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United States Savings Bonds Issued and Redeemed Through July 31, 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
MATURED				
Series A-1935 - D-1941	$ 5,003	$ 4,990	$ 13	.26%
Series F & G-1941 - 1950	28,512	28,375	137	.48%
UNMATURED 3/				
Series E:				
1941	1,826	1,537	290	15.88
1942	8,066	6,814	1,252	15.52
1943	12,982	10,953	2,029	15.63
1944	15,120	12,626	2,494	16.49
1945	11,836	9,677	2,159	18.24
1946	5,317	4,123	1,194	22.46
1947	5,008	3,700	1,308	26.12
1948	5,159	3,702	1,457	28.24
1949	5,074	3,552	1,522	30.00
1950	4,424	3,009	1,414	31.96
1951	3,831	2,590	1,241	32.39
1952	4,007	2,641	1,366	34.09
1953	4,557	2,793	1,763	38.69
1954	4,595	2,708	1,887	41.07
1955	4,761	2,766	1,994	41.88
1956	4,573	2,665	1,908	41.72
1957	4,294	2,415	1,878	43.74
1958	4,149	2,170	1,979	47.70
1959	3,876	1,974	1,902	49.07
1960	3,854	1,798	2,056	53.35
1961	3,862	1,572	2,290	59.30
1962	3,717	1,230	2,487	66.91
1963	1,595	185	1,409	88.34
Unclassified	558	578	-20	
Total Series E	127,041	87,779	39,262	30.90
Series H (1952 - 1963) 3/	9,223	1,984	7,239	78.49
Total Series E and H	136,264	89,763	46,501	34.13
Series F and G (1951 - 1952).....	1,007	781	4/ 227	22.54
Series J and K (1952 - 1957)	3,699	2,000	1,700	45.96
Total Series F, G, J and K	4,706	2,781	1,927	40.95
All Series — Total matured	33,515	33,364	151	.45
All Series — Total unmatured	140,970	92,543	48,427	34.35
All Series — Grand Total	174,485	125,907	48,578	27.84

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

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BUREAU OF THE PUBLIC DEBT

FOR IMMEDIATE RELEASE — August 2, 1963

PRELIMINARY RESULTS OF TREASURY'S CURRENT EXCHANGE OFFERING

Preliminary figures show that about $6,374 million, or 96.0%, of Treasury certificates and bonds maturing August 15, 1963, aggregating $6,642 million, were exchanged for the new 3-3/4% notes offered in the current exchange. About $268 million, or 4.0%, of the two maturing issues remain for cash redemption.

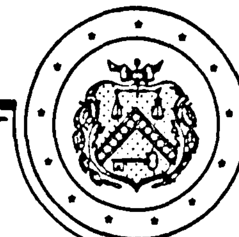
Of the maturing securities held outside the Federal Reserve Banks and Government accounts, 10.8% were not exchanged.

Details of the exchange are as follows: (in millions)

Eligible for Exchange		Exchanged by			
Securities	Amounts	FRB's and Govt. Accts.	All Others	Total Exchanged	Unexchanged
3-1/2% ctfs.	$5,181	$3,797	$1,315	$5,112	$ 69
2-1/2% bonds	1,461	352	910	1,262	199
Totals	$6,642	$4,149	$2,225	$6,374	$268

Final figures regarding the exchange will be announced after final reports are received from the Federal Reserve Banks.

TREASURY DEPARTMENT



WASHINGTON, D.C.

FOR IMMEDIATE RELEASE

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D-928

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As is customary, in reporting on the Secret Service's vital task of protecting the President, his immediate family and the Vice President, the fiscal year summation resorts to the laconic statement that this "most important responsibility" was "effectively provided," and that security arrangements for trips within the United States and abroad were carried out "without significant incidents."

A copy of the Secret Service's Annual Report is attached.

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Compared with the previous fiscal year, it would seem that counterfeiting dropped off, because the totals of currency siezed before circulation decreased from $3,567,020.43 in fiscal 1962 to $2,845,823.25 in fiscal 1963. This in no way represents a trend, Chief Rowley reported. Shortly after the turn of the year the Secret Service broke a counterfeiting ring in the San Francisco area, which was involved with the printing and passing of some $2 million in bogus bills.

In this instance and others occurring in North Carolina and Florida, employees and equipment of legitimate printing houses were involved in "big time" counterfeiting cases nipped in the bud by the Service. Other major cases involved as usual "repeaters" with previous criminal records, two of which took place in Chicago and Los Angeles.

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The record of arrests and convictions is impressive: a total of 3,717 persons were convicted for all offenses investigated by the Service. These included of course, cases of forgery of Government checks and bonds as well as currency. Of the cases brought to trial during the 12-month period, 97.6 percent resulted in convictions -- and, in 92.3 percent of these cases, the criminals pleaded guilty.

Because the fiscal year ended during a period of intense Secret Service activity against criminals operating in states along both eastern and western seaboards, the report presents an anomalous statistical situation.

"Supposedly trusted employees were using such equipment after normal working hours without either the consent or the knowledge of their employers," ~~Chief Rowley said.~~ He pointed out that the quality of counterfeit currency has improved with advances made in the graphic arts.

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Chief Rowley's figures show that a total of $3,394,263 in counterfeits was received by the Service during the period. Banks, businesses and individuals turned over to the Secret Service $548,400 in fake bills, with which they had been victimized -- but Secret Service agents had actually siezed from counterfeiters $2,845,823 in

Treasury Department
Washington, D.C.

August 2, 1963

FOR RELEASE SUNDAY A.M. PAPERS:
AUGUST 4, 1963:

COUNTERFEITERS ARE USING GOOD
COMMERCIAL EQUIPMENT, SECRET SERVICE REPORTS

The Chief of the United States Secret Service today warned business firms using printing equipment to "become more familiar with the activities of their employees" because such activity accounted for much of the counterfeiting which took place over the past year.

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D-929

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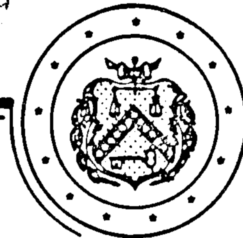
TREASURY DEPARTMENT



WASHINGTON, D.C.

August 2, 1963

FOR RELEASE IN NEWSPAPERS
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(MORE)

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TREASURY DEPARTMENT

UNITED STATES SECRET SERVICE

WASHINGTON 25, D.C.

OFFICE OF THE CHIEF

August 1, 1963

MEMORANDUM TO THE SECRETARY

Attention: Mr. Robert A. Wallace
Assistant to the Secretary

From: Mr. James J. Rowley
Chief, U. S. Secret Service

Subject: Secret Service Annual Report

The Annual Report of the activities and accomplishments of the U. S. Secret Service for the Fiscal Year ended June 30, 1963, is herewith submitted.

James J. Rowley

U. S. Secret Service
Annual Report
Fiscal Year Ended June 30, 1963

The major functions of the United States Secret Service as defined by Section 3056, Title 18, United States Code, are the protection of the President of the United States, the members of his immediate family, the President-elect, the Vice President or other officer next in the order of succession to the office of President, and the Vice President-elect; protect a former President, at his request, for a reasonable period after he leaves office; the detection and arrest of persons committing any offenses against the laws of the United States relating to obligations and securities of the United States and of foreign governments; and the detection and arrest of persons violating certain laws relating to the Federal Deposit Insurance Corporation, Federal land banks, and Federal land bank associations.

Protective and Security Activities

Protection for the First Family and the Vice President, the most important responsibility of the Secret Service, was effectively provided during the past fiscal year. Security arrangements for their trips within the United States and abroad were successfully carried out without significant incidents.

Investigative and Enforcement Activities

Special Agents of the Secret Service continued a sustained drive with marked success against the counterfeiters of our currency and other obligations in the past fiscal year. This year proved to be another unprofitable year for counterfeiters.

The quality of counterfeit currency improves with the advances made in the graphic arts. There were a number of instances during the year in which printing equipment of legitimate business firms was used for making counterfeit money. Supposedly trusted employees were using such equipment after normal working hours without either the consent or knowledge of their employers. The ease with which this crime was accomplished points up the necessity for employers to become more familiar with the activities of their employees, particularly those who have access to printing equipment.

During this past fiscal year 662 persons were arrested for counterfeiting offenses and 47 counterfeiting plants were seized. Counterfeit currency received during this past

year amounted to $3,394,263, but only $548,440 resulted in a loss to the public. Special Agents of the Secret Service seized $2,845,823 before it could be passed upon an unsuspecting public. Only one out of every seven counterfeits manufactured resulted in a loss to the public.

The following counterfeiting cases are prime examples of why this crime showed small profits in fiscal year 1963. By eliminating counterfeiting at its source, the bulk of bogus money was seized before it became a threat to the public. The speed with which counterfeit notes are manufactured and distributed today, makes it necessary for the Secret Service to take quick and effective measures of suppression.

In June 1963 at Durham, North Carolina, $1,038,860 in counterfeit $20 notes were seized by our agents. The counterfeit money had been manufactured less than two days before the arrests were made and the seizure accomplished. Agents arrested five persons. The counterfeit money was manufactured by the owner of a legitimate printing business and an employee. An undercover agent purchased $30,000 of the counterfeit leading to the arrest of the major distributor

and the seizure of over a million dollars in counterfeit money from his car and residence. Only $10,000 in counterfeit money produced by this ring has not been located at the present time. This amount was allegedly sold to one of the men arrested but its present whereabouts is unknown. However, it will be recovered or its previous destruction accounted for, before the Secret Service closes this case. Only a few of these notes have been circulated.

In June 1962 a new counterfeit $50 bill appeared in Fort Lauderdale, Florida. During the following two weeks the notes were passed throughout the Miami area. Investigation disclosed the identity of the passer as an employee of a Fort Lauderdale printing firm. On July 5, 1962, he was arrested and $99,000 in counterfeits, with plates and negatives used in their manufacture, were seized. The passer who was also the manufacturer had made the counterfeits in two days, using company equipment and without the knowledge or consent of the owner. Only ten notes were passed prior to the passer's arrest. He is now serving a five-year sentence in a Federal prison.

In June 1962, a private detective, formerly a Washington,

D. C. police officer, asked a friend to find a buyer for counterfeit $100 money and plates used for their printing. In canvassing his contacts, the friend, through a third party, unknowingly approached undercover agents of the Secret Service for the sale. On July 29, 1962, the two principals completed the delivery transaction of $434,000 in counterfeit $100 notes and the counterfeit plates to the undercover agents. With their arrest a large scale counterfeiting escapade was nipped in the bud. Thus, a severe financial loss to the public was averted.

In August 1962 two legitimate printers from Miami, Florida, joined forces to manufacture counterfeit $10 and $20 currency. Their years of experience in the trade, and the availability of excellent equipment and supplies enabled them to produce deceptive counterfeit notes. On August 17, 1962, agents arrested a third man, a friend of one of the printers, at Dayton, Ohio, for passing counterfeit notes. Through him the location of the plant was established and that same evening one of the printers was arrested in Miami Beach and the entire counterfeiting plant seized. The second printer, having marital problems, had left

Florida and was arrested in Midland, Texas, on August 19, 1962. A total of $132,000 in counterfeit currency was seized in this case. Less than $500 in counterfeit notes was passed on the public.

A year ago in Chicago, Illinois, new issues of counterfeit $10 and $20 notes appeared. They were crude by current standards and believed to be the work of amateurs. Within a short time, additional new improved issues appeared which were associated with the crude issue through analysis of printing defects. It was obvious that the counterfeiters were making progress. By January 1963 more than $17,000 in twelve different issues of counterfeit notes had been passed within the city of Chicago, all determined to be the work of the same group. Intensive investigation was continued. It was determined that a small group of hoodlums were in control of the distribution of the notes throughout the city. Simultaneous raids were conducted in April 1962 on a restaurant and a residence in Chicago, which resulted in the arrest of the five manufacturers, and the seizure of the press, plates, negatives and several thousand dollars in uncut counterfeit notes. Included in the seizure were plates for a new counterfeit $5 note which had not yet been printed.

Counterfeiting has its share of repeat offenders. A Los Angeles man, who was arrested on January 8, 1963, for manufacturing counterfeit notes, had just completed a prison term on September 12, 1962, for the same offense. The Secret Service first arrested him in 1958. Before being sentenced for counterfeiting in 1958, he fled to Mexico where once again he became involved in the manufacture of counterfeit notes. He surrendered to Federal authorities in 1959.

The following table is a summary of the seizures of counterfeit money during the fiscal years 1962 and 1963:

Counterfeit Currency	1962	1963
Loss to the public	$ 567,896.35	$ 548,440.50
Seized before circulation	$3,567,020.43	$2,845,823.25
Total	$4,134,916.78	$3,394,263.75

The above figures, showing a decrease in the dollar amount of counterfeiting from that of the previous year, do not indicate a trend. To illustrate, shortly after the past fiscal year, a $2 million plus counterfeiting ring was broken in the San Francisco area. Thus, the crime of counterfeiting continues to be a potential threat.

Forgery of government checks continue to represent a major enforcement problem for the Secret Service. During the past fiscal year the Secret Service investigated 47,505 cases involving a face amount of $4,711,861.22, an increase of 11.0% cases over the previous year. A total of 3,343 persons were arrested for check forgery offenses during the year.

The Secret Service also investigated 7,169 cases involving the forgery of U. S. Savings Bonds, representing a face amount of $931,845.53, an increase of 22.8% cases over the previous year. During the year 81 persons were arrested for bond forgery offenses.

The following case summaries demonstrate the various types of people and the varying size of their forgery operations.

The crime of forgery and negotiation of U. S. Treasurer's checks is not new to the narcotic addict. Two such persons, a man and a woman in Pittsburgh, Pennsylvania, were arrested in August 1962 for stealing, forging and cashing 19 Treasury checks totalling $1,807.36. The woman was a repeat forger, having been arrested on a previous occasion for the same offense. Following her arrest and while on bail, she was

admitted to a hospital after having taken an overdose of barbiturates. She subsequently recovered and on March 14, 1963, she was sentenced to a term of three years. The male defendant committed suicide while incarcerated in a county jail awaiting judicial disposition of his case.

An involved check forgery ring consisting of ten persons, five men and five women, was broken in November and December 1962 with their arrest in Atlanta, Georgia, for the forgery and cashing of 35 government checks totalling $2,365.47. All defendants were convicted and received sentences ranging from two years imprisonment to two years probation.

An example of preliminary criminal planning involved two former inmates of the U. S. Penitentiary, Atlanta, Georgia. Prior to their release, plans were made that upon being discharged from the penitentiary they would team up to steal, forge and cash government checks. Their criminal operations began in Boston, Massachusetts, on March 31, 1962, and continued through New York, Ohio, Pennsylvania, New Jersey, Illinois and Michigan, until the arrest of one of the men in Chelsea, Massachusetts, on May 3, 1963. This man had been arrested and convicted for government check forgery

on four previous occasions. The second man was arrested in Michigan on November 23, 1962, for another offense, and is now serving a sentence in the Michigan State Penitentiary. Together they stole, forged and cashed 142 U. S. Treasury checks having a face value of $10,564.70. Their illegal check cashing operation, while not unique, was successful. On occasions they would open a checking account at a bank, deposit stolen and forged checks and later draw a check against the balance. In addition, they would use the passbook number of their account as identification in cashing other forged checks at branch banks. Investigation and photographic evidence reflected that one of the criminals attempted to alter his physical appearance from time to time. The criminal arrested in Massachusetts was able to obtain a reduction in his bail from $10,000 to $5,000, which he was able to furnish. When released on bail, he immediately proceeded to sell 11 stolen Treasury checks to an informant of the government. He was recently sentenced to serve a five-year prison term.

On May 2, 1963, in Washington, D. C., a woman was arrested for multiple check forgery. All 29 checks having

a total face value of $2,680.22 were alleged to have been forged and negotiated by this person who has been indicted by a grand jury and is currently awaiting trial.

