital ran about $1.6 billion last year, and apparently have also been high in recent months. That, of course, is why the Federal Reserve Board raised the discount rate, and I expect that this will firm up the short-term rates and improve this area of our balance of payments significantly.

I'd like to point out in passing that the large flow of liquid savings should largely insulate the higher short-term rates from the long-term markets, and so there is no reason to see in this move any threat to the present recovery. I think, however, that higher short-term rates serve to emphasize the urgency of our need for tax action.

There has also been a problem in the long-term area. Direct investment -- in factories and business enterprises controlled from the United States -- has been levelling off, but portfolio investment -- in securities and loans -- has been rising sharply, from $850 million in 1960 to $1.2 billion in 1962, and this year is running at an annual rate of well over $1.5 billion. Clearly some action is called for.

We are against capital controls, because they are contrary to our basic principles of free markets. The problem is how to stem the flow of long-term capital from the United States which results from foreign borrowing here, without violating these basic principles and without a substantial rise in the long-term rate structure which would throw our economy into reverse. Many European capital markets are burdened by restrictions. Others lack the efficient flexibility and free market interplay of competition available here.

The only feasible solution is the one President Kennedy recommended to Congress today as the newest measure in his balance of payments program -- imposing a temporary "interest equalization tax" on purchases by Americans from foreign issuers or owners of new or outstanding foreign securities.

This tax will have roughly the same effect as increasing the interest rate by one percent. The tax which the President is calling upon Congress to enact would run from 2.75 to 15 percent -- depending upon remaining maturity -- with a 15 percent rate on equity stock. It would remain in effect through 1965.

The tax would not apply to direct investment or to securities or loans of shorter than three-year maturity. It will not apply to commercial bank loans, or to purchases of securities of underdeveloped countries or companies operating chiefly in such countries. The tax will, however, help to bring effective interest rates in the United States closer into line with those abroad, without interfering with export credit or with the need to foster more rapid development of the free world.

Foreign securities already owned by Americans would not be subject to the tax, nor would securities purchased by foreigners. Dealers or underwriters would not be taxed on stock or securities resold to foreigners as part of new issues, but all Americans who buy new or outstanding securities from foreign owners or issuers would. To avoid unfair burdens on nearly completed transactions, the tax would exempt offerings for which active registration statements are now on file with the Securities and Exchange Commission. In addition, purchase commitments already made would not be affected.

Thus, without resort to limitations on the amount of foreign issues, and without Government screening of borrowers, price alone will be used to reduce the capital outflow from long-term loans, stocks, and bonds -- both publicly marketed and privately placed, both new and outstanding.

The President naturally asked that such a tax be effective today, and he has been assured by the Ways and Means Committee that it will act promptly on the matter -- after it has reported out the overall tax bill.

This was not all of President Kennedy's message. He announced a number of other measures, among them moves which will over the next 18 months reduce the balance of payments impact of government expenditures abroad by about $1 billion annually -- over $500 million in the military area, $300 million in the foreign aid program, and $100 million in programs of other areas of government. The interest equalization tax and the increase in the discount rate should save at least again that much in the capital account. Gains of this amount -- about $2 billion a year -- should give us the time we need to improve our basic competitive position and attract more foreign investment to the United States.

The President made it very clear that he did not consider the measures he has already taken -- including those contained in the message -- a complete solution to our balance of payments problem. He frankly indicated that these were interim measures, intended to prevent excessive deficits while our long-term measures take hold.

And chief among the long-term measures, as he indicated, is his program of tax reduction and reform. This issue shares with civil rights the top priority on his legislative program.

And that is the crux of all Administration economic policy -- that the twin goals of international payments balance and domestic prosperity and full employment are compatible, and can be vigorously pursued simultaneously. There is no need -- and the Administration has no intention -- of sacrificing one area in order to make gains in the other.

Nowhere is this close relationship between our domestic and international economic goals more clearly demonstrated than in the compelling reasons underlying the President's tax program. I do not have to enlarge upon the domestic need for this program. But I will spell out some of the implications the tax program has for our balance of payments.

There are a number of long-term factors working in our favor to reduce and eventually eliminate our payments deficit, but they need time and initiative from us if they are to be successful.

One is the pattern of rising domestic investment, under the stimulus of last year's two investment tax incentives -- depreciation reform and the investment credit. This tax reduction for American business of almost $2.5 billion a year would be matched by an equal amount of annual tax reduction in the proposed corporate rate reduction President Kennedy included in his program. The additional impact of the individual tax reduction, which would be much larger, would also act as a spur to investment as rising demand and falling tax rates gave greater hope of profits.

Thus while the tax program is raising output and producing jobs, it will also be sharpening the cutting edge of American productivity -- a vital factor in successful competition against foreign producers both at home and abroad.

The Trade Expansion Act of 1962 will not be successful unless American exports can compete favorably against foreign products. Only an American economy operating with high efficiency -- near full employment -- can offer the maximum competitive challenge in world trade.

And this brings up a vital point in the whole matter of exports, and the need to expand our trade surplus. Government is doing everything it can -- now the task is up to American business. Unless corporations, big and little, exporters and non-exporters, explore export opportunities with all the vigor, boldness and know-how they can command, we will not be able to solve our balance of payments problem as quickly as we should. At present the United States exports only about four percent of total output -- the lowest proportion of any industrial nation in the world. Certainly this nation's producers can improve that record.

A full employment economy, of course, will demonstrate clearer than anything else can that investment is a two-way street. Once we get our economy onto a new and higher level of activity, with a steeper rate of climb, U. S. investors will be less likely to send their funds abroad and foreign investment funds will be far more likely to flow into the United States. This will help to reverse the present investment trend, and will go far toward reducing and eliminating the payments deficit.

This competitive export attitude should not be confined to goods and services. It is equally important in attracting foreign tourists, or in marketing American private securities abroad. American private firms, for instance, sell only about one-tenth as many securities to foreigners as foreigners sell to Americans -- and that fraction has been dwindling. This year, for instance, sales of such securities to foreigners are running at an annual rate of less than $150 million. Restrictions imposed by foreign governments are partly to blame and the U. S. Government has been urging their removal. But more aggressive efforts by American firms to sell U. S. securities abroad would pay off, not only for the companies, but also for the nation.

I am confident that eventually the rising and sustained prosperity resulting from the tax cut will reduce the net outflow of U. S. private capital. Eventually, I am sure, European capital markets will be strengthened, made more flexible, more competitive, less burdened by restrictions, so that savings which now take the form of balance of payments surpluses will be used to finance domestic investment, reducing the need to borrow in the U. S. Foreigners will also be able to use those markets to a greater extent. Eventually, I am sure, we can also expand our share of world export markets. In all these ways we can reduce our balance of payments deficit.

The tax program actually embodies our basic economic program -- to reduce and eliminate the payments deficit while we move toward a higher level of economic activity at home.

The economic course the Administration has charted for the nation is one of international economic stability through domestic prosperity and full employment. It is not a simple goal, and the path will not be completely smooth. The essential thing to remember is that we have no time to waste.

That is why the tax program -- reducing corporate and individual taxes to free investment and consumer funds -- is so essential to our national well-being. It is an imperative -- and urgent -- national need. I urge you to support it wholeheartedly.

Definition	1962 actual	1963 January budget	1963 Actual	1963 Cha fr bud
Expenditures by major agency - Cont.				
Civilian agencies - Cont.				
Housing and Home Finance Agency	$739	$1,088	$400	-$
United States Information Agency	148	161	155	
Veterans Administration	5,392	5,532	5,173	-
Other Independent Agencies	688	670	527	-
District of Columbia	72	83	66	
Subtotal, civilian agencies	36,150	39,564	37,834	-1,
Allowance for contingencies	-	75	-	
Subtotal	88,419	94,957	93,103	-1,
Deduct interfund transactions	633	646	513	-
Total expenditures	87,787	94,311	92,590	-1,
Administrative budget surplus (+) or deficit (-).	-6,378	-8,811	-6,233	+2,

FEDERAL RECEIPTS FROM AND PAYMENTS TO THE PUBLIC

(Fiscal years. In millions)

Federal receipts from the public:				
Administrative budget receipts (net)	$81,409	$85,500	$86,357	+$
Trust and other receipts (net)	24,325	26,863	27,735	+
Intragovernmental and other non-cash transactions	-3,847	-3,932	-4,329	-
Total Federal receipts from the public	101,887	108,431	109,762	+1,
Federal payments to the public:				
Administrative budget expenditures (net)	87,787	94,311	92,590	-1,
Trust fund and other expenditures (net)	25,175	27,275	26,583	-
Intragovernmental and other non-cash transactions	-5,279	-4,812	-5,285	-
Total Federal payments to the public	107,683	116,774	113,888	-2,
Excess of cash receipts from or payments to (-) the public	-5,796	-8,343	-4,125	+4,

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

July 18, 1963

Attach

ADMINISTRATIVE BUDGET RECEIPTS AND EXPENDITURES

(Fiscal years. In millions)

Definition	1962 actual	1963 January budget	1963 Actual
Receipts by source			
Individual income taxes	$45,571	$47,300	$47,596
Corporation income taxes	20,523	21,200	21,567
Excise taxes	9,585	9,900	9,914
Miscellaneous receipts	3,204	4,408	4,423
All other receipts	3,158	3,338	3,371
Subtotal	82,043	86,146	86,870
Deduct interfund transactions	633	646	513
Net receipts	81,409	85,500	86,357
Expenditures by major agency			
Military and Space Agencies:			
Department of Defense: Military functions	46,815	48,300	48,249
Foreign Assistance, Military	1,390	1,750	1,711
Atomic Energy Commission	2,806	2,870	2,758
National Aeronautics and Space Administration	1,257	2,400	2,552
Subtotal	52,268	55,320	55,270
Civilian agencies:			
Legislative Branch and The Judiciary	210	224	209
Executive Office of the President	29	25	23
Funds Appropriated to the President:			
Foreign Assistance - economic	1,836	2,100	2,034
International financial institutions and Peace Corps	183	169	163
Public Works Acceleration		300	62
Other	33	40	-21
Agriculture:			
CCC, and Special Export Program	4,230	4,738	5,163
Other	2,439	2,756	2,600
Commerce	594	745	667
Defense - Civil	999	1,106	1,128
Health, Education, and Welfare	4,215	5,048	4,904
Interior	908	1,054	1,028
Justice	294	317	317
Labor	620	239	253
Post Office	797	802	755
State	307	457	405
Treasury:			
Interest on the public debt	9,120	9,700	9,891
Other	1,053	1,111	1,133
Export-Import Bank of Washington	101	-224	-392
Federal Aviation Agency	698	791	726
General Services Administration	445	532	465

miscellaneous receipts. The latter increase was primarily because of repayments by the States of loans made to them for the temporary extende unemployment compensation program and larger repayments of foreign loans than in the preceding year.

<u>Consolidated cash statement</u>.--Federal payments to the public rose by $6.2 billion from fiscal year 1962 to 1963. This increase, apart ~~in addition to~~ the rise of $4.8 billion in administrative budget expenditures, is due mainly to higher trust fund expenditures. These expenditures increased in total by $1.4 billion, with the largest rise reflecting normal growth in social security outlays and the largest reduction occurring in the Federal National Mortgage Association secondary market trust fund.

Federal receipts from the public increased $7.9 billion between fis 1962 and 1963. About $4.9 billion of this increase was accounted for by higher administrative budget receipts. The remainder reflects mainly an increase of $3.4 billion in total trust fund receipts--primarily the social security trust funds.

On balance, other trust fund expenditures increased by $279 million.

~~These and other decreases were only partially offset by an increase of~~ $550 million in the net expenditures of Government-sponsored enterprises, notably the Federal home loan banks, and an increase of $237 million in expenditures from the foreign assistance trust funds.

COMPARISON OF BUDGET RESULTS FOR 1963 WITH 1962

Administrative budget.--Expenditures during fiscal 1963 were $4.8 billion higher than during 1962. Of this increase, $3.8 billion, or close to 80 percent, was for military and space agencies and for interest on the public debt. An additional $1.1 billion of the increase was for the Department of Agriculture, mainly the Commodity Credit Corporation (including the Special Export Program). All other expenditures, net, decreased slightly. The major expenditure decreases resulted from (1) increased sales of assets by the Housing and Home Finance Agency and the Veterans Administration, (2) reductions in Export-Import Bank loan operations, and (3) the ~~termination~~ expiration in 1962 of legislation authorizing ~~the program for~~ temporary extended unemployment compensation, resulting in a substantial decline in expenditures of the Department of Labor. Expenditure decreases were partly offset by increases in other programs, chiefly for health, education, and welfare activities; for natural resource programs of the Corps of Engineers and the Department of the Interior; and for foreign economic assistance

Administrative budget receipts increased ~~$4.9~~ 5 billion between fiscal year 1962 and 1963. All categories of taxes were up over their 1962 level but the major increases were $2.0 billion of individual income tax collections, $1.0 billion of corporation income taxes, and $1.2 billion of

Individual income tax collections accounted for $296 million of the total $857 million increase in administrative budget receipts over the January estimates. Corporate income tax collections accounted for another $367 million of the increase, reflecting a higher level of taxable corporate profits for the calendar year 1962 than had been estimated in January. Most of the remaining increase in administrative budget receipts was due to higher collections of estate and gift taxes and excises. These increases were slightly offset by lower than anticipated collections of customs duties. 2

Consolidated cash statement.--The $4.1 billion reduction in the cash deficit from the January estimate is $1.6 billion greater than the decline in the administrative budget deficit. This difference is primarily accounted for by developments since January in the transactions of Federal trust funds (including Government sponsored enterprises); receipts were up by $872 million over the January estimate while expenditures were down by $692 million.

Receipts of most trust funds were higher than earlier anticipated; the largest increases occurred in the foreign assistance trust funds used mainly to account for military assistance sales transactions (up $381 million) and in the unemployment trust fund (up $214 million).

The change in total trust fund expenditures from the January estimate is made up of a number of sizable increases and decreases. The largest decrease in net expenditures occurred in the Federal National Mortgage Association secondary market trust fund (down $971 million) reflecting increased sales of mortgages, ~~and in deposit funds (down $503 million)~~

271 additional expenditure reductions involving almost all Federal agen[cies] totaled $0.9 billion;

were increased by ~~$.8~~ $0.8 billion; second, ~~most other Federal agencies reduced expenditures, by amounts which totaled $.9 billion~~; and third, Federal tax collections, as noted earlier, were ~~$.9~~ $0.9 billion higher than anticipated.

Sales of Government held financial assets by the Veterans Administration, the Export-Import Bank, and the Housing and Home Finance Agency were increased by $0.8 billion over the amounts estimated in January. In line with the recommendations of the Report to the President of the Federal Credit Programs Committee last February, the Administration has intensified its program of substituting private for public credit. This effort has been significantly aided during recent months by the plentiful availability of private funds seeking investment.

Most other agencies had lower ~~also reduced their~~ expenditures than were estimated ~~below the~~ earlier. ~~estimates.~~ The largest reductions consisted of (1) $436 million for housing activities other than those involving increased sales of assets; (2) $238 million for the accelerated public works program; (3) $144 billion for the Department of Health, Education, and Welfare (mainly public assistance grants); and (4) $112 million for the Atomic Energy Commission. Other numerous smaller reductions occurred, which, in total, amounted to several hundred million dollars (see table attached). The reductions were partly offset ~~to a small extent~~ by higher than anticipated expenditures for the Department of Agriculture, up $269 million, primarily for the Commodity Credit Corporation (including the special export programs); interest on the public debt, up $191 million; and the National Aeronautics and Space Administration, up $152 million.

In terms of the national income accounts--which includes only those transactions directly affecting current production and incomes, and measures receipts and expenditures on an accrual rather than a cash basi rough preliminary estimates indicate expenditures of $113 billion, recei of $109 billion, and a fiscal year 1963 deficit of $4 billion, slightly under the January estimate. (These estimates are preliminary and are subject to change when the official Department of Commerce figures are available.)

The following table shows the results for fiscal year 1963 as compared with the estimates made last January in the budget document, the results for 1962, and the changes from the January estimates.

FEDERAL FINANCES
(Fiscal years. In billions)

Description	1962 actual	1963 January estimate	1963 Actual	Change : Janua estim
Administrative budget:				
Budget receipts.............	$81.4	$85.5	$86.4	+$0.
Budget expenditures..........	87.7 8	94.3	92.6	-1. -2
Budget deficit (-)........	-6.3 4	-8.8	-6.2	+2.
Consolidated cash statement:				
Receipts from the public....	101.9	108.4	109.8	+1.
Payments to the public......	107.7	116.8	113.9	-2. -4
Excess of payments (-).....	-5.8	-8.3	-4.1	+4.

COMPARISON OF RECENT RESULTS WITH JANUARY ESTIMATES

Administrative budget.--Three major sets of factors accounted for $2.6 billion reduction in the administrative budget deficit below the January ~~budget~~ estimates; first, sales of Government-owned financial a

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RELEASE A.M. NEWSPAPERS
(DATE)

JOINT STATEMENT OF DOUGLAS DILLON, SECRETARY OF THE TREASURY, AND KERMIT GORDON, DIRECTOR OF THE BUREAU OF THE BUDGET, ON BUDGET RESULTS F~~Y~~ FISCAL YEAR 1963

The Treasury monthly statement of receipts and expenditures for June ~~,~~ to be ~~released~~ available tomorrow ~~,~~ shows fiscal year 1963 consolidated cash payments of $113.9 billion, $2.9 billion lower than estimated in the January budget. Receipts were $109.8 billion, $1.3 billion higher than the January estimate. As a result, the fiscal 1963 cash deficit was $4.1 billion, just half the amount of the earlier estimate, and $1.7 billion lower than last year's deficit.

Expenditure reductions were widespread, reflecting greater success than expected in efforts to substitute private for public credit wherever possible, economies in operations, and program ~~developments~~ changes. The increased tax collections resulted from a number of factors, including the higher level of economic activity in recent months. ~~Clearly~~, However, despite encouraging recent gains the economy ~~is~~ has still not ~~performing as well as we would wish~~ reached a full prosperity level, and this has had a direct impact on the budget results. Had calendar 1962 been a year of full employment, the fiscal year 1963 budget would have been in surplus.

On an administrative budget basis--which excludes the transactions of Federal trust funds--the fiscal 1963 deficit was $6.2 billion, $2.6 billion below the amount that had been anticipated in January, and $0.~~8~~2 billion less than the fiscal year deficit ~~a year ago~~. Expenditures during the fiscal year 1963 were $92.6 billion, $1.7 billion below the January estimate. Administrative budget receipts totaled $86.4 billion, $0.9 billion higher than anticipated.

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In terms of the national income accounts -- which include only those transactions directly affecting current production and incomes, and measures receipts and expenditures on an accrual rather than a cash basis -- rough preliminary estimates indicate expenditures of $113 billion, receipts of $109 billion, and a fiscal year 1963 deficit of $4 billion, slightly under the January estimate. (These estimates are preliminary and are subject to change when the official Department of Commerce figures are available.)