A repeat forger was arrested on April 25, 1963, in Cincinnati, Ohio, for the forgery and negotiating of a $1,105.20 check in the purchase of a used car. He had been previously arrested by the Secret Service in September 1958 for check forgery, receiving a one-year sentence. He was arrested for the second time in December 1960, again by our Special Agents and charged with check forgery, receiving a two-year sentence. His third attempt at forgery resulted in a three-year sentence.

The increased number of stolen U. S. Savings Bonds which are forged and negotiated was revealed by the activity of a group of five individuals who were arrested in New York State in February 1963. They had successfully forged and negotiated 451 of these bonds having a total maturity value of $68,250. The bonds, registered to nine different owners, were stolen in burglaries of residences and business establishments in New York, New Jersey and Illinois. The principal defendant who had possession of these bonds

solicited the services of the other four defendants. These four opened accounts at various New York banks in the name of the stolen bonds' registered owner. They then presented the forged bonds for payment a day or two later using the account for identification.

Another check forger repeater was arrested January 1963 in Des Moines, Iowa, by local law enforcement officers as a result of a previously placed "lookout notice". This man and his wife are alleged to have stolen, forged and cashed over 100 government checks totalling $11,176.47 which were cashed in Minnesota, Michigan, New York, Colorado, California, Nevada, Ohio, Illinois, Utah, Oregon, Washington, Iowa, Nebraska, Vermont, New Hampshire, Maine, Indiana, Rhode Island, Pennsylvania, Massachusetts, Wyoming, Idaho and Maryland. This man had an arrest record dating back to July 10, 1946, and is a four-time repeater in the forgery and negotiation of government checks. His current criminal escapade began on June 3, 1961. He travelled by automobile, and on one occasion he had to abandon his car after an accident. He then purchased another car to which he affixed extra license plates he carried with him. Unlike most other

forgers, this man was also known to have effected the escape of a former wife after her arrest in Madison, Wisconsin, by using a gun. Both defendants are currently awaiting judicial disposition.

As the result of the passage of a new law last year prohibiting the use of coin slugs, the Secret Service has made 59 arrests. While the number of such cases reported in this past fiscal year has not been great it is to be assumed that it will continue to increase.

The following table shows the number of criminal and non-criminal investigations completed by the Secret Service in fiscal years 1962 and 1963. This table reflects the arrest of 121 persons in fiscal year 1963 for crimes other than counterfeiting and forgery, bringing the total of persons arrested to 4,207 in fiscal year 1963. Cases of all types investigated by the Secret Service, totalled 71,969, an increase of 12.8%.

Cases Investigated	FY 1962	FY 1963
Counterfeiting	10,052	10,378
Forged Government Checks	40,351	47,505
Forged Government Bonds	7,804	7,169
Miscellaneous Criminal	1,187	1,080
Miscellaneous Non-Criminal	4,297	5,837
Total	63,791	71,969

Arrests	FY 1962	FY 1963
Counterfeiting	737	662
Forged Government Checks	3,414	3,343
Forged Government Bonds	82	81
Miscellaneous Crimes	169	121
Total	4,402	4,207

A total of 3,717 persons were convicted for offenses investigated by the Secret Service. Of all Secret Service cases brought to trial in the past fiscal year, 97.6% resulted in convictions; 92.3 per cent of these involved pleas of guilty.

The incidence of crimes over which the Secret Service has investigative jurisdiction remains generally consistent with the nationwide crime trend.

Yet, despite the rise in counterfeiting and related criminal activity, the past fiscal year demonstrated the increase in proficiency of the Secret Service organization and methods -- but perhaps even more importantly it underlined the growth and development of cooperation between all levels of law enforcement over the past several years. It has been the strong bonds between the Secret Service and law enforcement agencies that have enabled the Service to achieve

gratifying success in those protective and investigative functions. Great credit is due to state and municipal police organizations in this respect.

August 2, 1963

FOR RELEASE AT 6:00 PM, EDT
FRIDAY, AUGUST 2, 1963

JOINT JAPANESE - UNITED STATES COMMUNIQUE

On July 31, Foreign Minister Ohira arrived in Washington for conversations with the President, Secretary Rusk, Secretary Dillon, Under Secretary Ball and other officials of the United States Government.

During his stay in Washington, Foreign Minister Ohira discussed a wide range of matters of mutual interest to Japan and the United States, including trade, finance and recent developments in the international situation. The conversations produced a deeper understanding of common problems and contributed to the strengthening of the partnership between the two countries.

Both sides agreed on the importance of the balance of payments program announced by the President in his Message to the Congress of July 18, in view of the key position of the dollar in the international financial system and the present balance of payments problem of the United States. United States officials explained the need for taking action with respect to total U.S. private long-term portfolio investments abroad because of their sharp rise from a 1959-61 average of $600 million to $1.1 billion last year and an annual rate of over $1.8 billion the first half of this year.

Of particular importance to Foreign Minister Ohira was the possible impact on Japan of the legislative proposal to be submitted to the Congress for an interest equalization tax. He expressed anxiety that the interest equalization tax would shut off the flow of long-term capital to Japan, which his Government considers necessary for the continuation of Japan's economic growth and the stability of its balance of payments. United States officials agreed that the sound economic growth of Japan is of vital importance for the prosperity and stability of the entire free world and that an appropriate flow of long-term private capital to Japan was desirable. They further made clear their expectation that American investors would continue to purchase Japanese securities after imposition of the tax, so that its imposition would not prevent Japan from obtaining sufficient capital from the United States and other sources to preserve the stability of its balance of payments.

Secretary Dillon informed the Foreign Minister that the draft legislation on the interest equalization tax, as it will be proposed to the Congress, will include a provision allowing the President to grant certain exemptions if the imposition of the tax were to have such consequence for a foreign country as to imperil or threaten to imperil the stability of the international monetary system.

(MORE)

It was agreed that if, contrary to United States expectations, serious economic difficulties were to arise in Japan, the United States would consult with Japan on the appropriate measures that might then be taken to meet the problem, including consideration of some form of exemption from the proposed interest equalization tax for new issues of securities. It was decided to create a special joint Japanese-American economic consultative task force to maintain a close liaison on these problems.

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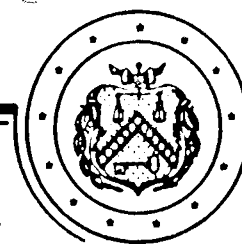
TREASURY DEPARTMENT



WASHINGTON, D.C.

August 6, 1963

NOTE TO EDITORS AND CORRESPONDENTS:

Robert W. Reese has been appointed Public Affairs Officer for the Treasurer of the United States, Mrs. Kathryn O'Hay Granahan.

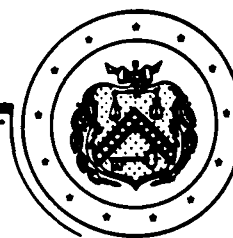
Mr. Reese has served since 1954 as Director of Public Information, Treasury's Savings Bonds Division, Washington, D. C. From 1948 to 1954, he was Director of Advertising and Promotion, Savings Bonds Division, Seattle, Washington, for the Pacific Northwest. Prior to that he was Public Relations Director, Pacific Northwest, for the Return of World War II Dead Program, Department of the Army.

Mr. Reese attended the University of Missouri and the University of Washington, where he received a B. A. degree in 1938, and an M. A. degree in 1939 in literature and philosophy. During World War II, Mr. Reese served as combat intelligence officer with the 13th and 92nd Combat Bomb Wings and with Headquarters, USAFE. He holds the rank of Colonel, USAF Ready Reserve.

Mr. Reese is in Room 3417, Main Treasury Building, (WO 4-2041).

Dixon Donnelley
Assistant to the Secretary
(Public Affairs)

TREASURY DEPARTMENT



WASHINGTON, D.C.

FOR IMMEDIATE RELEASE

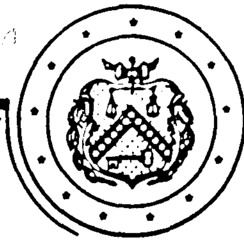
WITHHOLDING OF APPRAISEMENT ON
VITAL WHEAT GLUTEN

The Treasury Department is instructing customs field officers to withhold appraisement of vital wheat gluten from Canada, manufactured by The Ogilvie Flour Mills Co., Limited, pending a determination as to whether this merchandise is being sold in the United States at less than fair value. Notice to this effect is being published in the Federal Register.

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

The complaint in this case was received on April 19, 1963. The dollar value of imports received during 1962 was approximately $432,000.

TREASURY DEPARTMENT



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and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

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

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

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

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $ 200,000 or less for the additional bills dated May 16, 1963, (91 days remaining until maturity date on November 14, 1963) and noncompetitive tenders for $ 100,000 or less for the 182 -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Banks on August 15, 1963, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 15, 1963. Cash

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE

August 7, 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 15, 1963 , in the amount of $ 2,101,543,000 , as follows:

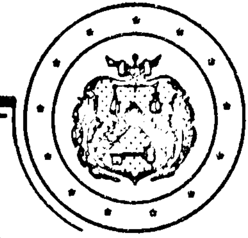
91 -day bills (to maturity date) to be issued August 15, 1963 , in the amount of $ 1,300,000,000 , or thereabouts, representing an additional amount of bills dated May 16, 1963 , and to mature November 14, 1963 , originally issued in the amount of $ 800,667,000 , the additional and original bills to be freely interchangeable.

182 -day bills, for $ 800,000,000 , or thereabouts, to be dated August 15, 1963 , and to mature February 13, 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 12, 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



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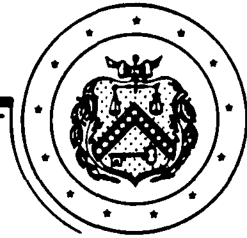

WASHINGTON, D.C.

FOR RELEASE A.M. NEWSPAPERS
THURSDAY, AUGUST 8, 1963

L. M. SCHWARTZ NEW KANSAS
SAVINGS BONDS CHAIRMAN

Secretary of the Treasury Douglas Dillon today appointed L. M. Schwartz volunteer State Chairman of the Kansas Savings Bonds Committee. Mr. Schwartz is President of the Citizens State Bank of Paola, Kansas. He succeeds J. Hardin Smith, who has served in the post since April, 1961.

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

Mr. Schwartz has served as Chairman of the Foundation of Commercial Banks, and is now serving as its Vice Chairman. He is a member of the Committee on Statewide Advertising and Public Information of the Kansas Bankers Association, and is a member of the American Bankers Association's Committee on Public Relations. In connection with membership in these organizations, Mr. Schwartz developed, under the Kansas Bankers Association's sponsorship, a new method of cost analysis for banks and a method for analysis of savings accounts profits. Both methods have since been adopted by the American Bankers Association.

In addition to his banking activities, Mr. Schwartz is owner of two Kansas newspapers and a guest lecturer at Kansas State University. He served several years as Chairman of the Bank Management Commission of the Kansas Bankers Association, which conducts the annual Bank Management Clinic.

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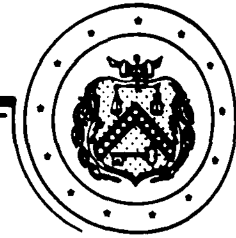
TREASURY DEPARTMENT



WASHINGTON, D.C.

August 8, 1963

FOR IMMEDIATE RELEASE

TREASURY MARKET TRANSACTIONS IN JULY

During July 1963, market transactions in direct and guaranteed securities of the government for Treasury investment and other accounts resulted in net sales by the Treasury Department of $59,009,500.00.

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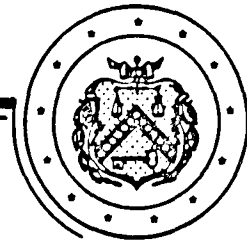
TREASURY DEPARTMENT



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D-932

REMARKS OF THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
AT THE WESTERFIELD RECEPTION
WASHINGTON HOTEL, NORTH ROOM
FRIDAY, AUGUST 9, 1963, 7:00 P.M., EDT

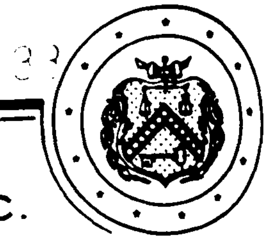
This occasion to honor Dr. Samuel Westerfield evokes in us all a mixture of both regret and pleasure -- regret that the Treasury Department is losing his talents as an international economist; yet pleasure at his moving up to even higher responsibilities in the Department of State as Deputy Assistant Secretary for Economic Affairs.

The man we are honoring this evening began as Associate Director of our Office of Debt Analysis. Dr. Westerfield's background in international economics quickly led to his advancement to the position of Senior Adviser for International Affairs.

We take great pride in the fact that it was the Treasury which brought Dr. Westerfield to Washington. And, it was the Treasury which provided him with 2½ years of high-level experience necessary to fulfill the responsibilities of his new post.

Thus, we are happy to share in Dr. Westerfield's recognition. While it will be difficult to replace him, we shall make every effort to do so. And, our policies of recruitment for high level positions among all groups in our society will most certainly continue.

TREASURY DEPARTMENT



WASHINGTON, D.C.

August 9, 1963

FOR IMMEDIATE RELEASE AFTER 6:00 P.M.,
FRIDAY, AUGUST 9, 1963

TREASURY OFFICIALS HONOR DR. WESTERFIELD

Treasury officials, including Secretary Douglas Dillon, today honored Dr. Samuel Z. Westerfield, Jr., at a reception held at the Washington Hotel.

Dr. Westerfield is leaving the Treasury after 2½ years as the Department's Senior Adviser for International Affairs, to become Deputy Assistant Secretary of State for Economic Affairs.

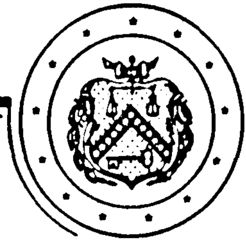
Secretary Dillon spoke briefly to the group expressing the Treasury Department's pride in helping to further Dr. Westerfield's career. The guest of honor, accompanied by his wife, Helene, was presented with an engraved silver cigarette box by Assistant Secretary John C. Bullitt.

Those attending the evening reception included Andrew Hatcher, Deputy Press Secretary to the President; Louis Martin, Vice Chairman, Democratic National Committee; Lawrence P. Doss, Assistant Director, Division of Automatic Data Processing; Robert A. Wallace, Treasury Department Employment Policy Officer; and Dixon Donnelley, Assistant to the Secretary (Public Affairs).

Dr. and Mrs. Westerfield, and their two children, Samuel III, age 16, and Sheila Helene, age 11, reside at 1743 Upshur Street, N. W., Washington, D. C.

(A copy of Secretary Dillon's remarks is attached.)

TREASURY DEPARTMENT



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TREASURY DEPARTMENT
Washington

FOR RELEASE ON DELIVERY

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REMARKS OF THE HONORABLE HENRY H. FOWLER,
UNDER SECRETARY OF THE TREASURY,
BEFORE THE AMERICAN BAR ASSOCIATION
(SECTION OF TAXATION)
CONRAD HILTON HOTEL, CHICAGO, ILLINOIS,
SATURDAY, AUGUST 10, 1963, 12:30 PM, CDT

CHANGING DIRECTIONS IN NATIONAL TAX POLICY

I would like to begin by congratulating the Section on Taxation for its initiative which led to the establishment in February 1962 by the American Bar Association of a Special Committee on Substantive Tax Reform. Both personally and officially I share your satisfaction in the adoption this past May by the Board of Governors of a resolution approving "the continuance of inquiry and research ... leading to the objectives of establishing a fair and equitable tax system, broadening the tax base, and providing incentives for work and investment."

It is to this common purpose of your Section, the Treasury Department and the present Administration -- improving our national tax policy -- that I will address myself today.

There can be no more important subject before this country today.

In a society where an increasingly large percentage (now above 27 percent) of annual income is utilized by Federal, state and local governments through taxation -- it is essential that our national tax policy be adapted to promote a dynamic private sector. Otherwise, the nation cannot have its full measure of rapid growth, full employment and a rising standard of living -- while remaining sufficiently competitive with other industrial economies to meet shared responsibilities and commitments for the security and development of the Free World.

In addition, tax policy must lessen some distinctions between sources and uses of income, and widen others, to meet the changing demands in a democratic nation for fairness and equity in taxation. Moreover, tax policy must be reflected in a system simple enough to be effectively administered with the main burden of compliance resting upon voluntary self-assessment.

These are challenging and difficult tasks of public policy formulation to which the members of this Section can make a major and welcome contribution.

1. The Problem of Change in Tax Policy

Few things are more subject to constant change in our democratic society than national tax policy, or more difficult to change in any comprehensive and substantial fashion. There is certainly ample evidence of that over the past three decades -- and over the past several years.

By its very nature, the formulation of effective tax policy is not an exact science, but an extremely practical and contingent art of approximation. Anyone framing tax policy must take account of future as well as present needs, of past experience as well as prospective impact, of political possibilities as well as economic and fiscal ideals.

Every move in the tax area affects some sector of our diverse and complex economy, and arouses, not only considerable public interest, but considerable special interest as well. As it was put so well in your own Annual Report of July 1963, "There are so many conflicting claims of the community that almost any statement about unraveling the tangled tax skein causes a general commotion and restiveness. Each taxpayer retreats to the security of a known position; for old battlements offer more comfort than new skirmishes."

These attitudes are bound to be reflected in the position of the elected representatives in City Hall, in the State House and in Congress.

Nearly every taxpayer or taxpayer group has his own especial formula for changing our tax system -- a formula that can usually be written on the back of an envelope or the top of a tablecloth. But no single private group seems to have sufficient strength to change our national tax system to suit its particular plan. And, until recently, many groups seemed to be powerful enough to veto proposals that did not meet their particular requirements.

As a wise commentator remarked in the famous Panel Discussions of 1959 before the House Ways and Means Committee: "The existing tax system persists, not because we are agreed in support of it, but because we are unable to agree on how to change it."

Against this background it is easy to sense the difficulty of framing new and meaningful tax policy which will have some chance of surviving the legislative process and, then, securing its acceptance as public policy.

The last three years have witnessed what may be the beginning of a break-through in this log jam on national tax policy. A limited but meaningful national consensus has developed on an approximate area of change in national tax policy. This very summer and fall there is a great national opportunity to take a significant forward step in forging a better national tax policy. When that step is taken, much will remain to be done; but taking that step will open the door of opportunity for additional forward progress and fix its direction.

Because of these developments and because of the recent dedication of this body to substantive tax reform, I should like to discuss the current tax policy proposals pending for enactment before the Congress -- their background, their significance, and their meaning for changing directions in national tax policy.

2. Background (1955-60)

A new administration in January of 1961 viewed the question of tax policy against a background of unconcern by the general public, and intense but dispersed interest among the experts. Two landmark studies of expert attention should be noted.

In 1955, a Subcommittee on Tax Policy of the Joint Economic Committee, chaired by Congressman Wilbur Mills, conducted an examination of "Federal Tax Policy for Economic Growth and Stability."

That investigation set the stage for the second major study which was the 1959 examination of Tax Revision by the Committee on Ways and Means, also made under the direction of the distinguished and able Mr. Mills.

After collecting papers from some 180 leading experts, including many members of this Section (papers which were published in the Tax Compendium of the House Ways and Means Committee of November 1959), there were Panel Discussions and Hearings beginning in December 1959 on "Ideas and Suggestions Submitted to the Committee on Ways and Means on the Broad Subject of Revision of the Federal Income Tax Structure."

Notwithstanding the valuable stockpile of proposals on national tax policy created by these two studies and countless other scholars, practitioners and private organizations, the year 1960, like the previous three years, saw little broad public attention or governmental action in the field of national tax policy responsive to the proposals of the experts.

But the three years after 1960 have witnessed national tax policy become one of the liveliest topics of public interest and policy determination.

An important contributory, if not decisive, element in the emergence of national tax policy into the front lines of public attention, so that it is no longer the peculiar interest of scholars and technicians, is the determination of the present Administration to give a high priority to national tax policy. This priority to and the major emphasis on the overall national economic aspects of tax policy was determined by the reaction of the President, the Treasury and the entire Administration to disturbing developments in our national economy since 1956.

Despite the innate strength of the United States, the last half of the Fifties was marked by some deterioration in confidence in the vigor, growth potential and competitiveness of the American economy on which so much depends.

Recoveries from recessions failed to reach a satisfactory rate of utilization of resources, much less sustain the desired pace over appreciable periods. Even more disturbing than a tendency to recurrent recession was the fact that expansion of the U. S. economy was marred by higher peaks of unemployment, lagging growth rates, budget deficits, and continued unfavorable imbalances in our international payments.

What are some of the significant elements in this cloudy background?

-- After sixty months of unemployment in excess of five percent, unemployment is still running over five and one-half percent.

-- Our national growth rate of 2.7 percent from early 1955 to the present compares unfavorably with regular rates in Western European countries of four, five and six percent -- or even our own four percent trend in much of the period prior to 1955.

-- Our balance of payments deficits for the last two years have been in excess of $2 billion a year -- a considerable improvement over the $3-1/2 to $4 billion annual deficits that characterized the years 1958-60, but still a serious problem, and one we are moving firmly to solve.

-- There have been deficits in the Federal administrative budget in five of the last six years, totaling $31.7 billion. Much of the total was due to a $12.4 billion deficit in 1959, resulting from an unanticipated recession.

-- In 1956 and 1957 business fixed investment averaged nearly eleven percent of total output. Since that time it has fallen to roughly nine percent. The rate of increase in our stock of business plant and equipment has substantially diminished since 1957, rising

by less than two percent a year since then, compared to four percent a year in the 1954-57 period. There has been a disturbing rise in the proportion of our machinery and equipment which is more than ten years old. A recent survey of the age of machine tools in the U. S., by the American Machinist Magazine, shows sixty-four percent to be at least ten years old -- a picture that has worsened since the last survey in 1958. Similar estimates show much lower percentages of equipment over ten years old in such major competitor countries as France, Italy, Germany, the United Kingdom and the U.S.S.R.

-- Between 1954 and 1960 there was a sharp decline in the rate of increase of productivity per worker and per hour from that of the earlier postwar period.

-- With the exception of the depression, no period of comparable length in this century has witnessed such a disturbing underutilization of productive resources in the United States. And, surely, at no time since the U. S. became a major industrial power has it so risked its leadership because of obsolescent productive plant and equipment.

3. Breaking the Log Jam (1961-62)

These are some of the facts which gave priority to national tax policy, beginning in 1961, and to specific tax proposals which would go to the heart of the problem of growth, productivity and competitiveness -- and do so in a manner consonant with our free market economy.

President Kennedy in his first Tax Message to the Congress in April 1961 assigned the major role in meeting the changing needs and requirements of our economic and international position to tax policy. He coupled this objective with that of "a more equitable tax structure, and a simpler tax law." While a more comprehensive approach was being fashioned he called, as a "first though urgent step", for a tax policy which would promote economic growth and productivity by encouraging the modernization and expansion of machinery and equipment.

The Revenue Act of 1962, therefore, contained, as its central provision, the investment tax credit which reduced current taxes for a business by seven percent of annual expenditures for new machinery and equipment. To offset the tax reduction it was proposed to provide compensating revenue gains through the elimination of certain defects and inequities or special preferences long condemned by exponents of substantive tax reform.

This first Message indicated the direction of the second and later more comprehensive step by observing that higher tax rates are made necessary by a narrowing of the tax base which does not meet the test of promoting some desirable social or economic

objective of overriding importance. It was announced that "it will be a major aim of our tax reform program to reverse this process by broadening the tax base and reconsidering the rate structure."

After nearly 18 months of strenuous legislative activity, marked by nearly continuous predictions of the death of the proposals, a law, including the investment credit and a variety of structural reforms, was enacted. The tax credit involved a revenue loss of $1 billion but the other structural provisions increased revenues by an estimated $800 million or more. These provisions:

* Extended considerably reporting requirements on dividends and interest income;

* Provided a basis for curtailing many abuses in the expense account area;

* Eliminated the tax avoidance device of converting ordinary income into capital gain through the sale of depreciable personal property;

* Substantially reduced the tax advantages of mutual thrift associations over competing financial institutions resulting from tax-free accumulation of earnings as bad debt reserves;

* Provided for current taxation of the earnings of cooperatives;

* Allowed salvage value up to 10 percent of the cost of the original asset to be disregarded in determining allowable depreciation deductions -- reducing the likelihood of disputes in this area between taxpayers and tax administrators;

* Provided for the taxation of mutual fire and casualty insurance companies on underwriting, as well as investment income.

The principal aim of the 1962 Revenue Act, however, was to expand private investment in the United States. The direct approach of a credit for domestic investment was supplemented by the removal of unwarranted tax inducements to investment in other industrialized nations. Provisions to accomplish this included measures to:

* Make United States shareholders currently taxable on tax haven earnings of foreign corporations controlled by them;

* Tax dividends distributed by foreign subsidiaries of United States corporations in industrialized countries at the full domestic corporation income tax rates -- less, of course, a credit for foreign taxes;

* Tax profits from sales of United States patents to foreign subsidiaries at ordinary rather than capital gains rates;

* Remove tax advantages previously granted to investment companies created abroad;

* Restrict the exemption from United States tax of earned income of American citizens establishing residence abroad.

The other part of a two-pronged program of tax policy to encourage investment in machinery and equipment was the administrative liberalization by the Treasury last year of the tax treatment of depreciation. The new so-called Guidelines provided the first comprehensive revision of the rules for determining service lives of machinery and equipment since "Bulletin F" in 1942.

The change in the administrative rules concerning depreciation does more than reduce the lives of machinery and equipment for depreciation purposes to conform to up-to-date practice; it speeds the translation of product developments from the laboratory to the production and distribution line in an ever faster cycle; it encourages maximum competitive efficiency. It incorporates a new test that permits the businessman to fix his preferred life for machinery and equipment, provided only that his actual replacement pattern conforms to his estimate in a reasonable period of time.

The already evident effectiveness of these tax changes in encouraging increased capital investment clearly demonstrates how reducing business taxes can result in increased modernization and stepped-up economic growth.

With the investment credit and the new depreciation guidelines, national tax policy has taken an important step in the taxation of new investment in machinery and equipment. These provisions help to overcome obsolescence and provide inviting outlets for new technology, invention and new processes.

Their continued utilization and adaptation will insure that the tax system will not become either a passive deterrent or an inactive stimulant to investment in capital equipment -- a main source of growth and competitive efficiency.

I trust and believe that this policy will continue to be attuned sharply to a dynamic and competitive economy in which change is continuous.

4. The Emergence of a National Consensus on Tax Policy (1963)

While the Revenue Act of 1962 and the administrative liberalization of depreciation were being completed, the stage for a more comprehensive second step in national tax policy was altered by new developments.

At the outset of 1962, after nine months of rapid recovery, the expansion of the U. S. economy slackened. Between the fourth quarters of 1961 and 1962 the Gross National Product rose barely enough to permit the nation to hold its own on rates of unemployment, profits, and capital investment. The overriding lesson of this 1962 slow down was that the pattern of slow growth since 1957, rather than the temporary spurt in 1961, was the true measure of the nation's long term economic problem.

There was a break in the stock market and considerable pressure for an emergency temporary tax cut. But, it was determined in the late summer of 1962 that the right approach for a second step was a permanent reduction in our income tax rate structure, accompanied by a substantial net tax reduction and some structural reforms responsive to considerations of equity. The President announced his position that "our tax rates, in short, are so high as to weaken the very essence of the progress of a free society -- the incentive for additional return for additional effort." It was also recognized that the level of present taxes constituted a drag on recovery and growth.

Early this year, the President, in his State of the Union Message, made a new tax program his number one legislative objective for 1963.

In summary, the basic thrust of the proposed new tax program is a substantial reduction in rates on individual and corporate income and capital gains at all levels -- reversing a trend of more than thirty years in which rates have moved upward in war and in peace -- easing the pressure of repressive tax rates imposed partly to constrain wartime and early postwar inflationary pressures, but which now act to slow our growth.

The major reform in the tax program, as submitted by the President, is the reduction in tax rates. The annual cost of the proposed rate reduction would be $13.6 billion -- when the program would be fully effective in 1965 -- to be met by a $10.3 billion

net reduction spaced over a two-year period and structural changes which would provide a net increase in revenues of $3.3 billion.

Over thirty structural changes were proposed. Most of these were intended to broaden the base of taxation by eliminating or lessening certain special privileges. They would -- in effect -- have paid for $3.3 billion of rate reduction and other structural reforms involving a revenue cost of $740 million, which were intended to relieve hardships which would not be removed by rate reduction alone.

Since the House Ways and Means Committee will shortly report out a bill which will accept in whole or in part a number of these structural proposals, while rejecting others, until that time I prefer to limit my comments to the consequences of substantial rate reductions -- the major reform toward which the program is directed.

The corporate reductions proposed would actually be somewhat greater in magnitude than the combined effect of the investment credit and depreciation reform. This would greatly spur productive investment. In fact, it would -- together with the two earlier measures -- increase the profitability of new investment by almost thirty percent.

But there is no point in spurring investment, or increasing corporate cash flow, if there is no corresponding consumer demand to assure that such investment will pay off in higher sales and greater profits. Therefore, the individual tax and rate reductions -- significantly larger than the total of all business tax reductions both in this year's proposed measures and in those already taken in 1962 -- are of even greater economic significance.

Clearly these measures of reduction -- together with improvements in the capital gains area -- will be of primary importance in moving our economy onto the new and higher plane of activity we must achieve if we are to better our performance over that of the past five or six years.

And better that performance we can and must -- by the nactment this year of a tax program along the general lines roposed by the President.

This is not merely the opinion of those in the Administration. t is the opinion of many in private life who, by reason of unusual nowledge and experience, are in a position to have an informed udgment concerning the workings of the economy.

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 200 witnesses testified before the Ways and Means Committee on the President's tax proposals. They represented many leading business and trade organizations, 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 reduction in taxes and income tax rates to encourage economic growth and the expansion of job opportunities.

The Business Committee for Tax Reduction in 1963, organized in April this year, has brought together over 2,000 of the nation's leading businessmen and bankers in support of their belief that the Congress should enact during the present session net reductions of corporate and individual taxes totaling about $10 billion.

Furthermore, the National Small Business Advisory Council, a nonpartisan group from all parts of the country, which was appointed in accordance with 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.

In addition, the AFL-CIO -- long in the vanguard for public measures to expand employment opportunities -- has urged Congress to adopt an immediate tax reduction of $10 billion to provide the economy with the maximum thrust of a high velocity buying power.

Another example of this national consensus is the recent announcement of the coming together of 45 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."

Finally, over 400 leading professional economists in more than 40 colleges and universities throughout the country recently endorsed the general features of the Administration's tax program.

In the remaining weeks of the summer and fall the Congress will determine whether or not this national consensus will become law, thereby changing the direction of national tax policy.

5. Why Action Now?

Those who have not yet joined in the emerging national consensus just described generally point to one of several reasons. Some claim that the current business upturn has made the tax program unnecessary. Some point to the prospective budget deficit for the fiscal year 1964 and urge that tax reduction be postponed until the budget is balanced. Some fear that adoption of the tax program would worsen our international balance of payments problem. Those questions are honestly raised and they deserve forthright answers.

First, despite the current business upturn, there are now -- at this very moment -- more than four million Americans willing to work who cannot find jobs. The current upswing has failed to meet the unemployment problem, and there is no indication it will -- by itself -- develop enough steam to do so.