The following table shows the results for fiscal year 1963 as compared with the estimates made last January in the budget document, the results for 1962, and the changes from the January estimates.

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(Fiscal years. In billions)

Description	1962 Actual	1963 January Estimate	1963 Actual	Change f Januar Estimat
Administrative budget:				
Budget expenditures.......	$87.8	$94.3	$92.6	$ -1.7
Budget receipts...........	81.4	85.5	86.4	+0.9
Budget deficit	6.4	8.8	6.2	-2.6
Consolidated cash statement:				
Payments to the public....	107.7	116.8	113.9	-2.9
Receipts from the public..	101.9	108.4	109.8	+1.3
Excess of payments......	5.8	8.3	4.1	-4.2

COMPARISON OF BUDGET RESULTS WITH JANUARY ESTIMATES

Administrative budget.--Three major sets of factors accounted fc the $2.6 billion reduction in the administrative budget deficit below the January estimates; first, sales of Government-owned financial assets were increased by $0.8 billion; second, additional expenditure reductions, involving almost all Federal agencies, totaled $0.9 billion; and third, Federal tax collections, as noted earlier, were $0.9 billion higher than anticipated.

Sales of Government held financial assets by the Veterans Administration, the Export-Import Bank, and the Housing and Home Finance Agency were increased by $0.8 billion over the amounts estimated in January. In line with the recommendations of the Repor to the President of the Federal Credit Programs Committee last February, the Administration has intensified its program of substituting private for public credit. This effort, has been significantly aided during recent months by the plentiful availabili of private funds seeking investment.

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Individual income tax collections accounted for $296 million of the total $857 million increase in administrative budget receipts over the January estimates. Corporate income tax collections accounted for another $367 million of the increase, reflecting a higher level of taxable corporate profits for the calendar year 1962 than had been estimated in January. Most of the remaining increase in administrative budget receipts was due to higher collections of estate and gift taxes and excises. These increases were slightly offset by lower than anticipated collections of customs duties.

Consolidated cash statement.--The $4.2 billion reduction in the cash deficit from the January estimate is $1.6 billion greater than the decline in the administrative budget deficit. This difference is primarily accounted for by developments since January in the transactions of Federal trust funds (including Government sponsored enterprises); receipts were up by $872 million over the January estimate while expenditures were down by $692 million.

Receipts of most trust funds were higher than earlier anticipated; the largest increases occurred in the foreign assistance trust funds used mainly to account for military assistance sales transactions (up $381 million) and in the unemployment trust fund (up $214 million).

The change in total trust fund expenditures from the January estimate is made up of a number of sizable increases and decreases. The largest decrease in net expenditures occurred in the Federal National Mortgage Association secondary market trust fund (down $971 million) reflecting increased sales of mortgages. On balance, other trust fund expenditures increased by $279 million.

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Attachment

ADMINISTRATIVE BUDGET RECEIPTS AND EXPENDITURES

(Fiscal years. In millions)

Description	1962 actual	1963 January budget	1963 Actual	1963 Change from budget
Receipts by source				
Individual income taxes	$45,571	$47,300	$47,596	+$296
Corporation income taxes	20,523	21,200	21,567	+367
Excise taxes	9,585	9,900	9,914	+14
Miscellaneous receipts	3,204	4,408	4,423	+15
All other receipts	3,158	3,338	3,371	+33
Subtotal	82,043	86,146	86,870	+724
Deduct interfund transactions	633	646	513	-133
Net receipts	81,409	85,500	86,357	+857
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Interior	908	1,054	1,028	-26
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Labor	620	239	253	+14
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Other	1,053	1,111	1,133	+22
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General Services Administration	445	532	465	-67

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Total Federal payments to the public	107,683	116,774	113,888	-2,8
Excess of cash receipts from or payments to (-) the public	-5,796	-8,343	-4,125	+4,2

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

July 18, 1963

Effective with this preliminary statement as of June 30, 1963, certain changes have been made to conform to the concepts and classifications in the 1964 Budget Document. The major changes consist of: (1) the inclusion of trust fund receipts and expenditures in the summary tables on page 1, and (2) new tables summarizing Federal Government cash transactions with the public (Table XII), and showing major intragovernmental and non-cash transactions eliminated from receipts and expenditures with the public (Table XIII).

United States Treasury Department
Fiscal Service
Bureau of Accounts

Preliminary[1] Statement of Receipts and Expenditures of the United States Government

for the period from July 1, 1962 through June 30, 1963

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

TABLE I--SUMMARY

(In millions)

Fiscal Year	Administrative Budget Funds			Trust Funds			Public Debt (end of period)[4]	Balance in account of Treasurer (end of period)
	Net receipts[2]	Net expenditures[2]	Surplus (+) or deficit (-)	Net receipts[3]	Net expenditures[3]	Excess of receipts or expenditures(-)		
Estimated 1964*	$86,900	$98,802	-$11,903	$29,540	$28,382	+$1,158	$315,604	$6,200
Estimated 1963*	85,500	94,311	-8,811	26,863	27,275	-412	307,000	6,200
Actual fiscal year 1963 (twelve months)	86,357	92,590	-6,233	27,735	26,583	+1,151	305,860	12,116
Actual fiscal year 1962	81,409	87,787	-6,378	24,325	25,201	-876	298,201	10,430
Actual fiscal year 1961	77,659	81,515	-3,856	23,807	23,239	+568	288,971	6,694
Actual fiscal year 1960	77,763	76,539	+1,224	21,442	21,799	-357	286,331	8,005

TABLE II--SUMMARY OF ADMINISTRATIVE BUDGET AND TRUST FUND RECEIPTS AND EXPENDITURES FISCAL YEAR 1963

Classification	Administrative Budget Funds		Trust Funds	
	Fiscal Year 1963 to date	Fiscal Year 1963 estimates	Fiscal Year 1963 to date	Fiscal Year 1963 estimates
RECEIPTS				
Internal Revenue	$105,917,424,586	$104,966,000,000	....	....
Transfers to trust funds	-18,409,556,786	-18,292,000,000	$18,409,556,786	$18,292,000,000
Reimbursement from trust funds for refunds of taxes	268,841,469	275,000,000	-268,841,469	-275,000,000
Refunds of receipts	-6,535,249,130	-6,489,000,000	....	....
Subtotal--Net Internal Revenue	81,241,460,138	80,460,000,000	18,140,715,317	18,017,000,000
Customs	1,240,537,892	1,307,000,000	....	....
Refunds of receipts	-35,087,826	29,000,000	....	....
Subtotal--Customs	1,205,450,066	1,278,000,000	....	....
All other	4,424,207,872	4,410,000,000	10,098,710,653	9,337,000,000
Refunds of receipts	-700,986	2,000,000	....	....
Subtotal--All other	4,423,506,885	4,408,000,000	10,098,710,653	9,337,000,000
Interfund transactions	[2] -513,396,839	[2] -646,000,000	[3] -504,847,205	[3] -491,000,000
Net receipts	86,357,020,251	85,500,000,000	27,734,578,765	26,863,000,000
EXPENDITURES				
Legislative Branch	147,200,335	158,217,000	1,720,689	1,440,000
The Judiciary	61,546,145	65,213,000	415,862	410,000
Executive Office of the President	23,096,330	24,713,000	....	....
Funds appropriated to the President:				
Foreign assistance--military	1,711,356,122	1,750,000,000	....	....
Foreign assistance--economic	2,033,582,097	2,100,000,000	674,174,364	437,421,000
Other	203,461,307	508,733,000	70,068	63,000
Agriculture Department	7,762,835,911	7,493,496,000	94,337,803	45,121,000
Commerce Department	666,827,861	744,824,000	3,042,956,228	3,023,029,000
Defense Department:				
Military functions	48,249,117,315	48,300,000,000	5,164,852	4,742,000
Civil functions	1,128,053,569	1,105,664,000	29,171,438	33,347,000
Health, Education, and Welfare Department	4,903,635,970	5,047,540,000	15,789,478,252	15,765,445,000
Interior Department	1,028,179,716	1,054,000,000	78,550,708	76,269,000
Justice Department	316,706,051	316,805,000	31,744,850	33,404,000
Labor Department	252,839,586	238,715,000	3,815,795,390	3,750,205,000
Post Office Department	[5] 755,426,770	802,461,000	....	....
State Department	404,549,479	456,620,000	7,261,447	7,367,000
Treasury Department:				
Interest on the public debt	9,891,228,108	9,700,000,000	....	....
Other	1,132,539,290	1,111,464,000	22,674,522	22,705,000
Atomic Energy Commission	2,758,196,966	2,870,000,000	25,392	....
Federal Aviation Agency	726,349,252	790,915,000	19,168	52,000
General Services Administration	465,191,467	532,246,000	2,151,684	2,485,000
Housing and Home Finance Agency	399,781,471	1,088,396,000	-720,621,211	250,000,000
National Aeronautics and Space Adm.	2,552,035,238	2,400,000,000	8	....
Veterans Administration	5,173,193,640	5,532,182,000	830,732,862	871,492,000
Other independent agencies	290,666,062	606,731,000	2,240,561,746	2,290,088,000
District of Columbia	65,564,800	82,758,000	336,506,306	388,161,000
Deposit funds	....	....	119,925,878	627,719,000
Government-sponsored enterprises	....	....	685,308,500	135,000,000
Allowances, undistributed	....	75,000,000	....	....
Interfund transactions	[2] -513,396,839	[2] -646,000,000	[3] -504,847,205	[3] -491,000,000
Net expenditures	92,589,764,029	94,310,693,000	26,583,279,609	27,274,965,000
Administrative budget surplus or deficit (-)	-6,232,743,778	-8,810,693,000		
Excess of trust receipts or expenditures (-)			1,151,299,155	-411,965,000

See footnotes on page 10

Classification RECEIPTS	This month	Corresponding month last year	Fiscal Year 1963 to date	Corresponding period fiscal year 196
Internal Revenue:				
Individual income taxes:				
Withheld[6]	[7] $3,267,006,745	$3,024,143,518	[7] $38,713,567,191	$36,246,108
Other[6]	[7] 2,032,196,033	1,985,427,992	14,268,300,994	14,403,484
Total individual income taxes	5,299,202,778	5,009,571,510	52,981,868,186	50,649,593
Corporation income taxes	5,511,461,232	5,377,063,396	22,336,132,858	21,295,711
Excise taxes	1,171,024,395	1,126,424,437	13,410,259,239	12,752,175
Employment taxes:				
Federal Insurance Contributions Act and Self-Employment Contributions Act[6]	[7] 1,288,099,155	1,001,291,484	[7] 13,484,378,627	11,686,231
Railroad Retirement Tax Act	49,405,840	50,870,165	571,806,059	564,311
Federal Unemployment Tax Act	2,304,529	1,472,869	948,464,210	457,628
Total employment taxes	1,339,809,525	1,053,634,519	15,004,648,897	12,708,171
Estate and gift taxes	185,709,174	165,706,709	2,184,515,405	2,035,187
Total internal revenue	13,507,207,106	12,732,400,573	105,917,424,586	99,440,839
Customs	95,366,834	99,725,832	1,240,537,892	1,171,205
Miscellaneous receipts:				
Interest	93,773,459	276,890,015	757,345,510	876,595
Dividends and other earnings	74,317,256	70,360,119	859,655,135	743,312
Realization upon loans and investments	-1,850,641	7,215,303	1,080,972,519	371,112
Recoveries and refunds	64,284,143	18,137,061	201,935,205	153,517
Royalties	9,458,846	58,113,435	70,156,530	121,131
Sales of Government property and products	86,554,496	46,694,274	685,890,958	605,181
Seigniorage	4,292,045	3,542,789	44,896,025	57,543
Other	43,719,541	32,970,407	723,355,987	277,133
Total miscellaneous receipts	374,549,148	513,923,407	4,424,207,872	3,205,528
Subtotal gross receipts	13,977,123,088	13,346,049,812	111,582,170,351	103,817,573
Deduct:				
Refunds of receipts:[8]				
Internal revenue:				
Applicable to budget accounts:				
Individual income taxes	204,682,016	163,019,224	5,386,289,275	5,078,503
Corporation income taxes	72,000,000	57,409,361	768,748,126	773,053
Excise taxes	10,000,000	8,346,806	91,301,762	86,742
Estate and gift taxes	1,400,000	1,305,418	19,959,321	18,816
Applicable to trust accounts:				
Federal old-age and survivors insurance trust fund	....	....	127,850,000	129,760
Federal disability insurance trust fund	....	....	11,575,000	11,907
Highway trust fund	....	....	126,319,308	131,302
Railroad retirement account	2,145	24,327	109,174	46
Unemployment trust fund	418,977	550,812	3,097,161	4,991
Subtotal net internal revenue refunds	288,503,138	230,655,953	6,535,249,130	6,235,124
Customs	2,977,309	2,534,573	35,087,826	29,319
Other	24,389	75,703	700,986	1,225
Total refunds of receipts	291,504,837	233,266,229	6,571,037,944	6,265,669
Transfers to trust accounts:				
Federal old-age and survivors insurance trust fund[6]	[7] 1,198,840,292	915,842,964	[7] 12,351,191,002	10,600,021
Federal disability insurance trust fund[6]	[7] 89,258,863	85,448,520	[7] 993,762,625	944,542
Highway trust fund	266,900,000	233,200,000	3,278,697,756	2,948,690
Railroad retirement account	49,403,694	50,845,837	571,696,884	564,264
Unemployment trust fund	1,885,552	922,056	945,367,048	452,637
Total transfers to trust accounts	1,606,288,402	1,286,259,378	18,140,715,317	15,510,156
Interfund transactions:				
Interest on loans to Government-owned enterprises	34,581,304	208,933,651	499,383,274	619,788
Reimbursements	2,819,357	2,835,273	13,623,464	12,239
Fees and other charges	250,000	148,500	390,100	628
Total interfund transactions[2]	37,650,662	211,917,425	513,396,839	632,656
Total deductions	1,935,443,902	1,731,443,033	25,225,150,100	22,408,481
Net administrative budget receipts	12,041,679,186	11,614,606,779	86,357,020,251	81,409,092
EXPENDITURES				
Legislative Branch:				
Senate	2,478,858	2,297,154	29,280,454	26,899
House of Representatives	4,136,414	3,874,184	53,011,899	50,322
Architect of the Capitol	1,442,062	5,226,762	33,516,168	42,265
Botanic Garden	30,489	38,166	455,122	449
Library of Congress	1,761,223	2,068,243	18,263,082	16,587
Government Printing Office:				
General fund appropriations	1,985,765	1,289,918	19,612,981	19,401
Revolving fund (net)	-711,743	-202,257	-6,939,373	-2,600
Total--Legislative Branch	11,123,071	14,592,172	147,200,335	153,324

See footnotes on page 10

Classification EXPENDITURES--Continued	This month	Corresponding month last year	Fiscal Year 1963 to date	Corresponding period fiscal year 1962
he Judiciary:				
Supreme Court of the United States	$160,907	$201,415	$2,011,523	$1,961,569
Court of Customs and Patent Appeals	42,247	29,994	362,823	323,833
Customs Court	78,380	109,915	902,684	887,875
Court of Claims	95,807	101,322	1,026,478	932,896
Courts of appeals, district courts, and other judicial services	5,097,397	5,485,079	57,242,636	52,640,523
Total--The Judiciary	5,474,740	5,927,727	61,546,145	56,746,697
xecutive Office of the President:				
Compensation of the President	12,500	12,500	150,000	150,000
The White House Office	181,028	171,225	2,501,535	2,453,820
Special projects	151,710	150,438	1,039,044	1,403,416
Executive mansion and grounds	50,848	76,412	660,258	717,271
Bureau of the Budget	448,844	473,555	5,824,795	5,303,573
Council of Economic Advisers	56,296	65,622	675,121	506,450
National Aeronautics and Space Council	30,198	22,757	393,326	202,901
National Security Council	76,676	23,833	484,917	502,737
Office of Emergency Planning:				
Civil defense procurement fund (net)	....	....	....	7,240
Emergency preparedness functions of Federal agencies [9]	360,585	4,745,850	4,775,782	4,745,850
Other	520,405	-3,801,211	6,149,593	13,024,379
Office of Science and Technology	53,798	....	463,638	....
Special representative for trade negotiations	....	....	....	....
Presidents Advisory Com. on Labor-Mgmt. Policy	[10] -115,295	[10] -86,719	....	....
Miscellaneous	215	10,506	-21,682	-17,263
Total--Executive Office of the President	1,827,813	1,864,772	23,096,330	29,000,380
nds appropriated to the President:				
Disaster relief	1,028,195	2,766,845	30,802,990	14,592,345
Emergency fund for the President	-295	5,493	389,345	723,334
Expansion of defense production (net)	-789,319	-842,761	-56,513,274	11,212,055
Expenses of management improvement	14,048	30,049	127,004	153,918
Peace Corps	2,740,838	2,519,437	41,381,932	11,408,707
International Financial Institutions:				
Investment in Inter-American Development Bank	....	....	60,000,000	110,000,000
Subscription to the International Development Assn.	....	....	61,655,825	61,655,825
Public works acceleration	16,040,622	....	61,843,808	....
Transitional grants to Alaska	143,078	33,175	3,110,295	5,944,016
Other	42,739	100,077	663,380	594,717
Foreign assistance:				
Military:				
Office of Secretary of Defense:				
Repayment of credit sales [11]	-2,772,798	-149,824	-46,395,991	-14,571,552
Other	10,819,065	2,538,958	123,984,411	39,172,439
Department of the Army	248,287,150	171,120,169	797,020,965	611,139,454
Department of the Navy	37,766,596	40,650,012	198,318,439	182,479,580
Department of the Air Force	71,370,546	97,033,530	630,186,133	561,452,865
Agency for International Development	5,598	391,214	570,107	2,975,162
All other agencies	1,648,361	518,716	7,672,056	7,363,456
Total--Military	367,124,520	312,102,778	1,711,356,122	1,390,011,406
Economic:				
Defense Department	98,041	136,032	2,929,946	7,390,787
Agency for International Development	72,048,471	114,112,393	907,975,722	1,126,396,844
Alliance for progress, development grants	3,036,945	....	28,218,049	....
Inter-American Cooperation	11,051,528	25,374,804	113,519,034	80,554,810
Public enterprise funds (net):				
Alliance for progress, development loans	5,206,252	....	53,514,263	....
Development loan funds	62,030,144	55,709,932	821,447,507	421,095,822
Foreign investment guarantee fund	-317,192	-324,100	-2,930,625	-1,649,612
All other agencies	9,094,012	17,259,337	108,908,198	202,508,470
Total--Economic	162,248,205	212,268,400	2,033,582,097	1,836,297,123
Total--Foreign assistance	529,372,725	524,371,178	3,744,938,219	3,226,308,530
Total--Funds appropriated to the President	548,592,633	528,983,496	3,948,399,526	3,442,593,451
iculture Department:				
ricultural Research Service:				
Intragovernmental funds (net)	140,760	-83,983	136,927	-116,876
Other	15,038,615	13,554,413	175,449,053	195,392,377
operative state experiment stations service	110,385	....	37,992,460	....
xtension Service	746,454	777,270	74,548,941	70,254,376
armer Cooperative Service	81,612	82,198	647,845	641,165
il Conservation Service:				
Conservation operations	7,915,337	7,252,222	93,027,993	89,098,093
Flood prevention, watershed protection and other	6,706,464	5,896,038	79,581,041	59,019,020
Great Plains conservation program	945,563	830,384	9,747,075	9,041,628
onomic Research Service	686,997	820,700	9,750,795	8,190,039
atistical Reporting Service	1,098,415	697,498	10,019,738	7,680,570