No bogeyman of recession is needed to paint the appalling picture which will develop if we are unable to significantly improve our economic performance. W. P. Gullander, President of the National Association of Manufacturers, has estimated that if our economy does not produce jobs faster than it has in recent years, by 1970 our unemployment will have more than doubled to a staggering 12.7 percent. It is not hard to imagine how this could come about. In the year which ended June 30, 1963, for instance, our labor force grew by more than a million, but only five out of every six persons were able to find jobs. The annual addition to the labor force is expected to be 40 percent higher than that -- 1.4 million persons a year -- after 1963, as the wave of youth born in the early postwar years reaches maturity. Added to the job toll of automation, current unemployment and underemployment, the threat to those who hold jobs as well as those who seek them is clear.

Put in human terms that is the chief underlying reason why President Kennedy's tax program is today an urgent national need. We cannot stand idle and allow our young people to be relegated, in growing numbers, to the ranks of our unemployed. Jobs must be created by a dynamic private enterprise system. We cannot allow our economy to continue to move along at a pace 30 or 40 billion dollars below potential without taking action, facing a period when that gap could continually widen. The tax program recommended by the President -- and now undergoing final modifications by the Ways and Means Committee -- will enlarge the opportunity for our free enterprise system to cope with the problem of economic slack and resulting unemployment.

The size of the job becomes clearer when it is considered that to close the output and employment gap by the end of 1964 would take an average rise of $14 billion a quarter, starting immediately. At the present pace -- even allowing for current improvement -- the economy has been advancing by only slightly more than $8 billion a quarter so far this year. Even at this improved rate, if potential U. S. output continues to grow at 3.5 percent a year, it would take roughly ten years to reach four percent unemployment. We cannot wait that long.

The tax program is not only essential to creating more jobs and improving our economic performance -- it is equally essential if we are to move out of a period of substantial federal deficits toward the time when we can reasonably expect to balance the budget.

Even at lower tax rates, a more rapidly expanding economy will very quickly produce the greater government revenues that can provide for our growing national needs without risking large deficits. In fact, one of the most important aims of the tax program is to achieve what your Tax Bulletin has described as a "primary national objective" of bringing "expenditures and tax receipts ultimately . . . into balance."

I wish to repeat the commitment that President Kennedy made in his Budget Message -- a commitment entirely overlooked by too many. President Kennedy pledged that as the economy climbs to full employment, in response to the tax program, "a substantial part of the revenue increases must go toward eliminating the transitional deficit."

Unless we adopt a substantial tax reduction bill this year, our goal of a balanced budget will likely remain for some time to come well beyond the reach of an economy operating at far less than potential. The paradox is that, while our present tax rates are

so high that they would produce a substantial budget surplus at reasonably full employment, those same high tax rates act to prevent our reaching full employment. Thus, we have little hope of ever achieving that surplus unless we first reduce our tax rates.

It is, of course, impossible to predict with certainty exactly _when_ expenditures will be brought into line with receipts -- or when receipts will exceed expenditures. But we can be sure: _First_, that Federal tax revenues will exceed those expected without a tax cut within a very few years. That was what happened after the last major tax reduction in 1954 -- revenues exceeded the pre-tax-cut level within two years. _Second_, that President Kennedy will continue to spare no effort to keep expenditures to the minimum amount necessary for national security and well-being. _Third_, that part of the answer to our chronic budget deficits is a far more rapidly expanding economy.

The Federal budget is, of course, not the only budget that will benefit from the tax program. It has been estimated that both state and local revenues will rise on an average of something like seven percent -- almost $3 billion -- as a result of increased economic activity once the tax program is fully in effect.

The overall reduction in individual and corporate income tax rates is essential to advance the nation's principal international economic goal: to bring our balance of payments into equilibrium without weakening our programs for the defense and development of the Free World.

If we are to reduce and eliminate the deficit in our balance of payments -- and the resulting risk of drain on our gold stocks -- we must expand our trade surplus while attracting a greater volume of investment to our shores. Outselling foreign goods requires increased productivity at home. Since the tax program will foster greater investment and increase productivity, it will also improve the competitive position of United States products vis-a-vis those of foreign producers.

Similarly, as the tax program takes hold and establishes a ising pattern of economic activity and accelerated growth, the nited States will become a magnet for foreign investment funds as ell as long-term U. S. private investment which now goes abroad.

Prompt reduction in Federal income taxes and tax rates, then, vital to achieving some of the most pressing of our national onomic goals -- full employment with a more rapid growth, and lances in our internal budget and our international payments.

6. The Future of National Tax Policy

Against the background of the last decade, sharpened by the initiative of the last twelve months, the cause of substantive tax reform stands at a strategic crossroads. National interest in tax policy has been awakened by events and the expressions of leadership in many walks of life, public and private, to a pitch surpassing any since the enactment of the Sixteenth Amendment. Measures moving substantially toward substantive tax reform have been the number one item on the legislative agenda for the year.

Failure to enact major tax legislation this year would inevitably return the initiative to those who believe firmly in the status quo -- insofar as our current tax system is concerned -- and ignore the urgent need and desire for a clear-cut change in direction in national tax policy that exists throughout our nation for reasons that transcend individual benefit.

Therefore, it seems clear to me that the cause of substantive tax reform to which this Section has recently dedicated itself is bound up in the enactment at this session of Congress of the law that takes another substantial step along this road.

A meaningful reduction in income tax rates -- individual, :orporate and capital gains -- is the single most important reform)f the President's tax program. The enactment of a law incorporating :his approach would signify these changed directions in national tax)olicy:

First, the current high tax rates will be recognized as too epressive for maintenance as a part of our permanent tax structure, ecause of a conviction that they hold back growth and lead to disortions in the tax structure.

Second, the policy of allowing high tax rates on income, increased roperly to meet needs of war and emergency, to become fixed will be et aside.

Third, national tax policy would incorporate the reduction in ax rates as the primary objective of income tax reform.

Fourth, national tax policy would be tilted in favor of arresting e gradual erosion of the tax base through special preferences and ivileges for certain groups of taxpayers. The design of the future ll be the provision of necessary revenues at the lowest possible x rates in place of the old pattern of opening new "loopholes" in e existing structure with the inevitable result of increasing ward pressure on existing rates.

Fifth, the nation will reincorporate in its tax system a reassuring allegiance to the principle of rewards -- the leaving of increased percentages of income to remain after taxes with those who invest additional effort and capital in economic activity as a means of spurring growth. In short, the profit motive, personal and corporate, will be recognized and invigorated.

It is extremely difficult to look ahead in any definitive way to the specific future of substantive tax reform until there has been a final legislative disposition of the issues raised by the President's 1963 program.

There may come in the years ahead the need for further rate reduction, particularly if the present proposals prove to be effective in accomplishing their economic objectives or increasing income levels in time serve to make the new rates a heavier or unnecessary burden.

Certainly your suggestion for thorough study and possible wholesale reduction of the whole area of exemptions and deductions is a challenging one, although we in the Treasury Department have hardly painted over our bruises from our last major effort -- the original proposal to put a five percent floor under personal deductions.

Certainly I would not claim that we have made much progress toward our goal of tax simplification. The compelling urgency of tax reduction for economic reasons, and the natural priority of tax equity, have forced considerations of simplification aside for the moment. This is an area where much progress can be made, as your resolutions suggest, and where renewed emphasis is indicated.

As I said earlier, the 1955 Study on Federal Tax Policy for Economic Growth and Stability and the 1959 Ways and Means Committee Compendium on Income Tax Revision explored a considerable range of issues and problems under our tax laws. But until 1961 these matters remained in the limited domain of a few knowledgeable tax experts and scholars. Starting in 1961, however, the present Administration's tax programs have served to throw open to public consideration and discussion a very large number of these subjects. There has hardly been a period in our tax history when so many issues of tax policy have been placed before the Congress for consideration by it and the public. You may be interested in Attachments A and B which respectively list the topics considered by the 1955 and 1959 studies and then indicate those topics which, in whole or in part, have been involved in this Administration's tax programs.

These matters of tax policy, raised and explored as a result of the President's proposals, have been placed in the public domain where they can be fully analyzed and debated so that others besides tax experts can see the issues whose resolution is a part of national tax policy.

I would be the last to suggest that the tax programs recently considered will solve all our tax problems in the years ahead, but I would also be the last to concede that national tax policy can meet the challenge of the Sixties without a program along the main lines President Kennedy has proposed.

I hope that you will agree and that you will feel that favorable action on this program this year will serve the cause of substantive tax reform and promote the national interest.

Schedule A

FEDERAL TAX POLICY FOR ECONOMIC GROWTH AND STABILITY

Joint Committee on the Economic Report
November 9, 1955

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INCOME TAX REVISION

COMMITTEE ON WAYS AND MEANS
1959

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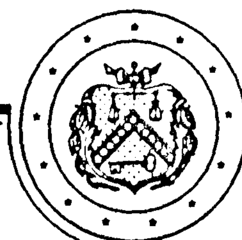

WASHINGTON, D.C.

August 12, 1963

WEEKLY BILL OFFERING

evening that the tenders for two series of
al issue of the bills dated May 16, 1963, and
, which were offered on August 7, were opened
Tenders were invited for $1,300,000,000, or
0,000, or thereabouts, of 182-day bills. The

ills		182-day Treasury bills	
4, 1963	:	maturing February 13, 1964	
. Equiv. Rate	:	Price	Approx. Equiv. Annual Rate
11%	:	98.267 a/	3.428%
39%	:	98.254	3.454%
35% 1/	:	98.261	3.441% 1/

ls bid for at the low price was accepted
ls bid for at the low price was accepted

ERAL RESERVE DISTRICTS:

d	:	Applied For	Accepted
692,000	:	$ 9,027,000	$ 3,027,000
261,000	:	1,110,182,000	645,382,000
001,000	:	10,382,000	5,382,000
503,000	:	11,575,000	11,575,000
961,000	:	2,490,000	2,440,000
519,000	:	9,824,000	9,524,000
280,000	:	122,693,000	58,633,000
119,000	:	11,584,000	9,584,000
10,000	:	6,571,000	5,571,000
01,000	:	9,335,000	9,335,000
05,000	:	10,254,000	6,634,000
63,000	:	58,690,000	33,070,000
15,000 b/		$1,372,607,000	$800,157,000 c/

s accepted at the average price of 99.157
accepted at the average price of 98.261
r the same amount invested, the return on
for the 91-day bills, and 3.55%, for the
e quoted in terms of bank discount with
e bills payable at maturity rather than
ual number of days related to a 360-day
notes, and bonds are computed in terms
ate the number of days remaining in an
r of days in the period, with semiannual
is involved.

STATEMENT OF THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
BEFORE THE HOUSE WAYS AND MEANS COMMITTEE
10 A.M. (EDT), MONDAY, AUGUST 12, 1963

At the outset of your discussion of rate reductions, I would like to outline briefly the new rate schedule recommended by the Administration, to consider the impact of that rate schedule, and to review some of our reasons for recommending it.

I. Summary of Proposal

Individual Rate Reduction

In the light of structural changes agreed to by the Committee, the Administration recommends a schedule in which individual tax rates -- after the tax reduction is fully effective -- would range from 14 percent on the first $500 of taxable income to 70 percent on income above $100,000. Under this schedule the first $2,000 of taxable income is split into four brackets of $500 each, following the suggestions of Mr. Herlong and Mr. Ullman. These first four bracket rates would be 14, 15, 16 and 17 percent. The first $500 bracket rate represents a reduction of 30 percent from the present rate, the second 25 percent, the third 20 percent and the fourth 15 percent. The average rate reduction on

this first $2,000 is 22.5 percent. Beyond the first $2,000, rate reduction varies between 14 and 17 percent up through the $50,000 - $60,000 bracket, averaging about 15-1/2 percent and then increases to a maximum of 23 percent at the 70 percent rate. Over-all rate reduction amounts to 20 percent from present rates, compared to the 23.3 percent originally recommended by the President.

The proposal assumes enactment of the minimum standard deduction as originally recommended and repeal of the dividend credit. In the absence of repeal of the dividend credit, it would be necessary to increase rates in those brackets which currently receive the benefits of the dividend credit, so as to replace the substantial revenue loss.

In order to provide maximum impact on the economy at the outset, two-thirds of the rate reduction for individuals would take effect January 1, 1964 and the remaining one-third on January 1, 1965.

Corporate Rate Reduction

In the case of corporations the present over-all rate of 52 percent would be reduced to 50 percent on January 1, 1964 and to 48 percent on January 1, 1965. Under the two-year staging the normal tax rate -- which applies to the first

$25,000 of corporate profits -- would be reduced from the current 30 percent to 23 percent as of January 1, 1964. The surtax -- which is added to the normal tax for profits over $25,000 -- would go from the present 22 percent to 27 percent on January 1, 1964 and fall to 25 percent on January 1, 1965. For corporations earning $25,000 or less the full effect would result in a percentage reduction of 23.3 percent. For the largest corporations the total rate reduction would be 7.7 percent.

The present lag in corporate payments would be eliminated over a seven-year period in such a fashion that payments within any calendar year would never be more than those which would have been made before rate reduction. The proposed current payments involve April and June installments in 1964 and in the six succeeding years of 1, 4, 9, 14, 19, 22 and 25 percent respectively.

Over-all Revenue Cost

The over-all revenue cost of the proposed plan would be $10,635,000,000 when fully effective in calendar year 1965, as compared with $10,320,000,000 under the President's original proposals. If the revenue increases from the capital gains area -- which are largely dependent upon estimates of

induced effect -- are omitted from both programs, the revenue cost of the new alternative program would be $10.9 billion compared to $11.1 billion under the President's original recommendations. Thus these new rate scales fully offset the loss of revenue resulting from failure to accept a number of the original revenue-raising proposals.

II. Discussion of Proposal

The following considerations have guided the revision in rates. First, the pattern of economic development since the President's Message in January has served, not to reduce, but to confirm the need for a program of approximately the same economic magnitude and long-term consequences as the original program -- a net tax reduction of $10.3 billion. While progress so far this year has been somewhat better than earlier expectations, the outlook for reducing unemployment, in the absence of substantial tax reduction, has certainly not improved. With the postwar baby boom beginning to reach the labor market, unemployment is bound to increase unless we release the economy from the shackles imposed by our present high income tax structure.

Second, the greater-than-expected advance in the economy in the first six months of calendar 1963, the prospective

reduction in expenditure levels as a result of Executive and Congressional action on current appropriation measures, and the postponement of the effective date of tax reduction from July 1, 1963 to January 1, 1964 will combine to reduce the anticipated deficit for fiscal 1964 -- including tax reduction -- below the $9.2 billion forecast by the President's budget last January before allowance for tax reduction. This means that tax reduction of the magnitude required and originally proposed can now be accomplished with a substantially smaller increase in the public debt than was previously supposed. This will facilitate progress toward the balanced budget we would all like to see.

Third, the rate reductions should be fairly distributed among income groups in order to retain for taxpayers with incomes of $10,000 or less approximately the same scale of reduction they would have received under the President's over-all program, even though higher income taxpayers, because of the Committee's action rejecting the five percent floor under itemized deductions, would receive slightly larger over-all reductions than those originally proposed.

III. Economic Effects

The economic magnitude and consequences of the President's

original program and the plan we now recommend are roughly the same because the long-term outlook has not changed.

The program we now recommend would reduce calendar year 1964 tax liabilities by about $6.5 billion. Leaving aside the capital gain revisions, which would increase revenues because of the unlocking effect of rate reductions, calendar year 1964 tax liabilities would be cut by $6,910,000,000, as compared to $7 billion in the program originally recommended by the President. Under the new program we would, of course, lose the economic stimulation of the $3 billion reduction in calendar 1963 tax liabilities that was a part of the President's original proposal. In calendar 1965, its first year of full effect, the program we now propose would extend just over $10-1/2 billion in net tax reduction, compared with the $10.3 billion of the President's program.

Such action would be entirely appropriate in the light of the pattern of economic development since the President's Message in January. While there has been a short-term advance in the economy this spring which was not anticipated in January, the rate of unemployment has remained substantially unchanged since then at a somewhat higher level than last year, and the long-range outlook -- both for employment and

for private investment -- is no more promising today than it was last January. Moreover, developments in the balance of payments situation since the first of the year underscore the importance of reducing taxes as rapidly as possible.

While the recent advance in the economy makes it feasible to postpone the effective date of tax reduction from July 1, 1963 to January 1, 1964, any substantial cutback in the over-all magnitude of the program would have a damaging effect, not only in real terms but also in its impact on expectations. For there is good reason to believe that expectations of substantial tax reduction have been an important psychological factor in the advance of the economy so far this year.

IV. Budgetary Effects

The expansion of the economy in early 1963 will provide considerably greater revenues for fiscal 1964 than those contemplated in the President's January budget. Moreover, reductions in appropriations and authorization requests by the President and the Congress will reduce the level of expenditures in fiscal 1964 substantially from that projected in the January budget. Under the program we now recommend, which would make two-thirds of the individual cut and one-half of the corporate cut effective on January 1, 1964,

receipts for fiscal 1964, without taking feedback into account, would be reduced by only $2.17 billion, compared to the $3.94 billion projected under the President's program. With a conservative estimate for feedback, the net reduction in fiscal 1964 revenues would be $1.8 billion, instead of the $2.7 billion estimated in the January budget. This combination of factors should bring the budget deficit in fiscal 1964 not only well below the over-all $11.9 billion deficit projected in the President's January budget but also below the $9.2 billion contemplated in that budget before any allowance for reduction.

V. Equity

Apart from the economic consequences of changes in magnitude and timing, the other major consideration behind the rate changes we recommend as an alternative to those in the President's original program is the need to maintain equitable treatment among the various income groups in tailoring the rate changes to the structural modifications adopted by the Committee. The Committee's decisions on the proposed structural revisions have served to substantially reduce the impact of revenue-raising measures primarily on those in the middle and upper income brackets. It would not be equitable

to offset that revenue loss by reducing the tax reduction for these low income groups. Accordingly, their percentage reduction has been retained as much as possible. While the President's program proposed a reduction of 40 percent for those in the 0 to $3,000 bracket, the alternative program would provide a reduction of 39 percent for the lowest income bracket. Including the combined effect of rate reduction and structural change, the average individual tax reduction under the program we are recommending would be 18.7 percent, compared to 18.4 percent under the program as originally proposed. As in the original proposal, the smallest reduction would go to those with incomes of $50,000 or higher, but their over-all reduction under the current program would be 12.9 percent as compared to the 9.4 percent originally recommended.

Over-all, the Committee's modifications of the President's program resulted in a reduction of approximately $2 billion in increased revenue from the structural changes proposed by the President; the rate reduction under the schedule we propose is corresponingly reduced by about $2.1 billion to offset this loss as well as a portion of the loss due to modifications in the capital gains provisions.

Approximately $1.6 billion of this shortfall in rate reduction is reflected in the individual rate reductions, as compared with the President's program, and $500 million in the corporate rate reduction. Looking at rate reduction alone, the individual rate reduction is thus 14.1 percent less than it would have been under the President's program and the corporate rate reduction is 18.6 percent less.

Comparison of the percentage distribution of total tax reduction under this proposal with that under the President's program shows that it is slightly less generous to taxpayers with incomes under $10,000. The proportions are 64 percent for the President's program and 59 percent for this proposal. This modification is a necessary consequence of the Committee's rejection of the principal revenue-raising revision, the five percent floor under itemized deductions, which would have affected the middle and upper income groups because they make much greater use of itemized deductions than the lower income groups. But any further shift would substantially threaten the equitable distribution of benefits which must be a major objective of any program of tax reduction.

Estimated revenue effect of structural changes and capital gains revision

(In millions of dollars)

	Calendar year		
	1964	1965	Long term 1/
Structural changes			
Group term insurance	+ 5		
Sick pay exclusion	+110		
Deduction of certain State, local and foreign taxes	+500		
Casualty loss deduction	+ 60		
Charitable deductions	*		
Medical expense deduction	- 10		
Child care allowance	- 10		
Moving expenses	- 60		
Interest on certain deferred payments	*		
Aggregation of oil and gas properties	+ 40		
Income averaging	- 40		
Bank loan insurance	+ 10		
Personal holding companies	+ 15		
(a) Repeal dividend credit	+370		
(a) Minimum standard deduction	-310		
(a) Multiple corporate surtax exemptions	+ 35 - + 70 2/		
(a) Repeal of 2 percent tax on consolidated corporate returns	- 50		
Total, structural changes	+680	+680	+680
Capital gains (including induced effects)			
50-40 Percent inclusion	+340	+210	- 90
Treatment of capital losses	- 30	- 30	- 30
Modified carryover of basis	+150	+125	+130
Sale or exchange of real estate	+ 15 3/	+ 15	+ 15
Sale of residences by taxpayers aged 65 or over	- 10	- 10	- 10
Capital gains treatment of iron ore royalties	- 5	- 5	- 5
Stock options	*	*	*
Total, capital gains	+460	+305	+ 10

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1/ Capital gains long-term estimates are for tenth year.
2/ Range between 3 percent penalty and 7 to 3 percent penalty. Midpoint used in tables.
3/ Long-run effect; first year effect small.
(a) No final action by Ways and Means Committee
* Negligible.

Table 2

Tax Program Summary - Alternative Plan
Combined Individual and Corporation Estimated Revenue Loss (Before Feedback)
Calendar Years 1964 and 1965 and Fiscal Years 1964 and 1965

(In millions of dollars)

	Tax rate changes only				Tax rate and structural changes				Total, tax rate and structural changes and capital gains revision			
	Calendar year liability		Fiscal year receipts		Calendar year liability		Fiscal year receipts		Calendar year liability		Fiscal year receipts	
	1964	1965	1964	1965	1964	1965	1964	1965	1964	1965	1964	1965
President's Program 1/	9,600	13,670	4,150	10,180	7,000	11,070	3,940	7,680	6,250	10,320	3,940	6,880
Alternative Plan	7,590	11,620	2,170	7,910	6,910	10,940	2,170	7,230	6,450	10,635 2/	2,170	6,770
Alternative as compared to President's Program	-2,010	-2,050	-1,980	-2,270	- 90	- 130	-1,770	- 450	+ 200	+ 315	-1,770	- 110

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1/ Under President's Program there would be a decrease in calendar year 1963 liabilities of $3,210 million for rate changes only and of $3,090 million for all provisions.

2/ Includes capital gains revenue estimated for year. Substitution of the long-term estimate would give a total revenue reduction of $10,930 million. The estimated revenue reduction under the President's Program on the same basis is $10,720 million.

(In millions of dollars)

	Calendar year liabilities		Fiscal year receipts	
	1964	1965	1964	1965
Individual				
Rate changes	-6,320	-9,480	-2,430	-7,540
Structural changes	+ 625	+ 625		+ 625
Total, rate and structural	-5,695	-8,855	-2,430	-6,915
Capital gains revisions	+ 450	+ 295		+ 450
Total, individual	-5,245	-8,560	-2,430	-6,465
Corporation				
Rate changes	-1,270	-2,140		-1,270
Acceleration of payments			+ 260	+ 900
Structural changes	+ 55	+ 55		+ 55
Total, rate and structural	-1,215	-2,085	+ 260	- 315
Capital gains revisions	+ 10	+ 10		+ 10
Total, corporation	-1,205	-2,075	+ 260	- 305
Total, individual and corporations				
Rate changes	-7,590	-11,620	-2,430	-8,810
Acceleration of corporation payments			+ 260	+ 900
Structural changes	+ 680	+ 680		+ 680
Total, rate and structural	-6,910	-10,940	-2,170	-7,230
Capital gains revisions	+ 460	+ 305		+ 460
Total	-6,450	-10,635	-2,170	-6,770

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1/ Individual rate reductions are two-thirds effective January 1, 1964, total program January 1, 1965. Corporation rate reductions of two points (including reversal of normal and surtax rates) effective January 1, 1964 with four points reduction on January 1, 1965 (normal tax 23 percent, surtax 25 percent). Structural changes and capital gains revision effective January 1, 1964.

Table 4

Tax Program Summary - President's Program 1/
Estimated revenue effect before feedback

(In millions of dollars)

	Calendar year liabilities			Fiscal year receipts	
	1963	1964	1965	1964	1965
Individual					
Rate changes	-2,760	-8,280	-11,040	-5,000	-10,360
Structural changes		+2,330	+ 2,330	+ 180	+ 2,530
Total, rate and structural	-2,760	-5,950	- 8,710	-4,820	- 7,830
Capital gains revisions		+ 650	+ 650		+ 700
Total, individual	-2,760	-5,300	- 8,060	-4,820	- 7,130
Corporation					
Rate changes	- 450	-1,320	- 2,630	- 450	- 1,320
Acceleration of payments				+1,300	+ 1,500
Structural changes	+ 120	+ 270	+ 270	+ 30	+ 30
Total, rate and structural	- 330	-1,050	- 2,360	+ 880	+ 150
Capital gains revisions		+ 100	+ 100		+ 100
Total, corporation	- 330	- 950	- 2,260	+ 880	+ 250
Total, individual and corporations					
Rate changes	-3,210	-9,600	-13,670	-5,450	-11,680
Acceleration of corporation payments				+1,300	+ 1,500
Structural changes	+ 120	+2,600	+ 2,600	+ 210	+ 2,500
Total, rate and structural	-3,090	-7,000	-11,070	-3,940	- 7,680
Capital gains revisions		+ 750	+ 750		+ 800
Total	-3,090	-6,250	-10,320	-3,940	- 6,880

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1/ For individuals, rate reductions would have been accomplished in three steps; one-fourth effective January 1, 1963, an additonal one-half effective January 1, 1964, and fully effective January 1, 1965. For corporations, the rate reversal would have been effective for 1963, the combined rate reduced to 50 percent for 1964 and to 47 percent for 1965. The structural changes would be effective [illegible]

Table 5

Tax Program Comparison

President's program 1/ and Alternative plan

(In millions of dollars)

	Tax rate changes only				Tax rate and structural changes				Total, tax rate and structural changes and capital gains revision			
	Calendar year liability		Fiscal year receipts		Calendar year liability		Fiscal year receipts		Calendar year liability		Fiscal year receipts	
	1964	1965	1964	1965	1964	1965	1964	1965	1964	1965	1964	1965
President's program												
Individual	-8,280	-11,040	-5,000	-10,360	-5,950	- 8,710	-4,820	-7,830	-5,300	- 8,060	-4,820	-7,130
Corporation	-1,320	- 2,630	+ 850	+ 180	-1,050	- 2,360	+ 880	+ 150	- 950	- 2,260	+ 880	+ 250
Total	-9,600	-13,670	-4,150	-10,180	-7,000	-11,070	-3,940	-7,680	-6,250	-10,320	-3,940	-6,880
Alternative plan												
Individual	-6,320	- 9,480	-2,430	- 7,540	-5,695	- 8,855	-2,430	-6,915	-5,245	- 8,560	-2,430	-6,465
Corporation	-1,270	- 2,140	+ 260	- 370	-1,215	- 2,085	+ 260	- 315	-1,205	- 2,075	+ 260	- 305
Total	-7,590	-11,620	-2,170	- 7,910	-6,910	-10,940	-2,170	-7,230	-6,450	-10,635	-2,170	-6,770
Alternative plan as compared to President's program												
Individuals	+1,960	+ 1,560	+2,570	+ 2,820	+ 255	- 145	+2,390	+ 915	+ 55	- 500	+2,390	+ 665
Corporations	+ 50	+ 490	- 590	- 550	- 165	+ 275	- 620	- 465	- 255	+ 185	- 620	- 555
Total	+2,010	+ 2,050	+1,980	+ 2,270	+ 90	+ 130	+1,770	+ 450	- 200	- 315	+1,770	+ 110

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1/ Under President's program there would be a decrease in calendar year 1963 liabilities of $3,210 million for rate changes only and $3,090 million including structural changes and all provisions.

Table 6

Individual income tax rate schedules

Schedules under present law and the President's tax program; and under alternative plan

Taxable income bracket ($ thousands)		Present law rate	President's tax program		Alternative plan	
Single person	Married (joint)		Rate	Percent of present rate	Rate	Percent of present rate
0 - 0.5	0 - 1	20	14	70)	14	70)
.5 - 1.0	1 - 2	20	14	70) 75	15	75) 77.5
1.0 - 1.5	2 - 3	20	16	80)	16	80)
1.5 - 2.0	3 - 4	20	16	80)	17	85)
2 - 4	4 - 8	22	18	82	19	86
4 - 6	8 - 12	26	21	81	22	85
6 - 8	12 - 16	30	24	80	25	83
8 - 10	16 - 20	34	27	79	28	83
10 - 12	20 - 24	38	30	79	32	84
12 - 14	24 - 28	43	34	79	36	84
14 - 16	28 - 32	47	37	79	39	83
16 - 18	32 - 36	50	40	80	42	84
18 - 20	36 - 40	53	42	79	45	85
20 - 22	40 - 44	56	45	80	48	86
22 - 26	44 - 52	59	47	80	50	85
26 - 32	52 - 64	62	50	81	53	85
32 - 38	64 - 76	65	52	80	55	85
38 - 44	76 - 88	69	55	80	58	84
44 - 50	88 -100	72	57	79	60	83
50 - 60	100 -120	75	58	77	62	83
60 - 70	120 -140	78	59	76	64	82
70 - 80	140 -160	81	60	74	66	81
80 - 90	160 -180	84	61	73	68	81
90 - 100	180 -200	87	62	71	69	79
100 - 150	200 -300	89	63	71	70	79
150 - 200	300 -400	90	64	71	70	78
200 - 300	400 -600	91	65	71	70	77
300 - 400	600 -800	91	65	71	70	77
400 & over	800 & over	91	65	71	70	77
Annual revenue cost ($ billions)			$11.04		$9.48	

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Table 6A

Individual Income Tax Rates Under Present Law and Alternative Program for 1964 and 1965

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Taxable income brackets: Single person	Taxable income brackets: Married (joint)	Present rates	1964 Rates 1/	1965 Rates
0.0 - 0.5	0 - 1	20	16.0	14
0.5 - 1.0	1 - 2	20	16.5	15
1.0 - 1.5	2 - 3	20	17.5	16
1.5 - 2.0	3 - 4	20	18.0	17
2 - 4	4 - 8	22	20.0	19
4 - 6	8 - 12	26	23.5	22
6 - 8	12 - 16	30	27.0	25
8 - 10	16 - 20	34	30.5	28
10 - 12	20 - 24	38	34.0	32
12 - 14	24 - 28	43	37.5	36
14 - 16	28 - 32	47	41.0	39
16 - 18	32 - 36	50	44.5	42
18 - 20	36 - 40	53	47.5	45
20 - 22	40 - 44	56	50.5	48
22 - 26	44 - 52	59	53.5	50
26 - 32	52 - 64	62	56.0	53
32 - 38	64 - 76	65	58.5	55
38 - 44	76 - 88	69	61.0	58
44 - 50	88 - 100	72	63.5	60
50 - 60	100 - 120	75	66.0	62
60 - 70	120 - 140	78	68.5	64
70 - 80	140 - 160	81	71.0	66
80 - 90	160 - 180	84	73.5	68
90 - 100	180 - 200	87	75.0	69
100 - 150	200 - 300	89	76.5	70
150 - 200	300 - 400	90	76.5	70
200 - 300	400 - 600	91	77.0	70
300 - 400	600 - 800	91	77.0	70
400 and over	800 and over	91	77.0	70

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1/ Assuming two-thirds of tax cut in 1964.