ootnotes on pages 10 and 14

Classification EXPENDITURES--Continued	This month	Corresponding month last year	Fiscal Year 1963 to date	Correspondin period fiscal year 19
Agriculture Department--Continued				
Agricultural Marketing Service:				
Marketing research and service	$2,247,828	$1,677,379	$40,614,848	$37,882
Payments to States and possessions	31,131	16,648	1,432,763	1,325
Special milk program	737,516	....	95,369,634	....
School lunch program	296,171	406,884	169,597,189	169,111
Removal of surplus agricultural commodities	16,748,168	15,202,512	[12] 131,805,115	214,832
Intragovernmental funds (net)	2,698	16,710	-5,325	23
Other	59,998	59,100	772,565	736
Total--Agricultural Marketing Service	20,123,513	17,379,235	439,586,790	423,910
Foreign Agricultural Service	1,367,674	1,919,115	16,359,740	14,997
Commodity Exchange Authority	83,476	79,195	1,047,961	1,006
Agricultural Stabilization and Conservation Service:				
Expenses, Agricultural Stabilization and Conservation Service	8,411,268	....	87,415,517	....
Acreage allotments and marketing quotas	111	-79,578	88,013	43,994
Sugar act program	1,040,896	2,619,540	76,929,888	80,187
Agricultural conservation program	2,643,407	10,846,458	211,194,214	264,197
Land-use adjustment program	2,000,000	....	2,000,000	....
Emergency conservation measures	237,485	128,874	2,701,427	8,796
Soil bank program	-3,128,169	4,054	305,657,518	343,989
Intragovernmental funds (net)	-748,509	11,037,278	11,550,371	-6,017
Foreign assistance programs	267,588,130	178,148,995	2,234,412,386	1,594,000
Commodity Credit Corporation:				
Public enterprise funds (net):				
Price support and related programs and special milk [13]	16,433,938	-134,443,353	3,486,356,042	2,143,132
Special activities financed by C. C. C. [14]	-3,591,010	422,585,110	-557,890,211	492,651
Total--Commodity Credit Corporation	12,842,927	288,141,756	2,928,465,830	2,635,784
Federal Crop Insurance Corporation:				
Administrative expenses	-418,289	-1,118,216	7,848,810	6,119
Federal Crop Insurance Corporation fund (net)	1,111,922	648,957	6,657,532	1,113
Rural Electrification Administration:				
Loans	24,884,363	22,128,441	331,656,082	293,044
Salaries and expenses	466,320	778,337	10,395,781	9,920
Farmers Home Administration:				
Regular loans	....	....	....	78,066
Rural housing grants and loans	8,281,583	3,604,005	184,203,524	106,214
Salaries and expenses	1,842,706	2,651,724	35,690,091	34,139
Public enterprise funds (net):				
Direct loan account	14,929,287	5,405,386	58,948,965	-6,444
Emergency credit revolving fund	1,036,487	1,820,032	7,888,613	35,440
Agricultural credit insurance fund	2,219,112	-3,754,695	13,962,012	-7,216
Total--Farmers Home Administration	28,309,177	9,726,453	300,693,206	240,199
Office of Rural Areas Development [15]	-158,620	-296,452	-158,620	-296
Office of General Counsel	288,475	298,205	3,789,854	3,610
Office of Information	108,438	123,388	1,575,889	1,595
Centennial observance of Agriculture	-480	3,628	58,832	40
National Agricultural Library	106,654	83,096	1,149,891	1,009
General administration:				
Intragovernmental funds (net)	321,729	293,600	261,201	-171
Other	293,450	227,381	3,423,938	3,002
Forest Service:				
Intragovernmental funds (net)	-66,288	-587,213	740,713	324
Other	20,982,210	30,148,288	286,431,260	265,212
Total--Agriculture Department	422,161,887	602,509,563	7,762,835,911	6,668,684
Commerce Department:				
General administration:				
Public enterprise funds (net)	-300	640	-13,273	-6
Other	380,862	796,840	7,668,893	9,941
Economic development:				
Area Redevelopment Administration:				
Public enterprise funds (net)	-46,793	....	-499,532	-1
Other	3,251,329	1,857,886	30,960,271	7,340
Business and Defense Services Administration	486,958	-72,985	3,993,031	4,129
Office of Business Economics	148,255	98,316	1,848,222	1,549
Bureau of the Census	2,356,007	1,826,495	19,467,314	19,133
Office of Field Services	288,184	247,850	3,394,228	3,098
International activities	913,912	445,244	10,008,323	7,841
Office of Trade Adjustment	6,098	....	6,229	....
U. S. Travel Service	160,336	360,085	2,897,731	1,480
Total--Economic development	7,564,289	4,762,892	72,075,819	44,571
Science and technology:				
Coast and Geodetic Survey	2,278,491	2,320,239	24,962,787	21,630
Patent Office	2,164,893	1,964,029	26,503,924	24,860
National Bureau of Standards:				
Intragovernmental funds (net)	434,563	910,288	-3,514,295	-794
Other	3,943,550	2,877,388	44,837,955	30,497
Office of Technical Services	4,263	....	1,098,871	....
Weather Bureau	6,300,548	5,538,074	85,293,314	64,334
Total--Science and technology	15,126,311	13,610,020	179,182,558	140,527

See footnotes on page 14

Classification EXPENDITURES--Continued	This month	Corresponding month last year	Fiscal Year 1963 to date	Corresponding period fiscal year 1962
Commerce Department--Continued				
Transportation:				
Inland Waterways Corporation (net)	....	$500	-$824,749	-$853,377
Maritime Administration:				
Public enterprise funds (net)	-$472,600	-361,240	10,263,238	-2,700,094
Operating-differential subsidies [16]	5,477,460	181,918,752	5,477,460	181,918,752
Other	10,835,489	-165,299,393	349,259,933	178,909,378
Bureau of Public Roads	3,731,643	4,055,559	43,737,978	41,700,971
Total--Transportation	19,571,993	20,314,177	407,913,862	398,975,630
Total--Commerce Department	42,643,157	39,484,570	666,827,861	594,009,664
Defense Department:				
Military functions:				
Military personnel:				
Department of the Army	434,712,588	469,168,084	4,299,061,845	4,414,923,000
Department of the Navy	287,162,483	312,496,936	3,485,022,296	3,416,856,344
Department of the Air Force	365,824,520	374,231,002	4,200,040,573	4,305,914,572
Defense agencies	85,175,443	77,371,687	1,010,775,374	894,441,242
Total--Military personnel	1,172,875,035	1,233,267,711	12,994,900,089	13,032,135,160
Operation and maintenance:				
Department of the Army	345,799,765	336,323,083	3,752,953,775	3,873,027,738
Department of the Navy	287,495,936	268,732,943	3,020,589,266	3,052,994,630
Department of the Air Force	374,611,351	460,381,124	4,660,344,400	4,654,506,150
Defense agencies	37,659,792	13,616,836	352,293,573	58,314,219
Subtotal	1,045,566,846	1,079,053,988	11,786,181,016	11,638,842,738
Classification adjustment [17]	....	-4,096,000	....	-44,914,000
Total--Operation and maintenance	1,045,566,846	1,074,957,988	11,786,181,016	11,593,928,738
Procurement:				
Department of the Army	162,712,808	161,303,570	2,320,344,503	1,815,226,086
Department of the Navy	932,551,993	556,598,736	6,582,433,281	5,234,698,248
Department of the Air Force	807,462,754	887,893,437	7,692,519,215	8,851,320,128
Defense agencies	1,045,707	....	6,733,475	....
Subtotal	1,903,773,264	1,605,795,744	16,602,030,476	15,901,244,464
Classification adjustment [17]	-6,082,000	-144,613,000	-339,100,000	-1,369,194,000
Total--Procurement	1,897,691,264	1,461,182,744	16,262,930,476	14,532,050,464
Research, development, test and evaluation:				
Department of the Army	190,089,687	142,779,652	1,354,411,218	1,249,654,802
Department of the Navy	134,188,094	128,348,626	1,429,773,198	1,298,748,873
Department of the Air Force	324,027,546	224,986,338	3,302,254,130	2,174,626,134
Defense agencies	36,398,711	21,381,695	291,372,827	181,456,883
Subtotal	684,704,040	517,496,312	6,377,811,375	4,904,486,693
Classification adjustment [17]	6,082,000	148,709,000	339,100,000	1,414,108,000
Total--Research, development, test and evaluation	690,786,040	666,205,312	6,716,911,375	6,318,594,693
Military construction:				
Department of the Army	-6,027,195	12,727,257	178,291,457	206,156,609
Department of the Navy	19,367,089	16,477,916	195,428,765	189,280,155
Department of the Air Force	69,560,984	87,060,191	739,873,110	897,018,461
Defense agencies	1,288,943	1,200,414	27,487,840	54,673,609
Total--Military construction	84,189,822	117,465,780	1,141,081,174	1,347,128,836
Family housing:				
Department of the Army	17,183,945	....	155,237,180	....
Department of the Navy	9,371,371	....	87,569,504	....
Department of the Air Force	18,021,012	....	163,904,689	....
Defense agencies	-3,884,191	....	19,563,821	....
Total--Family housing	40,692,137	....	426,275,196	....
Civil Defense	6,618,824	13,750,486	201,304,299	90,435,371
Revolving and management funds (net):				
Public enterprise funds:				
Department of the Army:				
Defense housing	....	....	....	-25,344
Defense production guarantees	-4,973	-12,133	-71,835	-133,134
Department of the Navy:				
Defense production guarantees	-241,530	439,997	-695,670	3,027,624
Other	41,688	49,839	-28,186	-87,095
Department of the Air Force--Defense production guarantees	374,242	-10,086	4,436,029	-3,754,241
Defense agencies	....	1,495,515	....	28,378,038
Civil defense procurement fund	1,421	-9,678	-41,498	17,469

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TABLE III--ADMINISTRATIVE BUDGET RECEIPTS AND EXPENDITURES JUNE 30, 1963--Contin

Classification EXPENDITURES--Continued	This month	Corresponding month last year	Fiscal Year 1963 to date	Corresponding period fiscal year 196
Defense Department--Continued				
Military functions--Continued				
Revolving and management funds--Continued				
Intragovernmental funds:				
Department of the Army	-$323,177,201	-$66,498,895	-$444,805,167	-$132,198
Department of the Navy	-521,622,973	10,032,076	-786,794,741	64,664
Department of the Air Force	6,844,352	-32,275,486	8,190,142	-39,835
Defense agencies	-64,176,705	-13,698,202	-146,703,908	-18,972
Undistributed stock fund transactions	-46,814,723	....	86,048,521	....
Total--Revolving and management funds	-948,776,401	-100,487,054	-1,280,466,313	-98,918
Total--Military functions	3,989,643,569	4,466,342,969	48,249,117,315	46,815,354
Civil functions:				
Army:				
Corps of Engineers:				
Rivers and harbors and flood control	101,088,721	103,001,992	1,069,671,827	946,163
Intragovernmental funds (net)	717,674	266,305	2,242,530	889
The Panama Canal:				
Canal Zone Government	2,319,444	2,112,893	26,720,145	23,523
Panama Canal Company:				
Public enterprise funds (net)	3,282,908	3,468,711	8,538,985	1,723
Thatcher Ferry Bridge	30,478	876,188	1,541,498	10,805
Total--The Panama Canal	5,632,832	6,457,793	36,800,629	36,053
Other	1,714,835	1,982,457	19,310,374	16,201
Navy--Wildlife conservation, etc	....	....	....	....
Air Force--Wildlife conservation, etc	2,245	2,224	28,207	29
Total--Civil functions	109,156,308	111,710,772	1,128,053,569	999,337
Total--Defense Department	4,098,799,877	4,578,053,742	49,377,170,884	47,814,692
Health, Education, and Welfare Department:				
Food and Drug Administration	2,745,109	1,788,189	29,226,811	21,486
Office of Education:				
Payments to school districts	18,903,933	26,103,404	276,910,035	226,418
Assistance for school construction	7,070,372	5,123,120	66,241,941	56,490
Defense educational activities	14,028,545	12,046,871	198,335,518	181,358
Other	1,956,242	1,726,920	82,271,713	78,501
Office of Vocational Rehabilitation	2,177,973	2,004,481	97,592,319	84,713
Public Health Service:				
Community health:				
Hospital construction activities	15,320,117	16,385,726	189,116,885	167,199
Other[18]	80,632,645	64,378,351	80,632,645	64,378
Environmental health[18]	111,565,342	82,784,592	111,565,342	82,784
Medical services[18]	118,812,388	117,250,342	118,812,388	117,250
National Institutes of Health	72,431,210	45,082,795	723,463,169	580,761
Operation of commissaries, narcotic hospitals (net)	3,846	-6,450	2,885	1
Emergency health activities	21,646	214,859	18,342,646	3,311
Other	[19] -276,092,007	[19] -240,189,524	12,634,002	12,39
Total--Public Health Service	122,695,188	85,900,693	1,254,569,965	1,028,08
Saint Elizabeths Hospital	543,151	686,450	7,506,926	7,53
Social Security Administration:				
Grants to States for public assistance	180,478,210	190,827,805	2,723,677,540	2,432,14
Grants for maternal and child welfare	2,153,574	1,511,889	76,057,662	68,25
Operating fund, Bureau of Federal Credit Unions (net)	46,060	22,392	-132,040	-16
Other	5,451,994	801,045	61,393,073	7,18
Special institutions:				
American Printing House for the Blind	....	....	718,707	67
Freedmen's Hospital	532,144	349,034	3,841,683	3,49
Gallaudet College	74,960	101,020	1,982,968	3,16
Howard University	1,135,583	683,596	11,124,374	7,791
Office of the Secretary:				
Intragovernmental funds (net)	70,137	151,349	141,769	-34
Other	1,187,739	1,215,791	12,174,998	8,67
Total--Health, Education, and Welfare Dept	361,250,922	331,044,057	4,903,635,970	4,215,44
Interior Department:				
Public Land Management:				
Bureau of Land Management	4,465,255	3,770,134	113,532,862	97,70
Bureau of Indian Affairs:				
Public enterprise funds (net):				
Revolving fund for loans	1,023,482	387,854	4,860,967	1,78
Other	-222	-560	2,028	-
Other	14,699,674	13,027,820	191,314,904	147,85
National Park Service	8,251,702	8,324,988	109,324,706	93,47
Bureau of Outdoor Recreation	122,787	16,867	969,030	1
Office of Territories:				
Public enterprise funds (net)	-12,356	8,210	22,854	[illegible]
Other	2,048,414	123,197	31,008,260	22,97
The Alaska Railroad (net)	-102,119	-199,545	-894,318	-1,48

See footnotes on page 14.

TABLE III--ADMINISTRATIVE BUDGET RECEIPTS AND EXPENDITURES--JUNE 30, 1963--Continued

Classification EXPENDITURES--Continued	This month	Corresponding month last year	Fiscal Year 1963 to date	Corresponding period fiscal year 1962
Interior Department--Continued				
Mineral Resources:				
Geological Survey	$4,554,206	$2,935,685	$57,219,084	$49,908,756
Bureau of Mines:				
Public enterprise funds (net)	235,633	1,067,972	-9,507,974	955,117
Other	3,136,034	2,806,549	37,376,674	33,824,391
Office of Coal Research	164,604	41,099	1,470,232	372,787
Office of Minerals Exploration	53,517	46,406	2,026,225	380,362
Office of Oil and Gas	42,897	39,525	556,154	510,108
Office of Minerals and Solid Fuels	...	...	...	...
Fish and Wildlife Service:				
Office of Commissioner of Fish and Wildlife	42,583	28,738	376,189	348,952
Bureau of Commercial Fisheries:				
Public enterprise funds (net)	-21,307	50,695	-1,407,276	955,574
Other	2,518,440	2,000,253	27,173,496	23,613,946
Bureau of Sport Fisheries and Wildlife	5,113,425	5,224,287	65,810,996	54,513,953
Water and Power Development:				
Bureau of Reclamation:				
Public enterprise funds (net):				
Continuing fund for emergency expenses, Fort Peck project, Montana	29,666	176,282	-996,424	-2,485,338
Upper Colorado River Basin fund	7,981,627	9,193,303	106,298,150	92,471,149
Other	19,165,195	18,447,388	238,655,941	242,284,413
Total--Bureau of Reclamation	27,176,490	27,816,975	343,957,667	332,270,224
Bonneville Power Administration	2,341,728	2,211,248	30,089,088	29,453,267
Southeastern Power Administration	27,472	25,549	457,226	361,597
Southwestern Power Administration	745,000	404,663	6,215,907	5,639,994
Office of Saline Water	1,068,401	398,571	8,674,176	4,113,459
Secretarial Offices:				
Office of the Solicitor	304,945	286,339	3,676,661	3,492,647
Office of the Secretary	361,971	360,089	3,320,267	3,140,591
Virgin Islands Corporation (net)	104,357	131,770	553,620	1,616,892
Total--Interior Department	78,467,024	71,335,390	1,028,179,716	907,815,893
Justice Department:				
Legal activities and general administration	4,849,285	4,988,198	57,851,935	52,202,866
Federal Bureau of Investigation	10,483,202	10,254,374	135,527,256	126,482,638
Immigration and Naturalization Service	5,531,888	5,116,180	66,322,149	63,216,193
Federal Prison System:				
Federal Prison Industries, Inc. (net)	-117,446	-122,018	-3,197,774	-4,301,667
Other	4,842,618	4,471,082	60,202,485	56,840,825
Total--Justice Department	25,589,549	24,707,818	316,706,051	294,440,857
Labor Department:				
Bureau of Labor Statistics	1,072,634	1,227,663	15,824,861	14,328,825
Bureau of International Labor Affairs	34,508	-246,005	791,864	217,467
Office of Manpower, Automation and Training:				
Manpower, development and training	11,379,167	...	51,783,661	...
Other	1,026,093	665,371	7,086,923	7,240,656
Office of Welfare and Pension Plans	...	...	...	...
Bureau of Apprenticeship and Training	427,625	413,906	5,290,521	4,694,435
Bureau of Employment Security:				
Advances to employment security administration account, unemployment trust fund (net)	...	86,411,596	-89,748,149	31,440,113
Payment to the Federal extended compensation account	...	7,614,516	2,391,879	332,921,543
Unemployment compensation for Federal employees and ex-servicemen	19,349,210	11,209,773	152,858,563	129,359,488
Farm labor supply revolving fund (net)	91,567	187,641	-1,179,036	-366,399
Other[20]	370,424	202,775	2,929,901	2,478,618
Total--Bureau of Employment Security	19,811,203	105,626,302	67,253,158	495,833,365
Bureau of Veterans' Reemployment Rights	54,883	48,456	653,297	606,077
Bureau of Labor Standards	350,990	238,647	4,160,835	2,973,015
Bureau of Labor-Management Reports	494,896	451,761	5,928,883	5,143,730
Bureau of Employees' Compensation:				
Employees' compensation claims and expenses	4,206,124	63,905,913	65,265,904	63,905,913
Other	259,837	-58,560,188	3,894,498	3,792,201
Women's Bureau	74,105	842	914,056	575,177
Wage and Hour Division	1,569,234	1,236,350	17,789,304	15,218,046
Office of the Solicitor	411,149	320,272	4,305,966	3,824,765
Office of the Secretary	263,513	206,953	1,895,846	1,442,588
Total--Labor Department	41,435,967	115,536,248	252,839,586	619,796,267
Post Office Department:				
Payment for public services	...	6,200,000	...	62,700,000
Public enterprise fund (net)--Postal fund	89,262,709	118,734,624	755,426,770	734,176,305
Total--Post Office Department	89,262,709	124,934,624	[5] 755,426,770	796,876,305

See footnotes on pages 10 and 14

Classification EXPENDITURES--Continued	This month	Corresponding month last year	Fiscal Year 1963 to date	Corresponding period fiscal year 196
State Department:				
Administration of foreign affairs:				
Salaries and expenses	-$8,108,876	-$11,993,540	[21] $149,910,238	$122,113
Acquisition, operation and maintenance of buildings abroad	4,944,789	1,109,248	12,409,590	17,048
Intragovernmental funds (net)	56,375	165,177	-1,453,476	214
Other	296,128	292,972	3,084,078	4,021
Total--Administration of foreign affairs	-2,809,583	-10,426,141	163,950,431	143,397
International organizations and conferences:				
Contributions to international organizations	1,821,673	327,615	94,552,610	93,819
Loans to the United Nations	6,854,082	....	72,069,922	....
Other	720,568	589,319	4,230,996	4,337
International commissions	347,115	1,022,240	15,974,676	12,523
Educational exchange	2,942,456	8,221,131	44,913,381	48,311
Other	1,197,469	146,390	8,857,461	4,173
Total--State Department	11,073,782	-119,444	404,549,479	306,563
Treasury Department:				
Office of the Secretary:				
Public enterprise funds (net):				
Reconstruction Finance Corp. liquidation fund	-59,170	-434,981	-3,126,652	-1,380
Federal Farm Mortgage Corp. liquidation fund	-135,740	-274,566	-532,962	-274
Civil defense program fund	-5,974	-7,808	-135,176	-137
Intragovernmental funds (net)	94	13,828	-1,462	
Other	341,985	330,864	4,624,859	4,196
Bureau of Accounts:				
Interest on uninvested funds	97,819	98,849	10,917,390	10,356
Claims, judgments and relief acts	2,046,511	398,892	26,247,763	43,141
Government losses in shipment fund (net)	9,098	186	536,494	67
Salaries and expenses	3,944,024	1,264,552	31,935,391	28,145
Other	....	....	358	....
Bureau of the Public Debt	4,408,663	3,214,235	48,786,560	47,146
Office of the Treasurer:				
Check forgery insurance fund (net)	1,433	1,247	-2,066	
Other	1,278,215	1,219,234	16,111,271	15,710
Bureau of Customs:				
Intragovernmental funds (net)	109,921	214,834	....	....
Other	5,417,468	4,870,219	67,355,768	62,698
Internal Revenue Service:				
Interest on refunds of taxes	6,224,958	5,085,544	73,851,878	67,806
Payments to Puerto Rico for taxes collected	4,504,347	1,748,845	44,779,917	29,776
Salaries and expenses	40,320,754	35,705,567	497,273,385	443,134
Bureau of Narcotics	372,383	348,418	4,659,036	4,355
United States Secret Service	644,674	530,017	7,540,322	6,709
Bureau of the Mint	484,186	428,580	7,534,064	7,311
Bureau of Engraving and Printing:				
Intragovernmental funds (net)	-139,747	18,247	-2,272,330	-20
Other	64	21,243	43,343	644
Coast Guard:				
Intragovernmental funds (net)	458,801	626,366	-2,199,121	29
Other	21,471,370	28,378,692	298,611,256	283,557
Interest on the public debt:				
Public issues	723,742,827	693,595,465	8,600,196,235	7,857,63
Special issues	137,215,394	127,839,774	1,291,031,873	1,262,12
Total--Interest on the public debt [22]	860,958,222	821,435,239	9,891,228,108	9,119,75
Total--Treasury Department	952,754,367	905,236,352	11,023,767,398	10,173,00
Atomic Energy Commission	241,574,450	249,431,355	2,758,196,966	2,805,63
Federal Aviation Agency:				
Grants-in-aid for airports	2,991,692	1,012,941	24,740,393	1,01
Other	55,100,956	63,467,929	701,608,859	697,39
Total--Federal Aviation Agency	58,092,649	64,480,871	726,349,252	698,40
General Services Administration:				
Real property activities:				
Construction, public buildings projects	13,691,677	8,046,769	91,778,833	71,33
Repair and improvement of public buildings	4,626,416	4,510,689	62,384,872	59,46
Intragovernmental funds (net)	18,868,599	17,660,589	2,452,008	-16,23
Other	7,833,527	5,568,430	235,657,063	204,81
Personal property activities:				
Intragovernmental funds (net)	-4,376,411	9,621,110	-18,015,305	32,11
Other	2,440,802	1,678,125	40,222,395	33,24
Utilization and disposal activities	707,962	808,240	9,695,859	8,58
Records activities	1,027,935	1,014,585	14,395,838	13,95
Transportation and communications activities	354,955	498,140	4,647,182	3,45
Defense materials activities:				
Public enterprise funds (net)	....	119	30	-8
Intragovernmental funds (net)	405,030	....	-864,746	
Strategic and critical materials	909,826	3,139,683	21,962,469	33,63
General activities:				
Public enterprise funds (net)	-2,283	-602	-168,488	-19
Intragovernmental funds (net)	1,572,817	1,363,942	-565,217	-32
Other	136,045	125,324	1,608,670	1,50
Total--General Services Administration	48,196,902	54,035,151	465,191,467	445,25

See footnotes on page 14.

Classification EXPENDITURES--Continued	This month	Corresponding month last year	Fiscal Year 1963 to date	Corresponding period fiscal year 1962
Housing and Home Finance Agency:				
Office of the Administrator:				
Public enterprise funds (net):				
College housing loans	$15,276,108	$41,451,242	$283,573,515	$227,341,207
Liquidating programs	-200,659	-191,669	-2,014,934	-5,650,957
Urban renewal fund	-6,898,427	33,356,596	173,208,174	226,948,690
Other	1,726,969	1,484,203	53,608,487	30,484,377
Open-space land grants [23]	265,013	110,000	265,013	110,000
Other	1,654,721	2,093,351	27,180,078	19,399,954
Total--Office of the Administrator	11,823,726	78,303,724	535,820,334	498,633,272
Federal National Mortgage Association (net):				
Loans for secondary market operations	....	-20,820,000	....	....
Management and liquidating functions fund	-34,994,456	-13,691,207	-186,664,280	-176,913,644
Special assistance functions fund	-40,014,140	-30,687,213	-262,295,979	53,559,017
Total--Federal National Mortgage Association	-75,008,597	-65,198,420	-448,960,259	-123,354,626
Federal Housing Administration (net)	18,471,122	-126,392	134,053,960	199,218,224
Public Housing Administration (net)	20,475,422	9,159,216	178,867,436	164,830,101
Total--Housing and Home Finance Agency	-24,238,325	22,138,128	399,781,471	739,326,971
National Aeronautics and Space Administration	299,341,029	142,067,889	2,552,035,238	1,257,047,821
Veterans Administration:				
Compensation, pensions, and benefit programs	336,166,491	328,273,782	4,001,013,694	3,898,002,351
Public enterprise funds (net):				
Direct loans to veterans and reserves	-34,625,381	-5,964,727	-86,178,301	92,773,690
Loan guaranty revolving fund	-18,127,838	-22,924,122	-22,920,867	143,521,637
Other	-3,782,296	-2,711,775	-20,836,268	14,500,848
Other	104,489,800	100,999,109	1,302,115,383	1,242,793,745
Total--Veterans Administration	384,120,774	397,672,266	5,173,193,640	5,391,592,273
Other independent agencies:				
Advisory Commission on Intergovernmental Relations	24,557	26,446	411,295	277,131
Alaska International Rail and Highway Commission	-640	....	-640	4,437
American Battle Monuments Commission	115,159	145,274	1,826,041	1,833,223
Central Intelligence Agency-construction	19,579	402,059	1,722,058	7,497,369
Civil Aeronautics Board:				
Payments to air carriers	6,695,229	82,423,051	81,856,762	82,423,051
Other	755,956	-74,410,635	9,374,166	8,372,524
Civil Service Commission:				
Payment to Civil Service retirement and disability fund	....	....	30,000,000	44,637,000
Government payment for annuitants, employees health benefits fund	....	....	6,789,000	2,877,000
Government contribution, retired employees health benefits fund	....	....	13,200,000	13,800,000
Other	2,049,328	1,662,839	23,695,909	24,160,316
Total--Civil Service Commission	2,049,328	1,662,839	73,684,909	85,474,316
Commission of Fine Arts	6,482	6,138	82,208	67,937
Commission on Civil Rights	62,337	74,194	1,044,799	744,309
Commission on International Rules of Judicial Procedure	2,530	....	2,530	....
Export-Import Bank of Washington (net)	-26,733,725	-6,778,575	-391,550,110	101,086,544
Farm Credit Administration:				
Public enterprise funds (net):				
Federal Farm Mortgage Corporation fund	....	....	....	-692,966
Short-term credit investment fund [24]	2,200,000	1,400,000	13,310,000	3,535,000
Banks for cooperatives investment fund	....	....	-11,979,500	-11,469,900
Total--Public enterprise funds	2,200,000	1,400,000	1,330,500	-8,627,866
Administrative expenses	206,242	186,164	2,567,229	2,453,189
Total--Farm Credit Administration	2,406,242	1,586,164	3,897,729	-6,174,676
Federal Coal Mine Safety Board of Review	4,974	4,409	59,037	58,107
Federal Communications Commission	1,116,328	1,143,805	14,087,914	13,370,522
Federal Home Loan Bank Board (net):				
Federal Savings and Loan Insurance Corp. fund	-81,741,397	-80,258,371	-263,543,229	-236,282,970
Other	58,242	208,487	-118,225	-505,206
Federal Maritime Commission	203,175	122,345	2,142,003	1,162,867
Federal Mediation and Conciliation Service	392,332	366,257	5,051,874	4,479,089
Federal Power Commission	927,358	706,988	10,711,362	8,786,400
Federal Trade Commission	956,542	821,811	11,515,602	9,561,623
Foreign Claims Settlement Commission	79,653	68,075	797,723	613,260
General Accounting Office	3,361,755	3,235,478	42,293,873	41,039,214
Historical and memorial commissions	15,311	9,020	99,736	107,758
Indian Claims Commission	14,248	22,546	268,950	239,911
Interstate Commerce Commission	1,962,941	2,510,501	23,520,262	36,646,457
National Capital Housing Authority	6,817	5,785	42,626	41,384
National Capital Planning Commission	54,098	40,618	1,881,960	534,538
National Capital Transportation Agency	119,282	83,626	2,321,302	825,875
National Labor Relations Board	1,650,213	1,527,217	20,945,017	18,622,991
National Mediation Board	158,857	110,384	1,811,720	1,813,146
National Science Foundation	27,952,166	19,068,041	206,373,914	182,689,007
Outdoor Recreation Resources Review Commission	153	32,247	87,566	663,941
Railroad Retirement Board	....	....	....	7,000,000

Classification EXPENDITURES--Continued	This month	Corresponding month last year	Fiscal Year 1963 to date	Corresponding period fiscal year 1962
Other independent agencies--Continued				
Participation in Interstate Federal Commissions:				
Delaware River Basin Commission	$2,640	....	$129,879	....
Interstate Commission on the Potomac River Basin	....	....	5,000	$5,0
President's Adv. Com. on Labor-Mgmt. Policy	120,365	$108,051	120,365	108,0
Renegotiation Board	199,553	175,317	2,325,170	2,591,4
Saint Lawrence Seaway Development Corporation (net)	149,104	206,185	1,436,609	535,6
Securities and Exchange Commission	1,039,052	918,172	13,206,713	10,987,6
Selective Service System	2,896,944	2,948,190	34,488,815	35,097,3
Small Business Administration:				
Public enterprise funds (net)	17,111,900	33,063,503	134,359,762	222,776,2
Salaries and expenses	2,470,140	1,574,188	4,849,784	6,824,6
Other	133,917	60,771	149,664	343,0
Total--Small Business Administration	19,715,958	34,698,464	139,359,210	229,943,9
Smithsonian Institution	1,468,889	2,236,806	20,251,370	25,511,91
Subversive Activities Control Board	25,489	28,182	337,737	331,22
Tariff Commission	219,319	201,734	2,767,325	2,641,31
Tax Court of the United States	144,615	146,496	1,769,637	1,682,80
Tennessee Valley Authority (net)	5,266,484	11,173,419	53,596,288	102,969,07
U.S. Arms Control and Disarmament Agency	200,718	263,916	2,333,442	1,032,62
United States Information Agency:				
Informational media guarantee fund (net)	-152,587	55,584	1,849,612	1,382,71
Salaries and expenses	15,483,517	21,293,688	131,044,208	119,801,46
Radio construction	1,267,816	749,654	14,742,895	16,300,41
Other	653,424	1,034,182	7,424,091	10,984,69
Total--U.S. Information Agency	17,252,170	23,133,110	155,060,808	148,469,28
United States Study Commissions	19,442	77,966	774,947	1,755,91
Total--Other independent agencies	-8,583,154	31,282,250	290,666,062	936,737,36
District of Columbia:				
Federal payment to District of Columbia	....	....	33,199,000	32,753,00
Advances for general expenses (repayable)	10,000,000	3,000,000	7,000,000	-5,000,00
Loans to District of Columbia for capital outlay	1,250,000	5,150,000	24,950,000	44,250,00
Loans to District of Columbia (stadium fund)	....	415,800	415,800	415,80
Interfund transactions (-) (See detail on page 2)[2]	-37,650,662	-211,917,425	-513,396,839	-632,656,41
Net administrative budget expenditures	7,662,561,169	8,101,847,379	92,589,764,029	87,786,766,58
Administrative budget surplus (+) or deficit (-)	+4,379,118,016	+3,512,759,399	-6,232,743,778	-6,377,674,50

FOOTNOTES

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

* From 1964 Budget Document released January 17, 1963.

[1] This statement is preliminary and is based on reports from disbursing, collecting, and administrative agencies of the Government received through July 12, 1963. Final reports of Government disbursing, collecting, and administrative agencies, including certain overseas transactions for the year ended June 30, 1963, which it has not been possible to include in this statement, will be incorporated in the final statement to be published at a later date.

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

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

[4] Includes debt not subject to limitation, which on June 30, 1963 amounted to $367,743,327. The statutory debt limitations in effect during the period covered by this table and the date when each became effective are as follows: $295 billion on July 1, 1959; $293 billion on July 1, 1960; $298 billion on July 1, 1961; $300 billion on March 1962; $308 billion from July 1, 1962 through March 31, 1963; $: billion from April 1 through May 28, 1963; $307 billion from May through June 30, 1963, and $309 billion from July 1, 1963 to Aug 31, 1963.

[5] Transactions cover the period July 1, 1962 through June 1963, and are partially estimated.

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

[7] "Individual income taxes withheld" have been decrea $8,409,287 to correct estimates for quarter ending September 1962 and prior, and "Individual income taxes other" have been creased $58,310,131 to correct estimates for calendar year 19 1960 and prior. The total of the above adjustments ($49,900,844) shown as a decrease of employment taxes under "Federal Insura Contributions Act and Self-Employment Contributions Act" rep senting decreases in appropriations of $47,159,707 for the Fede Old-Age and Survivors Insurance Trust Fund and $2,741,136 for Federal Disability Insurance Trust Fund.

[8] Beginning with the statement for January 1962, amounts rep senting refunds of principal for overpayment of taxes forme reported net of reimbursements from trust fund accounts are r shown on a gross basis. These reimbursements to Internal Reve Service for refunds are now included and netted with amounts sh for transfers to the respective trust fund accounts. The distribut of amounts by type of tax applicable to budget accounts for the mo of June is estimated.