Table 7

Comparison of individual income tax liabilities under present law, the President's tax program and under alternative program 1/ with a four-way split of the first bracket

(In millions of dollars)

Adjusted gross income class	Number of returns	Tax under present law	Tax under President's tax program	Tax under alternative program
($ thousands)	(thousands)		Amount of tax 2/	
0 - 3	9,680	1,450	870	890
3 - 5	10,540	4,030	2,850	2,970
5 - 10	22,900	18,300	14,500	14,665
10 - 20	6,710	12,710	10,770	10,645
20 - 50	1,040	6,760	5,940	5,765
50 and over	150	4,170	3,780	3,630
Total	51,020	47,420	38,710	38,565
			Change from present law	
0 - 3			- 580	- 560
3 - 5			-1,180	-1,060
5 - 10			-3,800	-3,635
10 - 20			-1,940	-2,065
20 - 50			- 820	- 995
50 and over			- 390	- 540
Total			-8,710	-8,855

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1/ Include structural changes which consist of committee action to date and in addition include elimination of the dividend credit and adoption of the minimum standard deduction.

2/ Excludes tax at alternative rate on capital gains.

... tax program; and under alternative program

Adjusted gross income class ($ thousands)	Present law	President's tax program	Alternative program: Rate and structural changes	Total, rate and structural changes and increase in dividend income 1/ from reduction in corporate tax
		Change from present law as percent of present law		
0 - 3	-	-40.0	-38.6	-40.0
3 - 5	-	-29.3	-26.3	-27.3
5 - 10	-	-20.8	-19.9	-20.6
10 - 20	-	-15.3	-16.2	-17.8
20 - 50	-	-12.1	-14.7	-17.5
50 and over	-	- 9.4	-12.9	-16.5
Total	-	-18.4	-18.7	-20.2
		Effective rate of tax on adjusted gross income		
0 - 3	7.9	4.8	4.9	4.8
3 - 5	9.4	6.6	6.9	6.8
5 - 10	11.2	8.9	9.0	8.9
10 - 20	15.0	12.7	12.6	12.4
20 - 50	22.7	20.0	19.4	18.8
50 and over	35.3	32.0	30.8	29.5
Total	13.5	11.0	11.0	10.8
		Percentage distribution of tax reduction		
0 - 3		6.7	6.3	6.0
3 - 5		13.5	12.0	11.5
5 - 10		43.6	41.1	39.3
10 - 20		22.3	23.3	23.6
20 - 50		9.4	11.2	12.4
50 and over		4.5	6.1	7.2
Total		100.0	100.0	100.0

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1/ After individual income tax.

Table 9

1963 alternative tax program
Change in tax liability resulting from rate and structural changes for individuals 1/

Adjusted gross income class	Rate change	Structural changes: Liberalize child care deduction	Income averaging	Liberalize exclusion of moving expenses	Revise medical expense deduction (aged)	$100 floor per casualty loss	Modify sick pay exclusion	Modify group term and other insurance	Miscellaneous taxes	Repeal dividend received credit	Minimum standard deduction	Total	Total
($ thousands)	(In millions of dollars)												
0 - 3	- 400	*	-	*	*	*	5	*	10	5	-180	-160	- 560
3 - 5	-1,020	-10	-	-20	*	15	20	*	40	15	-100	- 40	-1,060
5 - 10	-3,910	*	*	-25	*	30	55	*	200	45	- 30	+275	-3,635
10 - 20	-2,290	*	-10	-10	*	10	25	*	130	80	-	+225	-2,065
20 - 50	-1,150	*	-20	- 5	- 5	5	5	5	70	100	-	+155	- 995
50 and over	- 710	*	-10	*	- 5	*	*	10	50	125	-	+170	- 540
Total	-9,480	-10	-40	-60	-10	60	110	15	500	370	-310	+625	-8,855
	Change as a percent of present tax												
0 - 3	-27.6	*	-	*	*	*	.3	*	.7	.3	-12.4	-11.0	-38.6
3 - 5	-25.3	-.2	-	-.5	*	.4	.5	*	1.0	.4	- 2.5	- 1.0	-26.3
5 - 10	-21.4	*	*	-.1	*	.2	.3	*	1.1	.2	- .2	+ 1.5	-19.9
10 - 20	-18.0	*	-.1	-.1	*	.1	.2	*	1.0	.6	-	+ 1.8	-16.2
20 - 50	-17.0	*	-.3	-.1	-.1	.1	.1	.1	1.0	1.5	-	+ 2.3	-14.7
50 and over	-17.0	*	-.2	*	-.1	*	*	.2	1.2	3.0	-	+ 4.1	-12.9
Total	-20.0	*	-.1	-.1	*	.1	.2	*	1.1	.8	- .7	+ 1.3	-18.7

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* Less than $2.5 million or .05 percent.

1/ Based on House Ways and Means Committee action to date and minimum standard deduction and elimination of dividend credit.

Table 10

Comparison of Tax Liability at Various Income Levels Under Present Law, President's Program and Alternative Program
Married Taxpayer With Two Dependents, With Typical Average Itemized Deductions

Adjusted gross income ~~(Wage and salary income only)~~	Present law	President's program	Alternative program
		Tax Liability	
$ 5,000	$ 300	$ 245	$ 235
7,500	720	596	576
10,000	1,196	1,014	994
15,000	2,213	1,908	1,875
20,000	3,410	2,952	2,884
30,000	6,420	5,570	5,416
50,000	14,576	12,690	12,369
		Percent Decrease From Tax Liability Under Present Law	
5,000	--	18.3%	21.7%
7,500	--	17.2	20.0
10,000	--	15.2	16.9
15,000	--	13.8	15.3
20,000	--	13.4	15.4
30,000	--	13.2	15.6
50,000	--	12.9	15.1
		Tax as Percent of Adjusted Gross Income	
5,000	6.0%	4.9	4.7%
7,500	9.6	7.9	7.7
10,000	12.0	10.1	9.9
15,000	14.8	12.7	12.5
20,000	17.1	14.8	14.4
30,000	21.4	18.6	18.1
50,000	29.2	25.4	24.7

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Note: This table presents for taxpayers who itemize deductions, the impact of rate reduction under the President's program and the Alternative Program, the impact of the 5 percent floor under itemized deductions under the President's program, and the impact of the disallowance as a deduction of certain State and local taxes paid under the Alternative Program.

Table 10A

Comparison of Tax Liability at Various Income Levels Under Present Law, President's Program and Alternative Program
Single Person, With Standard Deduction

Adjusted gross income (Wage and salary income only)	Present law	President's program	Alternative program
		Tax Liability	
$ 1,000	$ 60	$ 14	$ 14
2,000	240	156	161
3,000	422	318	329
5,000	818	642	671
7,500	1,405	1,116	1,168
10,000	2,096	1,668	1,742
15,000	4,002	3,176	3,334
20,000	6,412	5,088	5,350
		Percent Decrease From Tax Liability Under Present Law	
1,000	--	76.7%	76.7%
2,000	--	35.0	32.9
3,000	--	24.6	22.0
5,000	--	21.5	18.0
7,500	--	20.6	16.9
10,000	--	20.4	16.9
15,000	--	20.6	16.7
20,000	--	20.6	16.6
		Tax as Percent of Adjusted Gross Income	
1,000	6.0%	1.4	1.4%
2,000	12.0	7.8	8.0
3,000	14.1	10.6	11.0
5,000	16.4	12.8	13.4
7,500	18.7	14.9	15.6
10,000	21.0	16.7	17.4
15,000	26.7	21.2	22.2
20,000	32.1	25.4	26.8

Office of the Secretary of the Treasury
Office of Tax Analysis

August 12, 1963

Note: This table presents for taxpayers who take the standard deduction, the impact of rate reduction and the minimum standard deduction under the President's program and the Alternative Program.

Table 10B

Comparison of Tax Liability at Various Income Levels Under Present Law, President's Program, and Alternative Program
Married - Two Dependents, With Standard Deduction

Adjusted gross income (Wage and salary income only)	Present law	President's program	Alternative program
		Tax Liability	
$ 1,000	--	--	--
2,000	--	--	--
3,000	$ 60	--	--
5,000	420	$ 280	$ 290
7,500	877	663	686
10,000	1,372	1,068	1,114
15,000	2,616	2,076	2,172
20,000	4,124	3,282	3,428
		Percent Decrease From Tax Liability Under Present Law	
1,000	--	--	--
2,000	--	--	--
3,000	--	100.0%	100.0%
5,000	--	33.3	31.0
7,500	--	24.4	21.8
10,000	--	22.2	18.8
15,000	--	20.6	17.0
20,000	--	20.4	16.9
		Tax as Percent of Adjusted Gross Income	
1,000	--	--	--
2,000	--	--	--
3,000	2.0%	--	--
5,000	8.4	5.6%	5.8%
7,500	11.7	8.8	9.1
10,000	13.7	10.7	11.1
15,000	17.4	13.8	14.5
20,000	20.6	16.4	17.1

Office of the Secretary of the Treasury
Office of Tax Analysis

August 1[illegible], 19[illegible]

Note: This table presents for taxpayers who take the standard deduction, the impact of rate reduction and the minimum standard deduction under the President's program and the Alternative Program.

Table 11

Revenue effect 1/ of reducing corporate normal tax to 23 percent and combined rate to 48 percent

Surtax net income class (Dollars)	Number of corporations	Taxable income 2/ ($000,000)	Computed tax liability, present rates 2/ ($000,000)	Normal tax to 23 percent and combined rate to 48 percent	
				Amount of reduction ($000,000)	Percent reduction
0 - 25,000	467,500	2,910	874	204	23.3
25,000 - 50,000	54,000	1,800	636	113	17.8
50,000 - 100,000	25,000	1,725	759	88	11.6
100,000 - 1,000,000	25,500	6,860	3,427	293	8.5
1,000,000 and over	4,000	35,930	18,664	1,437	7.7
Total	576,000	49,225	24,360	2,135	8.8

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

August 12, 1963

1/ At 1963 levels of income.

2/ Excluding capital gains presently taxed at the alternative rate.

Table 12

Current Tax Payment for Corporations

Annual payments for a $10,000,000 calendar year corporation (assuming 75 percent estimation) and change in aggregate Treasury receipts implied by the following program of rate reduction and payments acceleration:

(1) reduction of normal tax rate to 23 percent in 1964; surtax rate of 27 percent in 1964 and 25 percent in 1965.

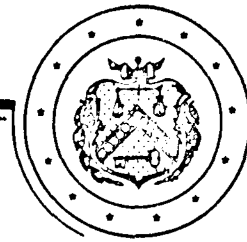
(2) first and second quarter current payments in 1964 and six succeeding years of 1, 4, 9, 14, 19, 22, and 25 percent.

Calendar year	Corporation payments		Fiscal year	Revenue effect (Millions of dollars)		
	Dollars	% of 1963		Current payment	Rate reduction	Combined effect
1963	$ 5,194,500	100.0%	1963	$ --	$ --	$ --
1964	5,192,430	100.0	1964	+ 260	--	+ 260
1965	5,126,664	98.7	1965	+ 900	- 1,270	- 370
1966	5,145,781	99.1	1966	+1,500	- 2,140	- 640
1967	5,145,781	99.1	1967	+1,500	- 2,140	- 640
1968	5,145,781	99.1	1968	+1,500	- 2,140	- 640
1969	5,004,969	96.4	1969	+ 900	- 2,140	- 1,240
1970	5,004,969	96.4	1970	+ 900	- 2,140	- 1,240
1971	4,793,750	92.3	1971	+ 40	- 2,140	- 2,100

Office of the Secretary of the Treasury
Office of Tax Analysis

August 12, 1963

TREASURY DEPARTMENT



WASHINGTON, D.C.

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[illegible] IMMEDIATE RELEASE

August 14, 1963

SUBSCRIPTION FIGURES FOR CURRENT EXCHANGE OFFERING

The results of the Treasury's current exchange offering of 3-3/4% notes of [illegible]ies F-1964, dated August 15, 1963, maturing November 15, 1964, are summarized [illegible] the following tables.

Issues Eligible for Exchange	Amount Eligible for Exchange	Total Exchanged	For Cash Redemption
		(In millions)	
[illegible]/2% Ctfs., C-1963	$5,181	$5,133	$ 48
[illegible]/2% Bonds, 1963	1,461	1,266	195
	$6,642	$6,399	$243

Exchanges by Federal Reserve Districts

[illegible]ral Reserve [illegible]rict	3-1/2% Ctfs. Series C-1963	4% Bonds of 1963	Total
[illegible]on	$ 41,861,000	$ 26,756,000	$ 68,617,000
[illegible] York	4,363,624,000	683,382,000	5,047,006,000
[illegible]adelphia	53,241,000	45,462,000	98,703,000
[illegible]eland	111,509,000	63,534,000	175,043,000
[illegible]mond	21,005,000	15,922,000	36,927,000
[illegible]nta	43,075,000	34,992,000	78,067,000
[illegible]ago	161,680,000	147,749,000	309,429,000
[illegible]Louis	76,037,000	68,999,000	145,036,000
[illegible]eapolis	39,404,000	17,247,000	56,651,000
[illegible]as City	56,060,000	74,827,000	130,887,000
[illegible]as	23,463,000	25,067,000	48,530,000
[illegible]rancisco	137,084,000	60,749,000	197,833,000
[illegible]ury	4,614,000	1,338,000	5,952,000
Total	$5,132,657,000	$1,266,024,000	$6,398,681,000

[illegible]ring Issues	Eligible for Exchange: Publicly Held	Eligible for Exchange: Federal Reserve Banks and Government Accounts	For Cash Redemption: Percent of Total Outstanding	For Cash Redemption: Percent of Public Holdings
		(In millions)		
[illegible]% Ctfs., C-1963	$1,384	$3,797	0.9	3.5
[illegible]% Bonds, 1963	1,109	352	13.3	17.6
Total	$2,493	$4,149	3.7	9.7

[illegible]

XXXXXXXXXX

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 23, 1963, (91 days remaining until maturity date on November 21, 1963) and noncompetitive tenders for $100,000 or less for the 182 -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Banks on August 22, 1963, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 22, 1963. Cash

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, August 14, 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 22, 1963 , in the amount of $ 2,102,089,000 , as follows:

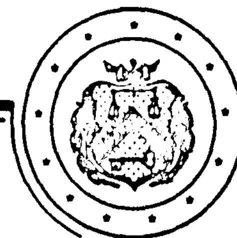
91 -day bills (to maturity date) to be issued August 22, 1963 , in the amount of $ 1,300,000,000 , or thereabouts, representing an additional amount of bills dated May 23, 1963 , and to mature November 21, 1963 , originally issued in the amount of $ 800,428,000 , the additional and original bills to be freely interchangeable.

182 -day bills, for $ 800,000,000 , or thereabouts, to be dated August 22, 1963 , and to mature February 20, 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 19, 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.

FOR IMMEDIATE RELEASE

August 14, 1963

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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 May 23, 1963, (91 days remaining until maturity date on November 21, 1963, and noncompetitive tenders for $100,000 or less for the 182-day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Banks on August 22, 1963, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 22, 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
AUGUST 15, 1963

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 Aug. 3, 1963	Established Quota	Imports May 29, 1963, to Aug. 3, 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	-
United Kingdom	100	-	75,000	6,000
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	3,821,[illegible]

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
AUGUST 15, 1963

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China	-	-	24,000	-
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	-	75,000	6,000
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	3,821,000

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 August 12, 1963	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1962, to August 12, 1963
United Kingdom	4,323,457	1,551,812	1,441,152	1,111,486
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	2,136,642	1,599,886	1,208,505

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
AUGUST 15, 1963

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 - August 12, 1963

Country of Origin	Established Quota	Imports	Country of Origin	Established Quota	Impo
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
Established Yearly Quota - 45,656,420 lbs.

Staple Length	Allocation	Imports Year ended July 31, 1963	Imports Aug. 1, 1963 to Aug. 12, 1963
1-3/8" or more	39,590,778	39,590,778	39,590,778
1-5/32" or more and under 1-3/8" (Tanguis)	1,500,000	263,051	82,095
1-1/8" or more and under 1-3/8"	4,565,642	4,098,879	354,097

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
AUGUST 15, 1963

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

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

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1-1/8" or more and under 1-3/8"	4,565,642	4,098,879	354.097

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 August 12, 1963	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1962, to August 12, 1963
United Kingdom	4,323,457	1,551,812	1,441,152	1,111,486
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	2,136,642	1,599,886	1,208,505

1/ Included in total imports, column 2.