Footnotes continued on page

TABLE IV--TRUST RECEIPTS AND EXPENDITURES--JUNE 30, 1963

Classification RECEIPTS	This month	Corresponding month last year	Fiscal Year 1963 to date	Corresponding period fiscal year 1962
egislative Branch:				
Payments from general fund	$89,360	$89,264	$179,429	$179,326
Other	88,092	146,231	1,450,768	1,262,696
he Judiciary:				
Judicial survivors annuity fund:				
Contributions	49,100	97,260	595,159	553,569
Interest on investments	1,519	2,209	62,941	59,870
unds appropriated to the President	209,890,464	50,702,853	952,849,848	356,351,737
griculture Department:				
Food stamps issued:				
Payments from general fund	2,317,457	1,082,052	18,639,870	13,152,663
Receipts from sales	3,640,033	1,935,746	31,029,477	21,835,468
Other	3,882,769	4,626,783	50,440,219	46,335,023
ommerce Department:				
Highway trust fund:				
Transfers from general fund receipts	266,900,000	233,200,000	3,405,017,064	3,079,993,030
Less refunds of taxes	...	...	-126,319,308	-131,302,902
Interest on investments	7,941,213	4,228,156	14,268,227	6,772,167
Total--Highway trust fund	274,841,213	237,428,156	3,292,965,983	2,955,462,295
Other	623,929	847,622	28,270,369	11,076,203
efense Department:				
Military functions	400,051	1,346,572	5,896,607	5,051,986
Civil functions:				
Payments from general fund	...	...	2,956,696	2,848,975
Other	3,652,969	2,640,246	34,294,472	24,441,196
ealth, Education, and Welfare Department:				
Federal old-age and survivors insurance trust fund:				
Transfers from general fund receipts:				
Appropriated	1,187,840,292	933,842,964	12,466,041,002	10,714,781,548
Unappropriated	11,000,000	-18,000,000	13,000,000	15,000,000
Less refunds of taxes	...	...	-127,850,000	-129,760,000
Deposits by States	-3,609,539	-2,677,833	989,443,680	869,621,102
Interest and profits on investments	180,952,669	195,623,715	512,407,651	539,048,987
Other	9,205	9,552	2,490,064	2,275,195
Total--Federal old-age and survivors insurance trust fund	1,376,192,627	1,108,798,398	13,855,532,399	12,010,966,833
Federal disability insurance trust fund:				
Transfers from general fund receipts:				
Appropriated	90,258,863	87,448,520	1,006,337,625	955,449,632
Unappropriated	-1,000,000	-2,000,000	-1,000,000	1,000,000
Less refunds of taxes	...	...	-11,575,000	-11,907,500
Deposits by States	3,964,676	4,017,015	81,849,041	77,323,679
Payments from railroad retirement account	...	...	...	...
Interest and profits on investments	30,206,257	30,995,062	69,635,323	69,956,452
Total--Federal disability insurance trust fund	123,429,797	120,460,598	1,145,246,990	1,091,822,265
Other	11,568	101,700	541,427	511,919
terior Department:				
Indian tribal funds	2,987,972	4,331,204	46,504,015	40,200,389
Payments from general fund	...	4,384	22,629,290	40,430,636
Other	1,248,578	790,283	11,322,813	14,435,441
abor Department:				
Unemployment trust fund:				
Employment security administration account:				
Transfers (Federal unemployment taxes):				
Appropriated	2,586,000	2,474,000	948,338,550	457,257,583
Unappropriated	-281,470	-1,001,131	125,659	371,403
Less refunds of taxes	-418,977	-550,812	-3,097,161	-4,991,080
Advances from general (revolving) fund	...	86,411,596	169,000,000	320,311,596
Less return of advances to the general fund	...	...	-255,411,596	-285,400,000
State accounts--deposits by States	19,298,485	23,556,124	3,008,217,954	2,728,617,229
Railroad unemployment insurance account:				
Deposits by Railroad Retirement Board	27,464,109	31,685,606	149,797,384	147,111,229
Advances from railroad retirement account	...	...	37,699,000	101,470,000
Advances from general fund	...	...	...	7,000,000
Railroad unemployment insurance adm. fund:				
Deposits by Railroad Retirement Board	1,445,467	1,667,556	7,883,840	8,148,065
Federal extended compensation account:				
Advances from general fund	...	7,614,516	2,391,879	332,921,543
Interest and profits on investments	61,716,442	58,803,993	191,107,356	172,554,614
Total--Unemployment trust fund	111,810,057	210,661,450	4,256,052,867	3,985,372,184
ther	2,803	1,471	38,738	71,634
te Department:				
oreign Service retirement and disability fund:				
Deductions from salaries and other receipts	276,867	-2,235,470	3,270,286	3,212,793
Employing agency contributions	265,428	319,369	3,108,404	2,852,868
Receipts from Civil Service retirement and disability fund	33,776	2,609,709	336,127	2,835,738
Interest on investments	1,331,087	1,267,306	1,461,309	1,368,766
ther	2,170	86,901	108,400	372,093
asury Department	1,453,304	1,477,919	16,420,168	15,840,139

Classification EXPENDITURES--Continued	This month	Corresponding month last year	Fiscal Year 1963 to date	Corresponding period fiscal year 19
Other independent agencies:				
Civil Service Commission:				
Civil service retirement and disability fund	$121,700,874	$91,752,164	$1,175,952,822	$1,057,64
Employees health benefits fund (net)	3,375,103	-2,279,871	-12,326,185	-10,814
Employees life insurance fund (net)	760,575	-23,499,025	-32,221,621	-70,30
Retired employees health benefits fund (net)	1,091,434	1,146,962	-142,755	-9
Total--Civil Service Commission	126,927,988	67,120,230	1,131,262,259	976,43
National Capital Housing Authority (net)	203,814	-416,801	-2,354,674	11
Railroad Retirement Board:				
Railroad retirement account:				
Administrative expenses	954,888	1,053,582	9,659,231	9,22
Benefit payments, etc	90,160,016	87,664,964	1,064,000,824	1,023,94
Payment to Federal old-age and survivors and disability insurance trust funds	....	....	....	....
Advances to railroad unemployment insurance account	....	....	37,699,000	101,47
Interest on refunds of taxes	3	4,368	616	
Total--Railroad Retirement Board	91,114,907	88,722,915	1,111,359,672	1,134,64
Other:				
Trust enterprise funds (net)	10,892	-12,029	7,756	-1
Other	19,793	18,319	286,732	18
District of Columbia	29,570,114	33,621,733	336,506,306	333,52
Deposit fund accounts (net)	-79,550,405	60,870,818	119,925,878	-543,72
Subtotal trust and deposit fund expenditures	2,742,192,184	2,612,504,026	26,402,818,315	24,610,63
Government-sponsored enterprises (net):[25]				
Farm Credit Administration:				
Banks for cooperatives	29,289,000	50,500,000	29,289,000	50,50
Federal intermediate credit banks	276,904,000	129,191,400	276,904,000	129,19
Federal land banks	176,421,500	194,506,400	176,421,500	194,50
Federal Home Loan Bank Board:				
Home loan banks	363,240,000	872,105,000	363,240,000	872,10
Federal Deposit Insurance Corporation	-160,546,000	-154,300,000	-160,546,000	-154,30
Total Government-sponsored enterprises	685,308,500	1,092,002,800	685,308,500	1,092,00
Interfund transactions (-) (See detail on page 12)[3]	-452,208,407	-386,445,891	-504,847,205	-527,79
Net trust and other expenditures	2,975,292,276	3,318,060,934	26,583,279,609	25,174,84
Excess of trust and other receipts (+) or expenditures(-)	-3,708,811	-743,296,329	+1,151,299,155	-850,07

FOOTNOTES

Continued from page 10.

[9] Formerly included under Other.

[10] Represents adjustment to reclassify transactions to Other independent agencies.

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

[12] Includes $18,639,870 transferred to Agriculture Department, Food Stamp Program (Sec. 32 of the Act of August 24, 1935, as amended, 7 USC 612). See page 11.

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

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

[15] Amounts represent adjustments to reclassify transactions formerly included under General administration, Intragovernmental funds.

[16] Amounts represent adjustments to reclassify transactions formerly included under Maritime Administration, Other.

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

[18] See footnote 19.

[19] Amounts include adjustment to reclassify transactions to the respective line items, Public Health Service: Community health, Environmental health, and Medical services.

[20] Includes Temporary unemployment compensation.

[21] Gives effect to reimbursements collected for administrative support furnished to other agencies amounting to approximately $71,946,039.

[22] Expenditures are stated on an accrual basis.

[23] Formerly included under Office of Administrator, Other.

[24] In accordance with Public Law 87-343, October 3, 196 investment funds for Federal intermediate credit banks and Pr tion credit associations are combined in "Short term credit i ment fund."

[25] Formerly shown as deposit funds. Amounts for the c month of June, and corresponding month last year, include a ments representing reclassification of prior months' transac

[26] Includes investments in amount of $11,943,900 for the Ma ment and Liquidating functions fund and sales in amount of $35,2 for the Special Assistance functions fund.

[27] The security transactions of Government-sponsored enter formerly included in deposit fund accounts (net) are now sh net sales or investments in public debt and agency securities a sales or redemptions of Government agency securities in the m Amounts for current month of June and corresponding mon year include adjustments representing reclassification of months' transactions. Details of these transactions by ind enterprise were shown in previous publications as Memor sections for each of the security tables.

[28] See footnote 27.

[29] Further breakdown of this classification is not available i for publication in this statement.

[30] Beginning with the statement for November 1961 and incorp in the final statement for fiscal year 1961, the increase or de in interest checks outstanding, coupons outstanding, and i payable with principal, are reported in the preceding line clas tion.

[31] Represents changes in cash on hand, in banks held outs Treasurer's account, deposits in transit and cash payments covered by vouchers processed through accounts.

[32] Amounts shown for individual classifications are net of r of taxes. For gross amounts of administrative budget recei cluding Internal Revenue and also Trust fund receipts see Ta p. 2 and Table IV p. 11.

[33] See footnote 27.

TABLE V--INVESTMENTS IN PUBLIC DEBT AND AGENCY SECURITIES (NET)

Classification	This month	Corresponding month last year	Fiscal Year 1963 to date	Corresponding period fiscal year 1962
Public enterprise funds:				
Commerce Department:				
Federal ship mortgage insurance fund	$125,000	....	$3,543,000	....
War risk insurance revolving fund	100,000	....	3,153,000	....
Federal National Mortgage Association:				
Public debt securities (management and liquidating functions)	....	....	....	....
Guaranteed securities (FHA debentures)	7,086,650	-$2,709,650	[26] -23,289,750	$42,091,850
Federal Housing Administration:				
Public debt securities	-10,952,000	5,375,000	-4,965,000	-32,198,000
Guaranteed securities (FHA debentures)	11,649,550	....	41,321,700	....
Federal Savings and Loan Insurance Corporation	123,000,000	124,000,000	268,594,000	229,000,000
Tennessee Valley Authority	....	-34,000,000	-10,000,000	-29,200,000
Other	-3,712,000	3,141,000	12,628,800	-18,319,800
Total public enterprise funds	127,297,200	95,806,350	290,985,750	191,374,050
Trust accounts, etc.:				
Judicial survivors annuity fund	91,500	15,000	241,000	215,500
Highway trust fund	87,869,000	18,719,000	241,808,000	201,901,000
Foreign service retirement and disability fund	1,349,000	1,248,000	1,181,000	4,530,000
Federal disability insurance trust fund	43,319,661	37,730,900	-128,893,507	20,562,039
Federal old-age and survivors insurance trust fund	-133,818,143	-341,430,844	-821,475,511	-1,088,851,504
Unemployment trust fund	-106,398,071	-117,954,051	456,477,602	72,131,867
Federal National Mortgage Association:				
Secondary market operations:				
Public debt securities	22,500,000	....	91,500,000	....
Guaranteed securities (FHA debentures)	-13,004,350	9,301,450	-19,492,250	37,926,650
Not guaranteed securities	19,300,000	....	59,570,000	....
Veterans life insurance funds:				
Government life insurance fund	31,190,000	27,217,000	-24,807,000	-43,624,000
National service life insurance fund	173,674,000	163,831,000	-89,614,000	44,158,000
Civil Service Commission:				
Civil service retirement and disability fund	376,861,000	331,413,000	1,073,961,000	1,029,746,000
Employees health benefits fund	972,500	987,000	14,425,500	11,175,000
Employees life insurance fund	912,500	319,906	55,818,500	50,944,906
Retired employees health benefits fund	-1,507,000	-1,129,000	-1,531,000	1,631,000
Railroad retirement account	458,766,000	422,805,000	501,000	-62,549,000
Government-sponsored enterprises (net):[27]				
Farm Credit Administration:				
Banks for cooperatives	51,000	-2,990,000	51,000	-2,990,000
Federal intermediate credit banks	781,000	2,803,600	781,000	2,803,600
Federal land banks	-1,933,000	-2,200,000	-1,933,000	-2,200,000
Federal Home Loan Bank Board:				
Home loan banks	611,935,000	-121,995,000	611,935,000	-121,995,000
Federal Deposit Insurance Corporation	160,546,000	154,300,000	160,546,000	154,300,000
Other	114,793,657	21,817,175	92,912,632	-7,296,650
Total trust accounts, etc.	1,848,251,254	604,809,136	1,773,962,965	302,519,408
Net investments, or sales (-)	1,975,548,454	700,615,486	2,064,948,715	493,893,458

TABLE VI--SALES AND REDEMPTIONS OF GOVERNMENT AGENCY SECURITIES IN MARKET (NET)

Public enterprise funds:				
Guaranteed by the United States:				
Federal Farm Mortgage Corporation in liquidation	$500	$200	$8,700	$3,800
Federal Housing Administration:				
Issues (net) to government agencies	-5,731,850	-6,591,800	1,460,300	-80,022,700
Issues (net) to the public	-23,892,900	-7,559,800	-163,872,850	-124,004,250
Home Owners' Loan Corporation	1,450	9,925	12,400	19,575
Not guaranteed by the United States:				
Federal National Mortgage Association (management and liquidating functions)	....	....	5,000	21,000
Home Owners' Loan Corporation	....	150	1,125	1,450
Tennessee Valley Authority	....	....	....	-95,000,000
Trust enterprise funds:				
Guaranteed by the United States:				
District of Columbia stadium fund	....	....	....	....
Not guaranteed by the United States:				
Federal National Mortgage Association (secondary market operations)	24,122,000	8,740,000	597,008,000	-358,710,000
Government-sponsored enterprises (net):[27]				
Not guaranteed by the United States:				
Farm Credit Administration:				
Banks for cooperatives	-29,340,000	-47,510,000	-29,340,000	-47,510,000
Federal intermediate credit banks	-277,685,000	-131,995,000	-277,685,000	-131,995,000
Federal land banks	-174,488,500	-192,306,400	-174,488,500	-192,306,400
Federal Home Loan Bank Board:				
Home loan banks	-975,175,000	-750,110,000	-975,175,000	-750,110,000
Net redemptions, or sales (-)	-1,462,189,300	-1,127,322,725	-1,022,065,825	-1,779,612,525

See footnotes on page 14

TABLE VII--PUBLIC DEBT RECEIPTS AND EXPENDITURES

(Includes exchanges)

Classification	This month	Corresponding month last year	Fiscal Year 1963 to date	Corresponding period fiscal year 1962
Receipts (issues):				
Public issues:				
Marketable obligations	$10,331,383,000	$8,034,690,000	$180,164,431,500	$163,565,755,00
Non-marketable obligations	893,136,011	1,121,625,829	8,864,648,309	8,783,764,68
Total public issues	11,224,519,011	9,156,315,829	189,029,079,809	172,349,519,68
Special issues	14,093,829,232	11,145,085,000	37,462,979,280	30,242,796,00
Other obligations	....	27,000,000	508,652,200	938,131,16
Total public debt receipts	25,318,348,243	20,328,400,829	227,000,711,290	203,530,446,85
Expenditures (retirements):				
Public issues:				
Marketable obligations	10,951,698,947	10,060,555,257	172,800,564,030	154,523,350,57
Non-marketable obligations	779,867,519	734,532,860	8,705,162,653	8,862,679,77
Total public issues	11,731,566,466	10,795,088,117	181,505,726,683	163,386,030,34
Special issues	12,854,468,048	10,497,690,000	37,600,770,305	30,346,991,00
Other obligations	76,492,675	8,740,149	235,404,025	567,541,39
Total public debt expenditures	24,662,527,190	21,301,518,266	219,341,901,014	194,300,562,74
Excess of receipts (+) or expenditures(-)	+655,821,053	-973,117,437	+7,658,810,275	+9,229,884,11

TABLE VIII--EFFECT OF OPERATIONS ON PUBLIC DEBT

Administrative budget surplus (-) or deficit (+) (Table III)	-$4,379,118,016	-$3,512,759,399	+$6,232,743,778	+$6,377,674,50
Excess of trust and other receipts (-) or expenditures (+) (Table IV)	+3,708,811	+743,296,329	-1,151,299,155	+850,077,48
Excess of investments (+) or sales (-) in public debt and agency securities (Table V)[28]	+1,975,548,454	+700,615,486	+2,064,948,715	+493,893,45
Excess of sales (-) or redemptions (+) of Government agency securities in market (net) (Table VI)[28]	-1,462,189,300	-1,127,322,725	-1,022,065,825	-1,779,612,52
Increase (-) or decrease (+) in checks outstanding and deposits in transit (net) and other accounts[29]	-555,870,676	-484,734,912	+200,668,862	-547,828,65
Increase (-) or decrease (+) in public debt interest accrued[30]	+479,470,115	-529,195,997	-168,207,736	-18,453,63
Increase (+) or decrease (-) in cash held outside Treasurer's account[31]	+35,893,894	-111,258,811	-183,760,978	+117,859,87
Increase (+) or decrease (-) in balance of Treasurer's account	+4,558,377,770	+2,289,850,596	+1,685,782,614	+3,736,273,59
Increase (+) or decrease (-) in public debt (Table VII above)	+655,821,053	-973,117,437	+7,658,810,275	+9,229,884,11
Gross debt at beginning of period	305,203,811,942	299,173,940,158	298,200,822,720	288,970,938,61
Gross public debt at end of period	305,859,632,996	298,200,822,720	305,859,632,996	298,200,822,72
Guaranteed securities of Government agencies, not owned by Treasury	606,610,375	444,218,925	606,610,375	444,218,92
Total public debt and guaranteed securities	306,466,243,371	298,645,041,645	306,466,243,371	298,645,041,64
Deduct: Debt not subject to statutory limitation	367,743,327	433,274,382	367,743,327	433,274,38
Total debt subject to statutory limitation	306,098,500,043	298,211,767,263	306,098,500,043	298,211,767,26

TABLE IX--SUPPLEMENTARY TABLE OF RECEIPTS AND EXPENDITURES OF PUBLIC ENTERPRISE (REVOLVING) FUNDS

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

Classification	Fiscal year 1963 to date			Corresponding fiscal year 1962 Net receipts (-) or expenditures
	Receipts	Expenditures	Net receipts (-) or expenditures	
Executive office of the President:				
Office of Emergency Planning:				
Civil defense procurement fund	....	....	....	$7,2
Funds appropriated to the President:				
Expansion of defense production	$87,526,370	$31,013,096	-$56,513,274	11,212,0
Foreign assistance-economic:				
Alliance for progress, development loans	25	53,514,289	53,514,263	....
Development loan funds	20,780,737	842,228,245	821,447,507	421,095,8
Foreign investment guarantee fund	2,939,647	9,021	-2,930,625	-1,649,6
Total--Funds appropriated to the President	111,246,780	926,764,651	815,517,871	430,658,2
Agriculture Department:				
Commodity Credit Corporation:				
Price support, and related programs, and special milk[13]	1,813,328,458	5,299,684,500	3,486,356,042	2,143,132,7
Special activities financed by C.C.C.[14]	725,658,623	167,768,412	-557,890,211	492,651,6

See footnotes on page 14.