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

Commodity	Period and Quantity		Unit of Quantity	Imports as of August 3, 1[illegible]
Absolute Quotas:				
Butter substitutes, including butter oil, containing 45% or more butterfat.............	Calendar Year 1963	1,200,000	Pound	Quota Fill[illegible]
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[illegible]
	12 mos. from August 1, 1963	1,709,000	Pound	180,[illegible]

1/ Imports through August 12, 1963.

IMMEDIATE RELEASE

AUGUST 15, 1963

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 August 3, 1963:

Commodity	Period and Quantity		Unit of Quantity	Imports as of August 3, 1[illegible]
Tariff-Rate Quotas:				
Cream, fresh or sour..............	Calendar Year	1,500,000	Gallon	451,554
Whole Milk, fresh or sour.........	Calendar Year	3,000,000	Gallon	[illegible]0
Cattle, 700 lbs. or more each (other than dairy cows).........	July 1, 1963- Sept. 30, 1963	120,000	Head	3,041
Cattle less than 200 lbs. each....	12 mos. from April 1, 1963	200,000	Head	44,227
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish........	Calendar Year	24,874,871	Pound	Quota Fil[illegible]
Tuna Fish.........................	Calendar Year	63,130,642	Pound	29,03[illegible]
White or Irish potatoes:				
Certified seed..................	12 mos. from	114,000,000	Pound	58,990,[illegible]
Other...........................	Sept. 15, 1962	36,000,000	Pound	29,911,[illegible]
Walnuts...........................	Calendar Year	5,000,000	Pound	3,5[illegible]
Stainless steel table flatware (table knives, table forks, table spoons)..................	Nov. 1, 1962- Oct. 31, 1963	69,000,000	Pieces	Quota [illegible]

1/ Imports for consumption at the quota rate are limited to 18,656,154 pounds during first nine months of the calendar year.

TREASURY DEPARTMENT
Washington

ATE RELEASE

r 15, 1963

he Bureau of Customs announced today preliminary figures on imports for consump-
f the following commodities from the beginning of the respective quota periods
h August 3, 1963:

Commodity	Period and Quantity		Unit of Quantity	Imports as of August 3, 1963
Rate Quotas:				
fresh or sour...............	Calendar Year	1,500,000	Gallon	451,554
ilk, fresh or sour.........	Calendar Year	3,000,000	Gallon	60
700 lbs. or more each r than dairy cows).........	July 1, 1963- Sept. 30, 1963	120,000	Head	3,041
less than 200 lbs. each....	12 mos. from April 1, 1963	200,000	Head	44,227
:esh or frozen, filleted, cod, haddock, hake, pol- cusk, and rosefish........	Calendar Year	24,874,871	Pound	Quota Filled 1/
h........................	Calendar Year	63,130,642	Pound	29,036,028
Irish potatoes:				
ied seed.................	12 mos. from	114,000,000	Pound	58,990,542
....	Sept. 15, 1962	36,000,000	Pound	29,911,029
....	Calendar Year	5,000,000	Pound	3,575,631
s steel table flatware knives, table forks, spoons)..................	Nov. 1, 1962- Oct. 31, 1963	69,000,000	Pieces	Quota Filled

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e months of the calendar year.

Commodity	Period and Quantity		Unit of Quantity	Imports as of August 3, 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	9
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
	12 mos. from August 1, 1963	1,709,000	Pound	180,7

1/ Imports through August 12, 1963.

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
AUGUST 15, 1963

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

QUARTERLY QUOTA PERIOD - July 1 - September 30, 1963

IMPORTS - July 1 - August 9, 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	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	6,573,587	-	-	-	-
Belgian Congo	-	-	-	-	-	-	5,440,000	1,543,248*
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	7,520,000
Bolivia	5,040,000	4,174,658*	-	-	-	-	-	-
Canada	13,440,000	950,735*	15,920,000	7,324,924	66,480,000	66,480,000	37,840,000	16,937,294
Italy	-	-	-	-	-	-	3,600,000	-
Mexico	-	-	36,880,000	25,095,508	70,480,000	58,563,576	6,320,000	3,130,606
Peru	16,160,000	16,160,000	12,880,000	4,563,122	35,120,000	6,730,957	3,760,000	1,912,058
Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	3,011,814*	-	-	-	-
All other foreign countries (total)	6,560,000	1,723,207*	6,080,000	6,080,000	17,840,000	17,840,000	6,080,000	6,080,000

*Imports as of August 12, 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
AUGUST 15, 1963

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

QUARTERLY QUOTA PERIOD - July 1 - September 30, 1963

IMPORTS - July 1 - August 9, 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	
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Belgian Congo	-	-	-	-	-	-	5,440,000	1,543,248*
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	7,520,000
Bolivia	5,040,000	4,174,658*	-	-	-	-	-	-
Canada	13,440,000	950,735*	15,920,000	7,324,024	66,480,000	66,480,000	37,840,000	16,937,294
Italy	-	-	-	-	-	-	3,600,000	-
Mexico	-	-	36,880,000	25,095,508	70,480,000	38,563,576	6,320,000	3,190,606
Peru	16,160,000	16,160,000	12,880,000	4,563,122	35,120,000	6,730,957	3,760,000	1,912,058
Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	3,011,814*	-	-	-	-
All other foreign countries (total)	6,560,000	1,723,207*	6,080,000	6,080,000	17,840,000	17,840,000	6,080,000	6,080,000

*Imports as of August 12, 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

IMMEDIATE RELEASE

[illegible]

The Bureau of Customs has announced the following preliminary figures show the imports for consumption from January 1, 1963, to August 3, 1963, inclusive, of commodities under quotas established pursuant to the Philippine Trade Agreem Revision Act of 1955:

Commodity	Established Annual Quota Quantity	Unit of Quantity	Imports as of August 3, 1963
Buttons..........	680,000	Gross	156,104
Cigars...........	160,000,000	Number	7,502,285
Coconut oil......	358,400,000	Pound	242,082,246
Cordage..........	6,000,000	Pound	3,536,070
Tobacco..........	5,200,000	Pound	4,930,313

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE

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Tobacco..........	5,200,000	Pound	4,930,313

notified that the seller's status has changed. The Treasury has indicated that penalties would be applied to persons making improper sales under the blanket certificates, as well as those executing false certificates.

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Ownership Certificate. Instead, members and member organizations of the exchanges will be required, when effecting a regular sale, to procure from the seller or his nominee a Certificate of American Ownership covering the sale.

To facilitate handling of accounts in which several foreign securities may be traded, members of these exchanges will be permitted to rely on Blanket Certificates of American Ownership. These forms, which will be available at Internal Revenue Service Offices, may be executed by those who have been United States persons continuously since July 18, 1963. Since these certificates cover all sales made on the exchange through a single account, this procedure will avoid the necessity for delivering a new Certificate of American Ownership in connection with each individual trade. Blanket certificates would remain in effect until revoked or until the member or member organization is

to the technical problems which had caused the postponement of the proposed effective date of the tax on transactions through the exchanges.

Under the new rules, regular trading on the New York and American Exchanges in taxable foreign securities will be conducted only if the seller is a United States person who can sell the foreign security free of tax. Transactions in which the seller is not a United States person will be handled as special transactions and noted as "subject to interest equalization tax."

As a result, any United States person acquiring a foreign security on either of these exchanges in a regular transaction will be covered by the exclusion from the proposed tax granted to purchase from other Americans. Such a person will not be required by the Treasury Department to produce an American

August 15, 1963

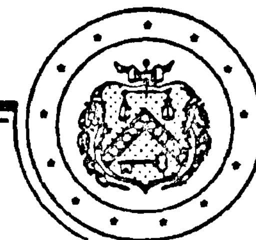
FOR IMMEDIATE RELEASE:

The Treasury Department announced today that the proposed Interest Equalization Tax now before Congress will become applicable to purchases of foreign securities on national securities exchanges on Monday, August 19, 1963.

The New York Stock Exchange and the American Stock Exchange are today sending to their members and member organizations notification of new rules applying to the trading of foreign securities.

The action today follows the Treasury's previous announcement that under its proposal the tax would be generally applicable to acquisitions of foreign securities after July 18, 1963, but would not be applied to purchases effected on national securities exchanges on or before August 16, 1963. Discussions between Treasury and exchange representatives have produced solutions

TREASURY DEPARTMENT



WASHINGTON, D.C.

August 15, 1963

FOR IMMEDIATE RELEASE:

SECURITIES EXCHANGES NOTE AUGUST 19
AS EFFECTIVE DATE OF PROPOSED TAX

The Treasury Department announced today that the proposed Interest Equalization Tax now before Congress will become applicable to purchases of foreign securities on national securities exchanges on Monday, August 19, 1963.

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(MORE)

To facilitate handling of accounts in which several foreign securities may be traded, members of these exchanges will be permitted to rely on Blanket Certificates of American Ownership. These forms, which will be available at Internal Revenue Service Offices, may be executed by those who have been United States persons continuously since July 18, 1963. Since these certificates cover all sales made on the exchange through a single account, this procedure will avoid the necessity for delivering a new Certificate of American Ownership in connection with each individual trade. Blanket certificates would remain in effect until revoked or until the member or member organization is notified that the seller's status has changed. The Treasury has indicated that penalties would be applied to persons making improper sales under the blanket certificates, as well as those executing false certificates.

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OFFICE
FISCAL ASST. SECRETARY

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TREASURY DEPARTMENT

STATUTORY DEBT LIMITATION

As of July 31, 1963

TREASURY DEPARTMENT
Fiscal Service

Washington, Aug. 16, 1963

Section 21 of Second Liberty Bond Act, as amended, provides that the face amount of obligations issued under auth[illegible] 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			$309,000,000,000
Outstanding -			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$47,221,727,000		
Certificates of indebtedness	22,169,068,000		
Treasury notes	52,154,073,000	$121,544,868,000	
Bonds -			
Treasury	81,945,752,050		
* Savings (Current redemption value)	48,426,771,192		
United States Retirement Plan bonds	227,144		
Depositary	102,561,500		
R. E. A. series	26,289,000		
Investment series	3,899,391,000	134,400,991,886	
Certificates of Indebtedness -			
Foreign series	402,500,000		
Foreign Currency series	-		
Treasury notes -			
Foreign series	208,000,000		
Treasury bonds-			
Foreign Currency series	654,928,182	1,265,428,182	
Treasury Certificates	2,500,000	2,500,000	
Special Funds -			
Certificates of indebtedness	6,038,732,303		
Treasury notes	4,741,366,000		
Treasury bonds	32,944,238,000	43,724,336,303	
Total interest-bearing		300,938,124,371	
Matured, interest-ceased		260,535,675	
Bearing no interest:			
United States Savings Stamps	52,879,450		
Excess profits tax refund bonds	695,411		
Special notes of the United States:			
Internat'l Monetary Fund series	2,961,000,000		
Internat'l Develop. Ass'n. series	128,956,600		
Inter-American Develop. Bank series	125,000,000	3,268,531,461	
Total		304,467,191,507	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F. H. A. & DC Stad. Bds.	645,326,850		
Matured, interest-ceased	2,067,550	647,394,400	
Grand total outstanding			305,114,585,[illegible]
Balance face amount of obligations issuable under above authority			3,885,414,[illegible]

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

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

Outstanding -	
Total gross public debt	304,834,516,[illegible]
Guaranteed obligations not owned by the Treasury	647,394,[illegible]
Total gross public debt and guaranteed obligations	305,481,910,[illegible]
Deduct - other outstanding public debt obligations not subject to debt limitation	367,32[illegible]
	305,114,585,[illegible]

STATUTORY DEBT LIMITATION

As of July 31, 1963

TREASURY DEPARTMENT
Fiscal Service

Washington, Aug. 16, 1963

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Bonds -			
Treasury	81,945,752,050		
* Savings (Current redemption value)	48,426,771,192		
United States Retirement Plan bonds	227,144		
Depositary	102,561,500		
R. E. A. series	26,289,000		
Investment series	3,899,391,000	134,400,991,886	
Certificates of Indebtedness -			
Foreign series	402,500,000		
Foreign Currency series	-		
Treasury notes -			
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Total		304,467,191,507	
uaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F. H. A. & DC Stad. Bds.	645,326,850		
Matured, interest-ceased	2,067,550	647,394,400	
Grand total outstanding			305,114,585,907
ance face amount of obligations issuable under above authority			3,885,414,093

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

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

anding -	
tal gross public debt	304,834,516,411
uaranteed obligations not owned by the Treasury	647,394,400
tal gross public debt and guaranteed obligations	305,481,910,811
ct - other outstanding public debt obligations not subject to debt limitation	367,324,904
	305,114,585,907

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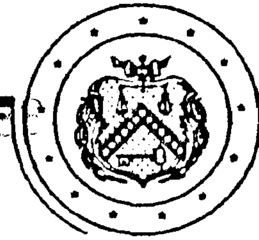

ASHINGTON, D.C.

August 19, 1963

EEKLY BILL OFFERING

ening that the tenders for two series of
issue of the bills dated May 23, 1963,
63, which were offered on August 14, were
19. Tenders were invited for $1,300,000,000,
000,000, or thereabouts, of 182-day bills.
s:

ills , 1963	:	182-day Treasury bills maturing February 20, 1964	
. Equiv. Rate	:	Price	Approx. Equiv. Annual Rate
3.347%	:	98.257 b/	3.448%
3.363%	:	98.246	3.469%
3.355% 1/	:	98.250	3.462% 1/

,000; b/ Excepting two tenders totaling $200,000
lls bid for at the low price was accepted
ills bid for at the low price was accepted

BY FEDERAL RESERVE DISTRICTS:

	cepted	:	Applied For	Accepted
	19,163,000	:	$ 5,774,000	$ 5,638,000
	857,122,000	:	1,260,171,000	669,056,000
	17,251,000	:	8,556,000	3,121,000
	23,312,000	:	44,675,000	9,675,000
	13,325,000	:	9,221,000	3,861,000
	19,550,000	:	4,630,000	4,230,000
	183,564,000	:	112,022,000	42,582,000
	34,841,000	:	10,086,000	8,086,000
	10,993,000	:	6,740,000	4,740,000
	31,226,000	:	15,485,000	10,435,000
	18,448,000	:	8,933,000	3,933,000
	71,440,000	:	74,716,000	35,356,000
o	$1,300,235,000 c/		$1,561,009,000	$800,713,000 d/

etitive tenders accepted at the average price of 99.152
etitive tenders accepted at the average price of 98.250
length and for the same amount invested, the return on
yields of 3.43%, for the 91-day bills, and 3.57%, for the
rates on bills are quoted in terms of bank discount with
face amount of the bills payable at maturity rather than
heir length in actual number of days related to a 360-day
ds on certificates, notes, and bonds are computed in terms
t invested, and relate the number of days remaining in an
to the actual number of days in the period, with semiannual
n one coupon period is involved.

TREASURY DEPARTMENT
Washington

FOR RELEASE ON DELIVERY

STATEMENT OF THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
BEFORE THE WAYS AND MEANS COMMITTEE OF THE HOUSE OF REPRESENTATIVES
10:00 A.M. EDT, AUGUST 20, 1963

My purpose in appearing before you today is to review the compelling considerations that have led the President to propose an Interest Equalization Tax on purchases of foreign securities, to describe the proposed tax, and to urge its early enactment.

In the most general terms, the Interest Equalization Tax is designed to bring the cost of capital raised by foreigners in the United States market into closer alignment with the costs prevailing in the markets of most other industrialized countries. This would be achieved by means of an excise tax on the acquisition from foreigners of foreign securities with maturities of three years or more.

This tax has been assigned a key role in our total effort to achieve prompt and lasting improvement in our balance of payments. Its specific purpose is to reduce the immediate strains on our position caused by a swelling outflow of long-term portfolio capital from this country -- an outflow that threatens to delay beyond prudent limits the progress toward the external balance that we so urgently need. The tax will complement actions being taken to improve every other major sector in our international accounts.