TABLE IX--SUPPLEMENTARY TABLE OF RECEIPTS AND EXPENDITURES OF PUBLIC ENTERPRISE (REVOLVING) FUNDS--Continued

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

Classification	Fiscal year 1963 to date: Receipts	Fiscal year 1963 to date: Expenditures	Fiscal year 1963 to date: Net receipts (-) or expenditures	Corresponding fiscal year 1962 Net receipts (-) or expenditures
Agriculture Department--Continued				
Federal Crop Insurance Corporation	$17,567,432	$24,224,965	$6,657,532	$1,113,522
Farmers Home Administration:				
Direct loan account, revolving fund	284,601,070	343,550,035	58,948,965	-6,444,911
Other	234,627,019	256,477,645	21,850,625	28,224,258
Total--Agriculture Department	3,075,782,604	6,091,705,558	3,015,922,954	2,658,677,197
Commerce Department:				
Area Redevelopment Administration	564,837	65,305	-499,532	-1,041
Maritime Administration	9,517,253	19,780,492	10,263,238	-2,700,094
Other	838,325	303	-838,022	-860,360
Total--Commerce Department	10,920,416	19,846,101	8,925,684	-3,561,495
Defense Department:				
Military functions:				
Defense production guarantees	11,596,243	15,264,767	3,668,523	-859,752
Other	675,972	606,288	-69,684	28,283,067
Civil functions - Panama Canal Company	110,946,289	119,485,274	8,538,985	1,723,970
Total--Defense Department	123,218,505	135,356,330	12,137,824	29,147,286
Health, Education, and Welfare Department	4,517,729	4,388,574	-129,154	-160,161
Interior Department:				
Bureau of Indian Affairs	1,096,033	5,959,030	4,862,996	1,783,615
Bureau of Mines	22,994,351	13,486,377	-9,507,974	955,117
Bureau of Reclamation	6,315,003	111,616,729	105,301,725	89,985,811
Other	25,240,186	23,515,066	-1,725,120	1,095,416
Total--Interior Department	55,645,575	154,577,202	98,931,627	93,819,961
Labor Department:				
Advances to employment security administration account, unemployment trust fund	....	-89,748,149	-89,748,149	31,440,113
Farm labor supply revolving fund	3,496,555	2,317,518	-1,179,036	-366,399
Total--Labor Department	3,496,555	-87,430,630	-90,927,185	31,073,714
Post Office Department--Postal Fund	3,884,633,626	4,640,060,396	[5] 755,426,770	734,176,305
Treasury Department:				
Office of the Secretary	3,867,113	72,322	-3,794,790	-1,791,909
Bureau of Accounts--Government losses in shipment fund	257	536,752	536,494	67,252
Office of the Treasurer--Check forgery insurance fund	309,477	307,410	-2,066	-80
Total--Treasury Department	4,176,847	916,485	-3,260,362	-1,724,737
General Services Administration	198,297	29,839	-168,457	-281,231
Housing and Home Finance Agency:				
Office of the Administrator:				
College housing loans	64,915,547	348,489,063	283,573,515	227,341,207
Liquidating programs	2,293,533	278,598	-2,014,934	-5,650,957
Urban renewal fund	133,267,153	306,475,327	173,208,174	226,948,690
Other	17,349,517	70,958,005	53,608,487	30,484,377
Federal National Mortgage Association:				
Loans for secondary market operations	585,920,000	585,920,000	....	....
Management and liquidating functions fund	308,722,636	122,058,356	-186,664,280	-176,913,644
Special assistance functions fund	484,176,348	221,880,368	-262,295,979	53,559,017
Federal Housing Administration	503,151,742	637,205,702	134,053,960	199,218,224
Public Housing Administration	390,870,951	569,738,387	178,867,436	164,830,101
Total--Housing and Home Finance Agency	2,490,667,430	2,863,003,809	372,336,379	719,817,017
Veterans Administration:				
Direct loans to veterans and reserves	361,383,434	275,205,132	-86,178,301	92,773,690
Loan guaranty revolving fund	349,805,031	326,884,164	-22,920,867	143,521,637
Other	81,686,141	60,849,872	-20,836,268	14,500,848
Total--Veterans Administration	792,874,607	662,939,170	-129,935,437	250,796,175
Other independent agencies:				
Export-Import Bank of Washington	998,549,223	606,999,112	-391,550,110	101,086,544
Farm Credit Administration	12,269,500	13,600,000	1,330,500	-8,627,866
Federal Home Loan Bank Board	291,002,869	27,341,414	-263,661,454	-236,788,176
Saint Lawrence Seaway Development Corporation	3,914,567	5,351,176	1,436,609	535,658
Small Business Administration	218,811,571	353,171,333	134,359,762	222,776,286
Tennessee Valley Authority	302,356,798	355,953,086	53,596,288	102,969,075
United States Information Agency	2,231,344	4,080,956	1,849,612	1,382,711
Total--Other independent agencies	1,829,135,873	1,366,497,079	-462,638,793	183,334,233
Total--Public enterprise funds	12,386,514,850	16,778,654,570	4,392,139,720	5,125,779,770

See footnotes on page 10.

TABLE X--SUPPLEMENTARY TABLE OF RECEIPTS AND EXPENDITURES OF TRUST ENTERPRISE (REVOLVING) FUNDS

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

Classification	Fiscal year 1963 to date			Corresponding fiscal year 196 Net receipts (- or expenditures
	Receipts	Expenditures	Net receipts (-) or expenditures	
Department of Agriculture:				
Farmers Home Administration	$9,225,377	$9,276,774	$51,396	$917
Department of Defense - Civil:				
United States Soldiers' Home	108,556	118,142	9,586	-3
Department of Justice:				
Alien property activities	2,146,128	33,834,656	31,688,528	5,439
Federal Prison System commissary funds	2,444,410	2,500,733	56,322	-28
General Services Administration:				
Records activities: National Archives trust fund	454,981	441,624	-13,356	-24
Housing and Home FinanceAgency:				
Federal National Mortgage Association:				
Loans for secondary market operations	585,920,000	585,920,000	....	....
Other	1,108,836,055	388,214,844	-720,621,211	316,735
Other independent agencies:				
Civil Service Commission:				
Employees health benefits fund	371,847,507	359,521,321	-12,326,185	-10,814
Employees life insurance fund	160,587,560	128,365,939	-32,221,621	-70,302
Retired employees health benefits fund	25,528,682	25,385,926	-142,755	-90
National Capital Housing Authority	8,560,775	6,206,100	-2,354,674	111
Federal Communications Commission	242,054	249,810	7,756	-10
Total--Trust enterprise funds	2,275,902,089	1,540,035,873	-735,866,215	241,929

TABLE XI--RÉSUMÉ OF RECEIPTS BY SOURCES AND EXPENDITURES BY FUNCTIONS

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

Classification	Administrative Budget Funds				Trust Funds			
	This month	Same month last year	F.Y. 1963 to date	F.Y. 1962 to date	This month	Same month last year	F.Y. 1963 to date	F.Y. tc da
NET RECEIPTS[32]								
Individual income taxes	$5,095	$4,847	$47,596	$45,571	....	....	....	...
Corporation income taxes	5,439	5,320	21,567	20,523	....	....	....	...
Employment taxes	....	....	....	....	$1,340	$1,054	$14,862	$1
Excise taxes	894	885	9,914	9,585	267	233	3,279	
Unemployment tax deposits by States	....	....	....	....	19	24	3,008	
Estate and gift taxes	184	164	2,165	2,016	....	....	....	...
Customs	92	97	1,205	1,142	....	....	....	...
Federal employees retirement	....	....	....	....	146	146	1,878	
Interest on trust fund investments	....	....	....	....	876	864	1,477	
Veterans life insurance premiums	....	....	....	....	39	39	497	
Miscellaneous receipts	375	513	4,424	3,204	737	603	3,238	
Interfund transactions (-)	-38	-212	-513	-633	-452	-386	-505	
Total net receipts	12,042	11,615	86,357	81,409	2,972	2,575	27,735	2
NET EXPENDITURES								
National defense	4,604	5,034	52,743	51,103	218	49	679	
International affairs and finance	190	295	2,545	2,817	(*)	2	44	
Space research and technology	299	142	2,552	1,257	....	....	(*)	...
Agriculture and agricultural resources	380	421	7,028	5,895	490	385	556	
Natural resources	199	210	2,352	2,147	14	2	122	
Commerce and transportation	264	308	2,816	2,774	143	177	2,878	
Housing and community development	-110	-91	-78	349	339	868	-23	
Health, labor, and welfare	358	493	4,761	4,524	2,263	2,101	21,855	2
Education	95	116	1,244	1,076	(*)	(*)	2	
Veterans benefits and services	385	398	5,187	5,403	39	56	838	
Interest	867	827	9,976	9,198	....	....	....	...
General government	168	160	1,978	1,875	2	3	19	
Deposit funds (net)	....	....	....	....	-80	61	120	
Interfund transactions (-)	-38	-212	-513	-633	-452	-386	-505	
Total net expenditures	7,663	8,102	92,590	87,787	2,975	3,318	26,583	2

See footnotes on page 14

TABLE XII--SUMMARY OF FEDERAL GOVERNMENT CASH TRANSACTIONS WITH THE PUBLIC

Classification	This month	Corresponding month last year	Fiscal Year 1963 to date	Corresponding period fiscal year 1962
Federal receipts from the public:				
Administrative budget receipts (net) - see Table III.....	$12,041,679,186	$11,614,606,779	$86,357,020,251	$81,409,092,072
Trust and other receipts (net)-see Table IV............	2,971,583,464	2,574,764,605	27,734,578,765	24,324,764,612
Intragovernmental and other non-cash transactions - see receipt adjustments Table XIII	-1,037,838,478	-1,112,784,258	-4,329,429,968	-3,846,697,793
Total Federal receipts from the public	13,975,424,172	13,076,587,126	109,762,169,047	101,887,158,891
Federal payments to the public:				
Administrative budget expenditures (net) - see Table III .	7,662,561,169	8,101,847,379	92,589,764,029	87,786,766,580
Trust fund and other expenditures (net) - see Table IV ..	2,975,292,276	3,318,060,934	26,583,279,609	25,174,842,099
Adjustment for reclassification of Government-sponsored enterprise transactions[33]	-134,322,000	-1,092,002,800	....	....
Intragovernmental and other non-cash transactions - see payment adjustments Table XIII	-1,074,166,082	-1,105,557,923	-5,285,435,777	-5,278,843,311
Total Federal payments to the public	9,429,365,364	9,222,347,590	113,887,607,860	107,682,765,368
Excess of cash receipts from or payments to (-) the public.	4,546,058,808	3,854,239,535	-4,125,438,813	-5,795,606,477
Cash borrowing from the public or repayment (-):				
Public debt increase or decrease (-) see Table VII	655,821,053	-973,117,437	7,658,810,275	9,229,884,110
Net sales of Government agency securities in market (net) - see Table VI	1,462,189,300	1,127,322,725	1,022,065,825	1,779,612,525
Adjustment for reclassification of Government-sponsored enterprise transactions[33]	-655,377,000	-1,121,921,400	....	....
Net investment (-) in public debt and agency securities..	-1,975,548,454	-700,615,486	-2,064,948,715	-493,893,458
Adjustment for reclassification of Government-sponsored enterprise transactions[33]	521,055,000	29,918,600	....	....
Other non-cash transactions - see borrowing adjustments Table XIII	35,780,866	-40,778,253	-1,033,364,173	-923,424,235
Total net cash borrowing from the public or repayment (-)	43,920,765	-1,679,191,253	5,582,563,211	9,592,178,942
Seigniorage	4,292,091	3,543,502	44,897,238	57,561,006
Total cash transactions with the public	4,594,271,665	2,178,591,785	1,502,021,636	3,854,133,471
Cash balances - net increase or decrease (-):				
Treasurer's account	4,558,377,770	2,289,850,596	1,685,782,614	3,736,273,595
Cash held outside Treasury	35,893,894	-111,258,811	-183,760,978	117,859,876
Total changes in the cash balances	4,594,271,665	2,178,591,785	1,502,021,636	3,854,133,471

TABLE XIII--INTRAGOVERNMENTAL AND OTHER NON-CASH TRANSACTIONS

(Showing details of amounts included as adjustments in Table XII above)

Classification	This month	Corresponding month last year	Fiscal Year 1963 to date	Corresponding period fiscal year 1962
Adjustments applicable to receipts:				
Intragovernmental transactions:				
Interest on trust fund investments	$875,992,807	$854,687,081	$1,466,552,213	$1,423,267,873
Civil Service retirement - payroll deductions for employees	72,317,672	73,126,470	914,092,519	845,018,182
Civil Service retirement - employers' share.........	72,323,531	73,133,579	914,192,787	845,123,907
Other	12,908,562	108,293,614	989,661,990	675,705,428
Subtotal	1,033,542,572	1,109,240,744	4,284,499,510	3,789,115,392
Tax refund bonds	3,813	10	33,220	21,395
Seigniorage	4,292,091	3,543,502	44,897,238	57,561,006
Total receipt adjustments........................	1,037,838,478	1,112,784,258	4,329,429,968	3,846,697,793
Adjustments applicable to payments:				
Intragovernmental transactions (see detail under receipt adjustments)	1,033,542,572	1,109,240,744	4,284,499,510	3,789,115,392
Applicable also to net borrowings:				
Savings bond increment..........................	58,707,092	65,044,662	576,707,058	495,904,899
Discount and premiums on securities	-18,419,094	-43,186,947	119,083,409	145,080,431
International Monetary Fund notes	-54,000,000	19,000,000	255,000,000	171,000,000
Other special security issues	-22,065,050	-79,450	82,606,925	111,460,300
Subtotal	-35,777,052	40,778,264	1,033,397,393	923,445,630
Accrued interest on public debt	-479,470,115	-529,195,997	168,207,736	18,453,636
Checks outstanding and other accounts	555,870,676	484,734,912	-200,668,862	547,828,652
Total payment adjustments	1,074,166,082	1,105,557,923	5,285,435,777	5,278,843,311
Adjustments applicable to net borrowings:				
Debt issuance representing:				
Receipts - tax refund bonds	-3,813	-10	-33,220	-21,395
Payments - (see detail under payment adjustments) ..	-35,777,052	40,778,264	1,033,397,393	923,445,630
Total borrowing adjustments (net)	-35,780,866	40,778,253	1,033,364,173	923,424,235

TREASURY DEPARTMENT

WASHINGTON, D.C.

July 18, 1963

FOR IMMEDIATE RELEASE (6:15 P.M. EDT)

The Treasury Department announced today that purchasers of foreign securities traded on a national securities exchange registered with the Securities and Exchange Commission would not be subject to the Interest Equalization Tax proposed by the President in his Message to the Congress today on purchases made on such exchanges prior to and including August 16, 1963.

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D-917

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FOR RELEASE ON DELIVERY

EXCERPTS FROM REMARKS BY
THE HONORABLE HENRY H. FOWLER
UNDER SECRETARY OF THE TREASURY
AT THE GOVERNORS' CONFERENCE
DEAUVILLE HOTEL, MIAMI BEACH, FLORIDA
TUESDAY, JULY 23, 1963

The devotion of this meeting of the Governors' Conference to "Expanding Employment Opportunities" suggests that this problem concerns every state in the Union, and that it will concern them even more in the years ahead. Each state needs an economy which will produce jobs faster than they are being produced today. A prompt and substantial reduction and revision of Federal income taxes along the general lines recommended by the President offers the most effective means of meeting this problem. It is the most urgent economic business before the Nation which must be attended to this year.

Today there are more than four million people in the United States who are willing and able to work but who can't find jobs.

In the past twelve months our economy, operating on an expanding basis, provided about 870,000 new jobs -- but they had to be divided among well over a million new workers. The result was that for every five workers who found jobs, one found unemployment.

This is no new or temporary situation. For the past five years unemployment has continually exceeded five percent of the available work force. But there is an increasing urgency in the need to expand employment opportunities. Each passing month brings the nation closer to its responsibility to provide work for the floodtide of youth born in the aftermath of World War II.

With an addition of more than a million to the labor market in the last twelve months, unemployment remained between five and six percent. But as we reach the crest of that floodtide of young people, the annual addition to the labor market will rise precipitously. Then the gap between the additional workers and the available jobs will widen rapidly, so that instead of one out of every six newly available workers unable to find a job -- already a threatening proportion -- we will have one out of every five, one out of every four, perhaps one out of every three unable to find a job.

Early this year the President of the National Association of Manufacturers, W. P. Gullander, estimated that if our economy doesn't do better at creating jobs than it has for the past five years, 1970 will see our employment rate more than double what it is today -- a staggering 12.7 percent.

There are many approaches to expanding job opportunities -- and we must campaign aggressively on many fronts to reach this goal. But, as Secretary Wirtz has observed, there is only one available opportunity to generate a massive increase in job opportunities at a single stroke; that opportunity is to cut taxes right now and on the scale urged by the President, thereby enabling our great private enterprise economy to do the job.

Our current tax system exerts too heavy a drag on employment, private purchasing power, profits and incentives -- its high rate structure being designed in time of war and postwar inflation to hold back consumer demand, initiative and investment. It now checks growth. It discourages extra effort and risk. It invites recurrent recessions. It blocks the path to full employment.

This is not just the opinion of the Treasury Department, President Kennedy, the Secretaries of Commerce and Labor, the President's Council of Economic Advisers and others associated with the present Administration. It is the voiced opinion of many in private life who, by reason of unusual knowledge and experience concerning the workings of the private economy, are in a position to have an informed judgment.

Seldom in the nation's history have its economic brains and leadership from diverse private sectors developed such a solid consensus on a key economic issue as that which has emerged on the national need for the scaling down of the Federal income tax rate structure this year.

More than two hundred witnesses testified before the Ways and Means Committee of the House of Representatives on the President's tax proposals. They represented many leading business and trade organizations, the labor unions, and others familiar with our economic system. While their views have differed widely on specifics, only two of these witnesses have disagreed with the central thesis of the President's program -- the need for a substantial tax reduction to encourage economic growth and the expansion of job opportunities.

The Business Committee for Tax Reduction in 1963, organized on April 25th of this year, has brought together over 1,500 of the nation's leading businessmen and bankers in a truly remarkable individual expression of their belief that the Congress should enact during the present session net reductions of corporate and individual taxes totaling about $10 billion. Specifically, they advocate a substantial reduction in all individual tax rates in the present range of 20-91 percent and a reduction in the rate of corporate income tax to at least 47 percent. They believe that the present tax structure "hobbles the economy and slows our growth towards the goals of high employment, efficient use of our productive resources, including labor, and faster economic growth." I commend for your examination a reading of the "Statement of Principles" of this new organization and the impressive list of those who have subscribed to it.

But this conviction is not limited to leaders of big business or even business. The National Small Business Advisory Council, a nonpartisan group from all parts of the country, appointed pursuant to the Small Business Act as "truly representative of small business", in May adopted a resolution supporting a program of tax revision with objectives along the general lines of that proposed by President Kennedy. The resolution stated that the program "to give maximum benefit to small business should be enacted this year and should include a net reduction of individual and corporate taxes totaling about $10 billion and an immediate reversal of corporate normal and surtax rates."

Long in the vanguard for public measures to expand employment opportunities is the AFL-CIO. That organization has urged this Congress to adopt an immediate tax reduction of $10 billion to provide the economy with the maximum thrust of a high velocity buying power.

A dramatic example of the consensus that has been achieved on this subject is the recent announcement of the coming together of forty-five nationally recognized leaders of labor, small business, education, agriculture, housing and welfare groups in a Citizens Committee for Tax Reduction and Revision in 1963. This leadership group reached common agreement on the need for action at this session of Congress to "achieve a meaningful revision in income tax laws, including a substantial net reduction of individual and corporate taxes, totaling about $10 billion."

Last week, despite their well known proclivity for having differences of opinion in the freedom of academic communities, over four hundred leading professional economists in more than forty colleges and universities throughout the country subscribed to a statement on the Administration's tax program. They noted that while there are significant structural problems which make it difficult to find jobs for the more disadvantaged of the unemployed, the first need is to achieve a high overall level of economic activity. They stated that: "If this is done, efforts to retrain and relocate displaced workers will be more effective." I should like to quote a few sentences from their statement:

> "We are confident that both the short-run and long-run effects of the tax reduction will be beneficial. Indeed, insofar as there is a difference of opinion among us, it is that some of us believe that a larger tax cut should have been proposed. On the whole, we believe that the Administration's program, as originally submitted to the Congress, represents a reasonable compromise. It provides a tax reduction for both individuals and corporations. It should provide a significant stimulus to consumer spending and it should have a beneficial effect on private investment."

From what has been said, it is clear that what is needed -- critically, urgently, immediately needed -- is something which will begin producing more jobs than will be created if we go on as we are.

That is exactly what the tax cut was intended to do.

The Joint Economic Committee of Congress has estimated that a $10 billion tax reduction such as the President proposed would increase GNP by approximately $40 billion in the years just ahead over what GNP would be under the present tax structure.

It has been reliably estimated that such an addition would create around three million new jobs.

Increased job creation will be a continuing, rather than a single-shot effect of the tax program designed as it is to create a healthy environment of sustained demand and investment incentives conducive to a full employment economy. Through the interaction of investment, demand, and profits, the tax program will foster an upward spiral of economic activity which will generate new and sustained vitality. The result will be not merely three million jobs but a continuing high level of job production resulting from an economy operating at full potential.

Today, this tax program is only a set of proposals advanced by the President and the Treasury; they depend for their acceptance upon the will of the Congress as its members reflect the opinion of their constituents.

Late this summer and fall the American people and the Congress will have to answer a question which has more bearing on the prospects for expanding job opportunities than any other that could be asked. It is this: "Shall we enact a program of tax reduction and revision?"

The informal expression of individual opinion by the Governor of any state on the need for expanding employment opportunities in his state, the importance of expanding consumer demand for the products of that state, and the importance of increasing investment incentives and the prospects for increased profits after taxes to state industrial development programs will carry great weight with the members of Congress who, in the final analysis, will have to dispose of the legislative issue presented by the tax program.

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FOR RELEASE A. M. NEWSPAPERS,
Tuesday, July 23, 1963.

July 22, 1963

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced last evening that the tenders for two series o Treasury bills, one series to be an additional issue of the bills dated April 25, 196 and the other series to be dated July 25, 1963, which were offered on July 17, were opened at the Federal Reserve Banks on July 22. Tenders were invited for $1,300,000, or thereabouts, of 91-day bills and for $800,000,000, or thereabouts, of 182-day bill The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing October 24, 1963		182-day Treasury bills maturing January 23, 1964	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equi Annual Rate
High	99.195	3.185%	98.306	3.351%
Low	99.183	3.232%	98.291	3.380%
Average	99.190	3.206% 1/	98.297	3.369% 1/

66 percent of the amount of 91-day bills bid for at the low price was accepted
13 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	$ 50,709,000	$ 40,369,000	$ 10,874,000	$ 4,700,00
New York	1,300,769,000	859,229,000	1,125,137,000	626,567,00
Philadelphia	30,885,000	15,885,000	10,125,000	3,725,00
Cleveland	30,560,000	30,560,000	36,946,000	12,596,00
Richmond	13,858,000	13,518,000	2,850,000	2,850,00
Atlanta	25,247,000	22,247,000	6,005,000	5,805,00
Chicago	203,065,000	141,065,000	101,352,000	37,352,00
St. Louis	33,954,000	28,454,000	9,864,000	8,364,00
Minneapolis	18,700,000	18,700,000	6,394,000	3,894,00
Kansas City	37,942,000	32,942,000	10,433,000	8,843,00
Dallas	26,122,000	25,782,000	9,524,000	9,424,00
San Francisco	76,985,000	71,625,000	134,357,000	76,397,00
TOTALS	$1,848,796,000	$1,300,376,000 a/	$1,463,861,000	$800,517,00

a/ Includes $248,031,000 noncompetitive tenders accepted at the average price of 9
b/ Includes $59,383,000 noncompetitive tenders accepted at the average price of 98
1/ On a coupon issue of the same length and for the same amount invested, the retu these bills would provide yields of 3.28%, for the 91-day bills, and 3.47%, fo 182-day bills. Interest rates on bills are quoted in terms of bank discount w the return related to the face amount of the bills payable at maturity rather the amount invested and their length in actual number of days related to a 36 year. In contrast, yields on certificates, notes, and bonds are computed in t of interest on the amount invested, and relate the number of days remaining in interest payment period to the actual number of days in the period, with semi compounding if more than one coupon period is involved.

D-919

TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, July 23, 1963.

July 22, 1963

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Cleveland	30,560,000	30,560,000	:	36,946,000	12,596,000
Richmond	13,858,000	13,518,000	:	2,850,000	2,850,000
Atlanta	25,247,000	22,247,000	:	6,005,000	5,805,000
Chicago	203,065,000	141,065,000	:	101,352,000	37,352,000
St. Louis	33,954,000	28,454,000	:	9,864,000	8,364,000
Minneapolis	18,700,000	18,700,000	:	6,394,000	3,894,000
Kansas City	37,942,000	32,942,000	:	10,433,000	8,843,000
Dallas	26,122,000	25,782,000	:	9,524,000	9,424,000
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TOTALS	$1,848,796,000	$1,300,376,000 a/	:	$1,463,861,000	$800,517,000 b/

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1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 3.28%, for the 91-day bills, and 3.47%, 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-919

TREASURY DEPARTMENT

WASHINGTON, D.C.

July 20, 1963

FOR IMMEDIATE RELEASE
SATURDAY, JULY 20, 1963

July 19 remains the effective date of the interest equalization tax, recommended by President Kennedy, on purchases of all foreign securities outside of the United States, the Treasury said today.

Following the President's Message on July 18, the Treasury announced a delay to August 16 as the date from which purchases of outstanding foreign securities would be subject to the rules of the proposed tax, if those purchases were effected on U. S. national securities exchanges registered with the Securities and Exchange Commission.

The delay does not apply to transactions carried out on foreign securities exchanges nor to transactions in the U. S. or elsewhere which are not carried out through U. S. registered securities exchanges. The recommended effective date of the proposed tax on such transactions, and for taxable newly issued foreign securities purchased by American investors, remains July 19.

The Treasury and representatives of the exchanges are currently developing the detailed procedures involved in applying the rules of the proposed tax to transactions on these U.S. exchanges.

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D-920

TREASURY DEPARTMENT

WASHINGTON, D.C.

July 20, 1963

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The Treasury and representatives of the exchanges are currently developing the detailed procedures involved in applying the rules of the proposed tax to transactions on these U.S. exchanges.

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D-920

In the light of this situation U.S. officials agreed that the draft legislation to be submitted to the Congress would include a provision authorizing a procedure under which the President could modify the application of the tax by the establishment from time to time of exemptions, which he could make either unlimited or limited in amount. The President would thus have the flexibility to permit tax free purchases of new issues needed to maintain the unimpeded flow of trade and payments between the two countries, and to take care of exceptional situations that might arise in the case of other countries. U.S. officials made clear that this did not modify their proposals regarding the taxation of transactions in outstanding securities; over the past year such transactions between Canada and the U.S. have not been a major factor.

The Canadian authorities stated that it would not be the desire or intention of Canada to increase her foreign exchange reserves through the proceeds of borrowings in the U. S., and it is the hope and expectation of both governments that by maintaining close consultation it will prove possible in practice to have an unlimited exemption for Canada without adverse effects on the United States.

It was agreed that active consultations would continue to strengthen the close economic relations between the two countries and at the same time facilitate measures for making the maximum practicable contribution to economic expansion and the strength and stability of both currencies.

The conversations which were conducted in the U.S. Treasury on Saturday and Sunday included for Canada, Ambassador Charles S.A. Ritchie, Louis Rasminsky, Governor of the Bank of Canada, A.F.W. Plumptre, Assistant Deputy Minister of Finance and A.E. Ritchie, Assistant Under Secretary of State for External Affairs; for the United States, Douglas Dillon, Secretary of the Treasury, George Ball, Under Secretary of State, Robert V. Roosa, Under Secretary of the Treasury for Monetary Affairs, and Stanley Surrey, Assistant Secretary of the Treasury.

TREASURY DEPARTMENT

WASHINGTON, D.C.

July 21, 1963.

For Simultaneous Release in Ottawa and Washington at 6:00 p.m.

Sunday, July 21, 1963.

Joint Canadian--United States Statement

Representatives of Canada and the United States met in Washington during the weekend to appraise the impact on the Canadian financial markets of the proposed United States "interest equalization tax".

The two governments recognize the need for effective action to improve the balance of payments positions of both countries and both are equally determined that such action shall not impair the intimate economic relationships between the two countries, nor impede the growth essential for both economies.

For many years the capital markets of the two countries have been closely inter-connected, and U.S. exports of capital to Canada have financed a substantial portion of theCanadian current account deficit with the U.S. This need continues. A portion of these flows must be supplied through the sale of new issues of Canadian securities in American markets. U.S. officials had considered that ample flows for these needs would continue under the proposed "interest equalization tax". However, Canadian representatives stated that this would require a very substantial rise in the entire Canadian interest rate structure. It was recognized by both governments that such a development would be undesirable in the present economic circumstances.

TREASURY DEPARTMENT

WASHINGTON, D.C.

July 21, 1963

FOR SIMULTANEOUS RELEASE IN OTTAWA AND WASHINGTON AT 6:00 P.M.

SUNDAY, JULY 21,1963

JOINT CANADIAN--UNITED STATES STATEMENT

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In the light of this situation U.S. officials agreed that the draft legislation to be submitted to the Congress would include a provision authorizing a procedure under which the President could modify the application of the tax by the establishment from time to time of exemptions, which he could make either unlimited or limited in amount. The President would thus have the flexibility to permit tax free purchases of new issues needed to maintain the unimpeded flow of trade and payments between the two countries, and to take care of exceptiona situations that might arise in the case of other countries. U.S. officials made clear that this did not modify their proposals regarding the taxation of transactions in outstanding securities; over the past year such transactions between Canada and the U.S. have not been a major factor.

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July 22, 1963

FOR IMMEDIATE RELEASE

TREASURY DECISION ON ITALIAN STYLE BREAD
UNDER THE ANTIDUMPING ACT

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

The dollar value of imports of the involved merchandise received during 1962 was approximately $156,000.

TREASURY DEPARTMENT

WASHINGTON, D.C.

July 22, 1963

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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 sal 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 actual 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, pre scribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or Branch.

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

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $ 200,000 or less for the additional bills dated May 2, 1963, (91 days remaining until maturity date on October 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 August 1, 1963, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 1, 1963. Cash

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE July 24, 1963

TREASURY'S WEEKLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders for two seris of Treasury bills to the aggregate amount of $ 2,100,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing August 1, 1963, in the amount of $ 2,101,679,000, as follows:

91 -day bills (to maturity date) to be issued August 1, 1963, in the amount of $ 1,300,000,000, or thereabouts, representing an additional amount of bills dated May 2, 1963, and to mature October 31, 1963, originally issued in the amount of $ 800,950,000, the additional and original bills to be freely interchangeable.

182 -day bills, for $ 800,000,000, or thereabouts, to be dated August 1, 1963, and to mature January 30, 1964.

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $50,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Daylight Saving ~~Standard~~ time, Monday, July 29, 1963. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three

D-922

TREASURY DEPARTMENT

WASHINGTON, D.C.

July 24, 1963

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 August 1,1963, in the amount of $2,101,679,000, as follows:

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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-922

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Departmment of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less for the additional bills dated May 2, 1963, (91-days remaining until maturity date on October 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 August 1, 1963, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 1, 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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TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR IMMEDIATE RELEASE July 24, 1963

TREASURY ANNOUNCES $6.6 BILLION AUGUST 15 REFUNDING

In furtherance of the President's Balance of Payments Program, as set forth last week, the Treasury announced today that it will refund the entire amount of securities maturing August 15, 1963, through the offering of a 3-3/4% 15-month note. Of the $6.6 billion of maturing issues, only $2.5 billion is held by the public, the remaining amount being held by the Federal Reserve and Government Investment Accounts. Last March, holders of the maturing issues had an opportunity to exchange their holdings in an advance refunding for issues maturing in 1967, 1971 and 1980.

The notes will be dated August 15, 1963, and will mature November 15, 1964. They will be offered at par.

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

$5,181 million of 3-1/2% Treasury Certificates of Indebtedness of Series C-1963, dated August 15, 1962, and

$1,461 million of 2-1/2% Treasury Bonds of 1963, dated December 15, 1954.

The subscription books will be open only on July 29 through July 31 for the receipt of subscriptions. Subscriptions 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, July 31, will be considered as timely. The notes will be made available in registered as well as bearer form. All subscribers requesting registered notes will be required to furnish appropriate identifying numbers as required on tax returns and other documents submitted to the Internal Revenue Service.

Interest on the notes will be payable on November 15, 1963, and May 15 and November 15, 1964.

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D-923

TREASURY DEPARTMENT

WASHINGTON, D.C.

July 24, 1963

FOR IMMEDIATE RELEASE

WITHHOLDING OF APPRAISEMENT ON
WINDOW GLASS

The Treasury Department is instructing customs field officers to withhold appraisement on window glass, 16-ounce through 28-ounce thicknesses, from the U.S.S.R., 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 Registe

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 Bureau instituted an investigation in this case on May 3, 1963. The dollar value of imports received during 1962 was approximately $600,000.

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TREASURY DEPARTMENT

WASHINGTON, D.C.
July 24, 1963

FOR IMMEDIATE RELEASE

WITHHOLDING OF APPRAISEMENT ON
WINDOW GLASS

The Treasury Department is instructing customs field officers to withhold appraisement on window glass, 16-ounce through 28-ounce thicknesses, from the U.S.S.R., 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 Bureau instituted an investigation in this case on May 3, 1963. The dollar value of imports received during 1962 was approximately $600,000.

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The exhibit is scheduled to be on view through the remainder of this summer. It is located near the Treasury's permanent Exhibit Room visited by about 100,000 tourists each year.

FOR IMMEDIATE RELEASE:

Treasury Display Pictures the
Work of its Law Enforcers

A [redacted] photographic display portraying the activities of the seven Treasury Enforcement Agencies and the Treasury Law Enforcement School has been installed in the second floor foyer of the entrance to the main Treasury Building facing the East Wing of the White House. The display was recently shown in the RCA Exhibit Hall in New York City as a part of an exhibit sponsored by the Law Observance Committee of the Federal Bar Association.

[redacted] portrays the work of Treasury Agents of the Bureau of Customs, U. S. Bureau of Narcotics, U. S. Coast Guard, U. S. Secret Service, and the Internal Revenue Service's Intelligence Division, Alcohol and Tobacco Tax Division, and Inspection Service, as well as the Treasury Law Enforcement School where agents receive advanced training in the newest techniques of their profession.

D-92

TREASURY DEPARTMENT

WASHINGTON, D.C.
July 26, 1963

FOR IMMEDIATE RELEASE

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D-924

TREASURY DEPARTMENT

WASHINGTON, D.C.

July 29, 1963

FOR IMMEDIATE RELEASE

TREASURY DECISION ON BALL BUBBLE CHEWING GUM
UNDER THE ANTIDUMPING ACT

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

The dollar value of imports of the involved merchandise received during the period September 1, 1962, through April 30, 1963, was approximately $263,000.

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TREASURY DEPARTMENT

301

WASHINGTON, D.C.

July 29, 1963

FOR IMMEDIATE RELEASE

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TREASURY DEPARTMENT

WASHINGTON, D.C.

July 29, 1963

FOR IMMEDIATE RELEASE

DEPUTY ASSISTANT SECRETARY BRAZER HONORED

Treasury Secretary Douglas Dillon Monday presented the Treasur Exceptional Service Award to Harvey Brazer, outgoing Deputy Assistá Secretary for Tax Policy. Dr. Brazer is returning to the Universit of Michigan after two years as Director of the Treasury's Office oi Tax Analysis. He will serve as Professor of Economics at the Unive sity and Research Associate at the University's Institute of Public Administration, two posts he held for four years before coming to Washington.

At the Treasury, he was principal economic adviser on tax poli In addition, he directed the work of Treasury economists engaged ir preparing tax plans and programs.

The citation which accompanied the Award reads:

> "This award is made in recognition of your outstanding contribution to the accomplishments of the Treasury during the two years in which you have served as Deputy Assistant Secretary for Tax Policy and as Director of the Office of Tax Analysis.
>
> "The Revenue Act of 1962, the revision of depreciatioi rules and procedures, and the current tax bill, reflect in large part programs you initiated, directed, or executed.
>
> "Your performance has been exceptionally able, not on in your personal contribution to tax policy and to tax legislation, but also in achieving and maintaining the higl est professional standards in the organization and operati of the staff of economists in the Office of Tax Analysis.
>
> "In the matter of legislation and policy, and also in the matter of administration and research, the Treasury De ment will bear the stamp of your efforts for many years to You have upheld the highest standards of professional cond Your service reflects credit both on yourself and on the Treasury."

TREASURY DEPARTMENT

WASHINGTON, D.C.

July 29, 1963

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FOR RELEASE A. M. NEWSPAPERS,
Tuesday, July 30, 1963.

July 29, 1963

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated May 2, 1963, a the other series to be dated August 1, 1963, which were offered on July 24, were opene at the Federal Reserve Banks on July 29. 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. details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing October 31, 1963		182-day Treasury bills maturing January 30, 1964	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv Annual Rate
High	99.183 a/	3.232%	98.290 b/	3.382%
Low	99.170	3.284%	98.277	3.408%
Average	99.175	3.263% 1/	98.282	3.398% 1/

a/ Excepting one tender of $300,000; b/ Excepting one tender of $100,000
100 percent of the amount of 91-day bills bid for at the low price was accepted
48 percent of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 44,683,000	$ 34,683,000	$ 12,743,000	$ 10,743,000
New York	1,404,244,000	834,244,000	1,190,446,000	651,223,000
Philadelphia	29,381,000	14,381,000	8,691,000	3,391,000
Cleveland	26,457,000	26,457,000	9,587,000	9,524,000
Richmond	22,419,000	22,419,000	7,184,000	1,184,000
Atlanta	30,573,000	26,073,000	4,435,000	4,435,000
Chicago	226,563,000	166,563,000	113,740,000	56,740,000
St. Louis	38,022,000	32,022,000	9,350,000	7,350,000
Minneapolis	19,961,000	19,461,000	9,339,000	4,916,000
Kansas City	46,269,000	38,269,000	16,908,000	12,708,000
Dallas	24,381,000	20,381,000	9,479,000	6,479,000
San Francisco	74,137,000	65,637,000	66,043,000	31,318,000
Total	$1,987,090,000	$1,300,590,000 c/	$1,457,945,000	$ 800,011,000

c/ Includes $245,837,000 noncompetitive tenders accepted at the average price of 99.17
d/ Includes $57,017,000 noncompetitive tenders accepted at the average price of 98.282
1/ On a coupon issue of the same length and for the same amount invested, the return o these bills would provide yields of 3.34%, for the 91-day bills, and 3.50% 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 semiannu compounding if more than one coupon period is involved.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, July 30, 1963.

July 29, 1963

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Total	$1,987,090,000	$1,300,590,000 c/	$1,457,945,000	$ 800,011,000 d/

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D-925

FOR RELEASE ON DELIVERY

STATEMENT OF THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
BEFORE THE
HOUSE WAYS AND MEANS COMMITTEE
ON THE
DEBT LIMIT
MONDAY, JULY 29, 1963
10:00 A.M., EDST

When the Congress last considered the debt limit in May, it took the rather unusual step of enacting a new temporary debt limit to extend only through the first two months of fiscal 1964. The reason for this action was, of course, the exceptional degree of uncertainty attached to any projections of our budgetary position for the entire fiscal year. In referring to the $309 billion temporary debt limit for the months of July and August 1963, your Committee Report stated:

> ". . . . . . This is designed to give your committee and the Congress more time to consider the appropriate limitation for the balance of the fiscal year 1964. By the end of August, congressional action on appropriations can be expected to have progressed to the point where it will be possible to obtain a much clearer picture of probable expenditures for the fiscal year 1964. By this time also it is hoped that the consideration of the President's tax proposals will have reached the point where it is possible to more accurately forecast the impact of any congressional action on revenues for the fiscal year 1964."

Furthermore, the Senate Finance Committee, at the time of its action on the previous extension, felt that increasing the debt limit only until August 31, 1963 might not allow it sufficient time to evaluate the budget situation for the fiscal year 1964. It urged that more time may be needed to determine the level of expenditures resulting from the appropriations enacted, and "more time may be required to consider the tax measures now pending in the Committee on Ways and Means."

In deference to this position of both Committees, and the continued absence of sufficient hard, factual information on which to base the debt limit requirement for the full fiscal year 1964, I am here today only to request an extension of the present $309 billion temporary debt limit through November 30, 1963.

The progress of the Congress on both appropriations and the tax bill in the intervening months has not measured up to the pace hoped for by this Committee. Only two appropriations bills, covering about seven percent of the budget, have been enacted, and the tax bill has not yet been reported out by this Committee. In this situation any estimate of the debt limit required for the full 1964 fiscal year would involve a considerably larger element of guesswork than has usually been the case.

Fortunately, however, our budgetary position has substantially improved since I last discussed the debt limit with you on May 1. Therefore, it seems wise to extend the present temporary debt limit for an additional three months, that is to November 30th, by which time we are certain to have a much sounder basis upon which to determine the debt limit requirements for the remainder of the fiscal year.

Unless new debt limit legislation is enacted, the temporary ceiling will expire on August 31st and the debt ceiling will revert to its permanent level of $285 billion. Current estimates indicate that the debt will be about $307 billion on August 31st, $22 billion above its permanent level. It is obvious that action must be taken.

I would now like to review with the Committee the unexpectedly favorable developments during May and June which have given us this extra leeway under the debt ceiling. A table attached to this statement lists the various changes in our actual cash position on June 30 as compared to the estimates given the Committee at the beginning of May.

On May 1, we were estimating a budget deficit of $8.4 billion. As you know, the deficit actually turned out to be $2.2 billion less than this - - $6.2 billion. The smaller budget deficit was produced by a combination of receipts almost $900 million greater than we had expected and budget expenditures more than $1.3 billion lower than we had anticipated on May 1. Normally, the differences between estimates and final results are reasonably well balanced between those on the down side and those on the up side; but in recent months we have had the unusual and most gratifying experience of finding almost all of the changes from our estimates moving in the same direction - - toward a lower budget deficit and an improved cash position.

Of the almost $900 million improvement in our revenue position, about $400 million was accounted for by receipts from individual income taxes - - an increase largely attributable to the fact that the economy expanded at a faster rate than we had anticipated. Receipts from corporation income taxes were also about $300 million higher than had been estimated. The remainder of the increase in receipts, about $200 million, came from increased estate and gift taxes and miscellaneous items.

Practically the entire $1.3 billion reduction in budget expenditures from the level estimated on May 1 was due to decreases in outpayments. The volume of asset sales during fiscal 1963 turned out to be very close to the estimate furnished this Committee by the Budget Bureau in May. The major expenditure reductions were in the Defense Department, the Veterans Administration and the Housing and Home Finance Agency. Although Defense expenditures (including military assistance) turned out to be very close to the January estimate, they were about $300 million below the level estimated on May 1. Veterans Administration outlays were $200 million lower, and expenditures by the Housing and Home Finance Agency were $300 million below the May 1 estimate. The Director of the Budget, Mr. Gordon, will provide further details on the expenditure reductions and the sales of assets in his statement.

Looking to fiscal 1964, we find that thus far in July expenditures are running very close to the levels estimated last May. There is no indication of any increase in expenditures, such as might have been expected had any part of the improvement represented only a temporary postponement in spending.

In addition to higher budget receipts and lower budget expenditures, trust funds and other non-budget items added more to the Treasury's cash balance than had been anticipated. Net receipts from the Unemployment Trust Fund were $300 million higher than projected, and net receipts from the Highway Trust Fund were $100 million higher. As a result of a number of other offsetting factors, trust funds and other non-budget items added a net amount of $200 million to the Treasury's cash balance over what had been anticipated in May.

To round out the picture, I would like to discuss recent developments affecting the debt and our borrowing requirements in the near-term future. The public debt on June 30 was $800 million higher than we had anticipated on May 1. $400 million of this unplanned increase in the debt came from sales of Savings Bonds and special foreign issues, neither of which is subject to close control in response to shifts in our cash balance.

Normally, redemptions of Savings Bonds exceed sales during the April-June period. Since Savings Bonds sales had done better than usual during the first quarter, we assumed a break-even on Savings Bonds during the second quarter. However, when the final figures were in, they showed that second quarter sales had done even better than expected, and, contrary to the usual seasonal pattern, the net addition to Savings Bonds outstanding was about $300 million. This gratifying second quarter performance of Series E and H Savings Bonds was the best since 1955.

During May and June, we sold $100 million more of special security issues to foreign central banks than we had anticipated on May 1. The proceeds of these issues provide us with funds which we can use in the same manner as any other borrowings; however, the timing of these issues is determined solely by balance of payments needs rather than by ordinary debt management criteria.

The remaining $400 million unplanned increase in our debt occurred in connection with the sale of 4% bonds of 1970 which were offered to the public on June 11. Even at that late date, we were projecting a budget deficit of $7.2 billion, $1 billion higher than actually occurred, and the market situation appeared to be exceptionally favorable for an issue of intermediate maturity. Our intention was to raise $1.5 billion with this bond issue. However, the issue proved to be even more popular than we or the market had expected. In order to prevent a serious speculative situation from developing in the government securities market, we felt obliged to make a special over-allotment on subscriptions. Including this special over-allotment, $1.9 billion of the bonds were sold, $400 million more than originally planned.

The improvement in our over-all cash position, in which this very successful June bond offering played a minor role, has permitted us, contrary to our earlier expectations, to go through the entire month of July without any cash borrowing operations. In fact, our entire third quarter borrowing program has been scaled down. On May 1, we were contemplating a cash borrowing need of $6 billion during the third quarter, including any cash borrowings in June. It now appears that our cash requirements can be met with a borrowing program of only $4 billion, half of which has already been accomplished by the June issue to which I have referred.

The substantial deviation of the actual budget deficit from the best estimate that we could make only two months before the end of the fiscal year clearly demonstrates the need for a substantial margin for contingencies in establishing a debt limit to cover any considerable span of time. In this particular instance, all of the differences worked in our favor. On other occasions, particularly in those instances where the economy is growing at a slower rate than anticipated, the variations from our estimates are likely to be just as large in the other direction.

I have a very keen appreciation of this fact of life, because of the 1961 experience. When I appeared before this Committee on June 15, 1961, the latest and best information available to us pointed to a budget deficit of $2.5 billion for the fiscal year that was to end only fifteen days later.

Twelve days later, when I appeared before the Senate Finance Committee, the continuing inflow of information made it evident that our projection had been too optimistic, and we revised our estimate of the budget deficit for fiscal 1961 up to $3.0 billion. As it turned out, we were still far from the mark, because the actual deficit turned out to be $3.9 billion.

When, despite the government's best efforts, it is possible to miss the mark by as much as $1.4 billion only two weeks before the end of the fiscal year and by as much as $900 million only four days before the end of the fiscal year, it leads one to an acute awareness of both the limitations of budget estimating in an organization as large and complex as the United States Government and of the need for substantial operating leeway to deal with contingencies.

Another point which the recent experience demonstrates is that this Administration can and will keep expenditures at the lowest possible level, irrespective of the size of the debt limit. The fact that we found ourselves in an unexpectedly improved budgetary position did not lead us to cut back on the program of asset sales which we had set out to accomplish, a program which we know is strongly supported by this Committee and the Congress. The fact that we found ourselves with somewhat more room under the debt limit than we had contemplated did not lead us to increase expenditures. Although the improvement in our revenue position would have permitted a rise in expenditures under the debt limit established by the Congress, expenditures actually declined. This experience should provide substantial assurance that an adequate allowance for contingencies under the debt limit will not be abused.

At the last hearing, the Committee found it useful to have daily cash and debt projections available when it sought to establish a debt limit covering only a relatively short period into the future. For this reason, we have attached our latest daily projections covering the period through November 30.

You will note that the present $309 billion debt limit will provide us with a leeway of about $1 billion during September and early October. From October 15 through November 14, however, the margin under the debt limit will fluctuate between $200 million and $700 million.

The projections indicate that on November 15 the debt will rise to $309.3 billion with a cash balance of only $4.3 billion. During the latter part of November, prudent debt management requires a rise in the debt to $310.1 billion on November 30, in order to build up the larger cash balances needed to meet the large outflows that are characteristic of early December.

It is apparent from these figures that we cannot assure the Committee that we will be able to operate throughout the entire month of November under the present $309 billion debt ceiling. We would hope that new debt limit legislation could be enacted by mid-November. The narrow margins under which we will be operating can only be accepted because of the shortness of the period for which this debt limit extension is requested.

In summary, we are not yet in a position to formulate with reasonable accuracy a debt limit request designed to cover the entire fiscal year 1964. Since our improved budgetary and cash position will allow us to operate under a $309 billion debt ceiling for 2-1/2 to 3 months longer than we had expected, I recommend a simple three months extension of the temporary debt ceiling at its current level of $309 billion.

Finally, in view of the fact that I am not asking for any extension of the debt ceiling beyond November 30 or any increase in the present $309 billion temporary debt limit, I have not included any conjectures concerning the limit that will be necessary beyond November 30 to cover the remainder of the fiscal year to June 30, 1964. Such an estimate is not necessary to action by the Congress on this request. To inquiries concerning that figure, I can only reply that it will be substantially below the $320 billion figure so frequently mentioned as a minimum at the time of the previous action.

ACTUAL TREASURY CASH POSITION AS OF JUNE 30, 1963
COMPARED WITH ESTIMATE PREPARED FOR DEBT HEARINGS
BEFORE HOUSE WAYS AND MEANS COMMITTEE APRIL 26 AND MAY 1, 1963
(In billions of dollars)

		Estimated in April	Actual	Increase
Cash Balance (excluding Gold)		8.0	11.1	3.1
Debt Subject to Limit		305.3	306.1	.8
Reconciliation:				
Actual Cash Balance March 31, 1963	7.4			
Items affecting Cash Balance (April 1 - June 30):				
Net Budget Receipts		+23.9	+24.7	.9
Budget Expenditures		-24.0	-22.7	1.3
Trust Funds etc. (net)		-1.4	-1.2	.2
Change in Public Debt		+2.1	+2.9	.8
Total		+.6	+3.7	3.1
Cash Balance June 30, 1963		8.0	11.1	
Actual Debt Subject to Limit March 31, 1963	303.2			
Net Changes (April 1 - June 30):				
Attrition		-1.0	-1.0	-
Bills		+1.2	+1.2	-
Bonds		+.3	+.3	-
June Tax Bills		-2.5	-2.5	-
June Borrowing		+1.5	+1.9	.4
Savings Bonds		-	+.3	.3
Foreign Securities		-	+.1	.1
Special Issues		+2.6	+2.6	-
Total		+2.1	+2.9	.8
Debt Subject to Limit June 30, 1963		305.3	306.1	

Figures are rounded to nearest $100 million and will not necessarily add to totals.

Major reasons for cash improvement from April 1 to June 30
(In billions of dollars)

Budget Receipts

Individual income taxes — Mostly in the withheld area - income levels higher than anticipated	+.4	
Corporation income taxes — Reflecting a higher level of taxable corporate profits for the calendar year 1962 than had been estimated in January	+.3	
All other (net)	+.2	
Total increase in Budget Receipts		.9

Budget Expenditures

Defense Department (including military assistance)	-.3	
Atomic Energy Commission	-.1	
Veterans Administration	-.2	
Commodity Credit Corporation	-.1	
Housing and Home Finance Agency	-.3	
All Other (net)	-.3	
Total decrease in Budget Expenditures		1.3

Trust Funds, etc. (net)

Unemployment Trust Fund — Quarterly Deposits by States were much heavier than expected in May; withdrawals by States were lower than anticipated	+.3	
Highway Trust Fund — Payments to States in May and June were lower than anticipated in view of commitments expected	+.1	
Other — Due to a combination of miscellaneous factors, such as an increase in investment transactions of Government sponsored enterprises, a decrease in deposit fund accounts and a decrease in checks outstanding	-.2	
Total increase on account of Trust Funds, etc. (net)		.2

Major reasons for cash improvement from April 1 to June 30 (continued)
(In billions of dollars)

Public Debt

June Borrowing .... +.4

$1.5 billion assumed in April; actually $1.9 billion

Savings Bonds .... +.3

A break-even of sales (including accrued discount) and redemptions was assumed for the April-June period. Actually, sales exceeded redemptions.

Foreign Securities .... +.1

Unexpected sale ~~in June~~

Total increase in Public Debt 8

Total Cash increase 3.1

ESTIMATED CASH BALANCE AND DEBT SUBJECT TO LIMIT
DAY-BY-DAY FOR PERIOD JULY - NOVEMBER 1963
(In billions of dollars)

Day	July 1963		August 1963		September 1963		October 1963		November 1963	
	Cash Bal. (Excl.Gold)	Debt Subj. to Limit	Cash Bal. (Excl.Gold)	Debt. Subj. to Limit	Cash Bal. (Excl.Gold)	Debt Subj. to Limit	Cash Bal. (Excl.Gold)	Debt Subj. to Limit	Cash Bal. (Excl.Gold)	Debt Subj. to Limit
June 30	11.1 *	306.1 *								
1	11.0 *	306.0 *	5.6	305.1			9.8	307.9	5.5	308.8
2	10.7 *	305.9 *	5.7	305.1	H O L	I D A Y	9.5	307.9		
3	10.6 *	306.0 *			6.7	308.0	9.2	307.9		
4	H O L	I D A Y			6.3	308.0	8.8	307.9	5.5	308.7
5	10.0 *	306.0 *	5.7	305.0	6.0	308.0			5.3	308.7
6			5.3	305.0	5.5	308.0			5.1	308.7
7			4.9	305.0			8.0	307.8	4.9	308.7
8	9.2 *	305.8 *	4.9	305.0			7.4	307.8	4.7	308.7
9	8.8 *	305.8 *	4.9	305.0	4.9	307.9	7.0	307.8		
10	8.5 *	305.8 *			4.5	308.0	6.6	307.8		
11	8.3 *	305.8 *			4.4	308.0	6.4	307.8	4.7	308.7
12	8.1 *	306.1 *	5.0	305.0	4.5	308.0			4.5	308.7
13			5.0	305.0	4.6	307.9			4.4	308.7
14			5.2	305.0			6.2	307.8	4.3	308.7
15	7.7 *	306.0 *	5.1	305.3			6.6	308.4	4.3	309.3
16	7.5 *	306.0 *	5.5	305.3	4.6	307.9	6.4	308.4		
17	7.4 *	306.1 *			4.9	307.9	6.2	308.4		
18	7.2 *	306.1 *			6.1	307.9	6.1	308.4	4.5	309.3
19	7.0 *	306.0 *	5.7	305.3	7.3	307.9			4.7	309.3
20			6.1	305.3	8.4	307.9			5.1	309.3
21			6.4	305.2			5.8	308.4	5.4	310.0
22	6.9 *	306.2 *	6.6	305.2			5.5	308.3	5.6	310.0
23	6.7 *	306.1 *	6.8	305.2	8.9	307.8	5.3	308.3		
24	6.6 *	306.1 *			9.3	307.8	5.1	308.3		
25	6.7	306.1			9.7	307.8	4.9	308.8	5.7	310.0
26	6.4	306.0	6.7	306.2	9.7	307.8			5.7	309.9
27			6.5	306.2	9.7	307.7			5.6	309.9
28			6.3	307.2			4.6	308.7	H O L	I D A Y
29	6.2	305.9	6.1	308.0			4.5	308.7	5.5	310.1
30	6.1	306.1	6.0	307.1	9.5	307.4	4.5	308.7		
31	6.1	305.1					4.5	307.8		

* Actual

July 29, 1963

and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

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

Treasury Department Circular No. 418 (current revision) and this notice, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or Branch.

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

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less for the additional bills dated May 9, 1963, (91- days remaining until maturity date on November 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 August 8, 1963, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 8, 1963. Cash

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, July 31, 1963

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 August 8, 1963, in the amount of $ 2,100,131,000, as follows:

91 -day bills (to maturity date) to be issued August 8, 1963, in the amount of $ 1,300,000,000, or thereabouts, representing an additional amount of bills dated May 9, 1963, and to mature November 7, 1963, originally issued in the amount of $ 801,786,000, the additional and original bills to be freely interchangeable.

182 -day bills, for $ 800,000,000, or thereabouts, to be dated August 8, 1963, and to mature February 6, 1964.

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $50,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern/Daylight Saving time, Monday, August 5, 1963.
(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

TREASURY DEPARTMENT

WASHINGTON, D.C.

July 31, 1963

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Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

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Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Departmment of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $ 200,000 or less for the additional bills dated May 9, 1963, (91-days remaining until maturity date on November 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 August 8, 1963, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 8, 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 from any Federal Reserve Bank or Branch.

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