Today, a disproportionate share of the demands for capital from all the world -- from deficit and surplus countries alike -- converges on the United States. In the short space of eighteen months, the volume of new foreign issues reaching the United States market has more than tripled, increasing from an average of less than $600 million over the years 1959-1961, to $1.1 billion in 1962, and to an annual rate of almost $2 billion over the first six months of this year. A substantial portion of these rising demands must be diverted to markets in other nations, particularly those now in a strong external position, if the stability of the international financial system as a whole is to be protected.

The Interest Equalization Tax is a transitional means for achieving this purpose. The need will end as longer-range measures to raise the profitability of investment in the United States, to restore external equilibrium, and to build more effective capital markets abroad become more effective. And the tax is essential for ensuring progress in reducing our own payments deficit over the difficult period that lies immediately ahead. It will help achieve our objectives in a manner fully consistent with our responsibilities to spur growth at home, to meet the most pressing needs of other nations particularly dependent on access to our capital market, and to maintain the framework of free markets.

The Over-all Problem

While the basic problems in this area are long standing, the clear need for this particular action has developed only recently. The combination of circumstances that now make it compelling can be fully understood only within the context of our entire balance of payments, the many actions -- short and long-run -- being taken in other directions to restore balance, and the concurrent needs of domestic economic policy. These matters are discussed in my recent testimony before the Joint Economic Committee, and the President's Special Message on the Balance of Payments which spelled out our full action program.

As the President made clear, our over-all deficit has declined appreciably from $3.9 billion in 1960 to $2.2 billion in 1962. Much of that progress, however, has reflected special inter-governmental arrangements with some of our friends abroad, such as debt prepayments and medium-term borrowings, which in total amounted to nearly $1.4 billion in 1962. Important as they are in protecting our gold stock, these special inter-governmental transactions cannot be considered a substitute for the progress we urgently need in reducing the hard core of our deficit.

This deficit on so-called "regular transactions" -- that is, all transactions that emerge from the interplay of market forces and the established policies of this and other governments -- totaled over $3½ billion in 1962, up about $500 million from 1961. During the first six months of this year, the annual rate moved still higher, to well over $4 billion. Preliminary figures for July indicate some improvement reducing the annual rate for the first seven months to approximately the $4 billion level.

The increase in our deficit on regular transactions has developed despite a continued large surplus on exports of goods and services, concerted efforts to reduce the balance of payments cost of Government spending abroad, and substantial military offset arrangements with Germany and Italy. It is due almost entirely to the accelerating outflow of long-term portfolio capital into new foreign issues.

For instance, while our deficit on "regular transactions" increased by $530 million in 1962 as compared to the previous year, U. S. purchases of new foreign issues grew by $553 million. During the first six months of 1963, this trend not only continued but accelerated and the annual rate of new foreign issues exceeded the 1962 rate by some $875 million.

Once again growing purchases of new foreign issues accounted for the entire increase in our deficit on "regular transactions" during the first six months of this year. The continuation of purchases of new foreign issues at any such rate threatens to deprive us of the time needed to improve our payments balance by the fundamental adjustments in other areas that necessarily take time to work themselves out.

We recognize that still more must and can be done to improve every major sector of our international accounts. As a result of an intensive review of the practical possibilities by the Cabinet Committee on the Balance of Payments, beginning last winter and completed only last month, the President has taken action to ensure a reduction of approximately $1 billion in the rate of Government overseas spending within the next 18 months.

Most importantly, we must improve the basic competitive position of our economy by stimulating cost-cutting investment and greater productivity -- while maintaining stability of the general price level; this is, of course, a central objective of the tax program with which you are so familiar.

But we must also recognize that, in a highly competitive world economy, progress toward increasing our already large commercial surplus cannot be dramatic or swift. Nor can we expect savings in Government spending abroad, important as they will be, to produce a sufficient reduction in our deficit over the next critical year or two, before the tax program and other longer range measures become fully effective.

The Capital Outflow

For many years, the United States has been an exporter of long-term capital, with the net flow of direct and long-term portfolio investment averaging over $2 billion a year since the mid-1950's. Following the widespread return of convertibility at the beginning of 1959, and the related elimination of restrictions on the use of foreign short-term funds in the industrialized countries of Europe, a large outward flow of short-term capital has developed as well. Since 1959 short-term U. S. investment abroad -- including unrecorded transactions, chages in which are believed largely to reflect variations in the movement of short-term capital that are not covered by our reporting system -- has also average close to $2 billion a year.

Faced with this outward flow of capital -- netting out to roughly $4 billion during recent years -- we have recognized that measures to reduce the imbalance in the flows of capital must be a key element in our over-all balance of payments program.

This Committee has played an active role in reducing tax incentives to direct investment abroad, which have been one important element in the over-all problem. The investment credit in the Revenue Act of 1962, together with depreciation reform, brought the tax treatment of new investment in machinery and equipment in the United States more closely in line with that extended by other industrialized countries. In addition, that Act sharply curtailed the use of so-called tax haven countries as a device for reducing tax liabilities. With a reduction in the corporate tax rate to 48 percent, as proposed in the bill you are now completing, and with your decision to restore the full effectiveness of the 1962 investment credit by the repeal of Section 48 G, differences in tax treatment should be a far less significant element in decisions to undertake direct investments in other industrialized countries. More important for the longer-run, the strong impetus to economic growth in the United States that will be provided by the new tax bill, and the enlarged opportunities for sales and profits that this growth will bring, will greatly increase the relative attractiveness of investment in the United States , and thus reduce the net outflow of direct investment.

However, the problem of capital outflow has, during the past months, shifted to the area of portfolio transactions, as foreign borrowers have taken increasing advantage of the lower long-term interest rates and ready availability of

capital in our domestic capital markets. It is these surging demands by foreigners on our market, which if allowed to continue unchecked could seriously undermine the stability of the dollar, that have forced us to act.

Evidence of this accelerating outflow of portfolio capital first appeared during the latter part of 1962, when a spate of new foreign issues resulted in total purchases by Americans for the entire year of $1.1 billion, more than double the 1961 level. The Administration made no recommendations for action at that time, although the situation was carefully reviewed, since a large portion of the outflow could be traced directly to the Canadian difficulties in the spring of 1962, difficulties which gave rise later in the year to an exceptionally large volume of borrowings by that country to rebuild its foreign exchange reserves. Our official efforts were limited to informal suggestions for spacing out the timing of the larger Canadian borrowings. The full dimensions of the problem only became apparent during the first half of this year when the volume of new issues from other areas also rose sharply, bringing the total purchases of foreign bonds and stocks for the 12 months ended in June to $1.6 billion.

These enormous demands on our capital market have come from a wide variety of sources. One of the most striking characteristics has been the sudden rise in sales of new issues by foreign corporations, particularly those in Europe and Japan, which in the past have been much less active than foreign governments in using our market facilities. The Securities and Exchange Commission recently reported that over $400 million of new foreign corporate issues were offered in New York during the period from April 1 to June 30. That figure, covering a period of only three months, amounted to three quarters of the comparable total for the entire year 1962 -- and to nearly three times the total for the year 1960. Nor is the flow abating -- over $200 million of new foreign corporate issues have been informally reported to us as in registration, committed, or in the final negotiating stages, at the date of the President's Message, all of them from industrialized countries and many from Europe.

At the same time foreign governments -- including cities and provinces -- have also been borrowing substantially more han in earlier years. In many instances, these borrowings, t least in the case of the developed countries of Europe,

do not arise from any need for foreign exchange, nor are they related, in any direct or ascertainable way, to import requirements from the United States. Instead, the loans have frequently been designed to finance construction projects with relatively small import content, or in some instances to cover the internal budgetary deficits of a central government; there have been notable occasions in which the proceeds of large dollar bond issues have been devoted to the purchase of already existing domestic facilities. Clearly, the major motivation for placing many of these issues in New York has been simply the ready availability of funds at a relatively low rate of interest, rather than a pressing need for capital from outside the borrower's own country.

There are no signs that this flood of new issues will, of its own accord, fall back to the more sustainable levels of earlier years. To the contrary, the information now becoming available points toward the definite possibility that -- unless effective action is taken -- the tide of foreign sales may rise still further.

Foreign businessmen are becoming much more aware of the efficient facilities and relatively low rates available here, and much more accustomed to their use. At the same time, there are indications that the profit margins of many European business firms have come under increased pressure during recent years, so that their ability to finance their growth almost wholly from retained earnings -- the normal practice for many years -- is now more limited. This is leading to increased demands for borrowed funds at a time when European capital markets are, by and large, not yet adequately organized to efficiently supply business needs from the growing savings of their own peoples. Somewhat similar forces seem to be at work in the case of many local government authorities abroad, hard-pressed to finance a backlog of local improvements.

These rising demands on our market have a counterpart in the increasing familiarity with, and interest in, foreign securities by U.S. underwriters. At the same time, the appetite of American investors for new foreign issues has been whetted by the huge flow of savings in this country, by the relative shortage of profitable domestic investment outlets, and by the opportunity to earn a higher return on foreign issues. The unfortunate experiences of the twenties and thirties, which long restrained the demand for foreign securities, have now been largely forgotten. Moreover, the fear of difficulties in obtaining prompt payment of income and principal has abated

with the ready convertibility of currencies and the growing volume of foreign reserves.

Similar forces could, of course, easily stimulate larger American purchases of outstanding foreign issues, and this possibility would be greatly enlarged if the burgeoning supply of new issues reaching our market is successfully curtailed.

Better Free World Markets for Capital

It is entirely appropriate that the United States -- the world's strongest and wealthiest nation -- should continue to support the development of other nations by supplying them with urgently needed capital through private market facilities. This is a natural part of our role at the center of the world's financial system. Our capacity to provide this capital in reasonable amounts is assured by the ability of our economy both to generate enormous savings and to maintain the largest surplus on current commercial transactions of any nation. Moreover, the mutual advantages of flows of capital in reasonable amounts -- advantages both to the United States, in terms of a future flow of earnings, and to other nations, in terms of supporting their own growth -- are readily apparent.

At the same time, however, it serves the interest of no free nation to have this flow run at a pace that sharply aggravates existing imbalances in international payments. This would soon bring intolerable strains on the whole international monetary system, imperil the bright prospects for growing trade among nations, and undermine the growth and cohesion of free world economies.

For the past 18 months, American officials have pointed out that our balance of payments imposes some limits on the amount of capital that this country could afford to invest abroad. We have cautioned that so long as the United States stood alone in providing both a free and efficient capital market -- and so long as the capital markets of most other industrialized countries continued to be inadequate to the task of meeting even their own internal needs at reasonable rates -- the danger might emerge that demands on our market would exceed the limit of what we could safely supply.

These warnings emphasized that other industrialized countries, to support their own rapid growth, should develop their own capital market facilities for mobilizing and distributing their own domestic savings. It is clear that

more effective markets in the other industrialized countries, combined with the relaxation and elimination of controls on foreign lending that linger on from an earlier day, are basic requirements for a properly functioning international financial system -- a system in which flows of capital from country to country, responding to market forces, will promptly reflect shifting needs and capacities.

I believe this need for better capital markets in the leading industrialized countries is generally recognized today. Signs of progress are beginning to appear in some countries. But the progress has been too slow to meet the need. The potential dangers we foresaw have unfortuantely materialized. As a result, we cannot escape the hard and unpleasant necessity for prompt action on our part to stem the outflow of portfolio capital. When other industrial nations have developed adequate long-term capital markets of their own -- as they must and will -- a wholly free international market for long-term capital will, for the first time, become an actuality and will lend much needed flexibility and strength to the entire international payments mechanism. In the interim, and until our own balance of payments position becomes significantly stronger, we must seek temporary answers.

<u>The Possibility and Limitations of a General Tightening of Credit</u>

One solution to the excessive export of long-term capital would be to tighten credit and raise interest rates all along the line. In this way, costs of financing would be raised, foreign borrowings would be diverted to other markets, and domestic securities would become more attractive to investors, both American and foreign. But this approach implicitly associates a balance of payments deficit with excess demand and rising prices at home. Instead, we are faced today with unemployment and inadequate investment within our domestic economy. A sharp rise in interest rates throughout our money and capital markets, if possible at all in the face of the huge current supply of savings, would require the most drastic restraints on our money supply and credit expansion and would thus sharply reduce domestic as well as foreign borrowing.

The cost would be measured not only in growing unemployment, loss of potential production, and personal hardship. In addition, it would also jeopardize the prospects for restoring lasting balance in our international accounts. A depressed economy will not stimulate investment at home, encourage rapid strides in productivity, or provide incentives to use more of

our savings in this country. These are the factors -- combined with price stability -- that must be at the heart of our longer-range program to restore international equilibrium and lasting confidence in our currency.

A rise in long-term interest rates reflecting a normal market response to a vigorously expanding economy that is creating pressures on available resources would be quite another thing. Such a development could not only benefit our balance of payments but would also help assure stability in our domestic economy. But to try to artificially reverse this natural process, and force long-term interest rates sharply higher at a time when our growth potential is not being realized, would be to run risks that neither we nor the world can afford.

With short-term rates the situation is quite different. It has been possible and desirable to exert upward pressure on these rates over the past 2 years, thereby curtailing the outward flow of short-term capital, while keeping credit amply available to domestic borrowers. In fact, from the low point of the recession in early 1961 until mid-July, rates for Treasury bills increased by 3/4 of 1% while bank loan rates and the cost of long-term corporate borrowing held steady. At the same time the interest cost of state and local financing declined and long-term mortgage rates -- perhaps the most important of all rates for the domestic economy -- dropped by 1/2 of 1%. The recent rise in the Federal Reserve discount rate, combined with higher permissible rates for short-term time deposits, has carried this policy a step further, and should be of considerable assistance during the months ahead.

The Interest Equalization Tax, applying to purchases of portfolio securities with maturities of 3 years or more, will be a companion measure in the long-term area. It will achieve -- by means of a tax that generally increases the cost of money to foreigners by about 1 per cent -- the dampening impact on foreign borrowing that we cannot accomplish under present circumstances by restricting credit to the degree that would be necessary to achieve a substantial rise in rates throughout the whole structure of our long-term domestic credit.

The Nature of the Interest Equalization Tax

The Interest Equalization Tax will be a temporary excise tax imposed on the acquisition of a foreign security from a non-resident foreigner by a United States person, regardless of the place where the transaction actually is completed. The American lender or purchaser can be expected to demand about the same net return, after allowing for the tax, as he would for a comparable issue not subject to tax. Consequently, a foreign issuer of new securities will need to provide more attractive terms to compensate for the impact of the tax. In the case of bonds, the tax has been graduated by maturity in a manner that will introduce a differential of approximately 1% in the effective interest rate before and after tax; the tax on equities would be the same as for bonds of the longest maturity.

The result will be that costs to foreigners of capital in the United States market will be much more closely aligned with costs prevailing in most of the leading countries abroad. This will substantially eliminate the existing incentive to raise money in the American market simply to achieve a saving in interest costs.

In only two countries, Switzerland and the Netherlands, are long-term rates below or closely comparable to those prevailing in the United States. It is not accidental that we find in these two countries the best developed capital market facilities on the Continent of Europe -- for inefficient, cumbersome markets inevitably mean high interest rates. Nor is it accidental that they both very strictly limit, by direct controls, the amount of foreign borrowing in their markets. The United Kingdom, with potentially the broadest and largest of all the foreign markets, has limited foreign access even more narrowly, until very recently confining its lending almost exclusively to Commonwealth countries in the sterling area. And in the United Kingdom, as with virtually all other industrialized countries, prevailing rates paid by domestic borrowers are 1 per cent or more above those in the United States.

The higher borrowing costs for foreigners resulting from the tax will not be prohibitive and long-term funds will remain available to those prepared to meet the normal market test of willingness to pay the prevailing rate. Those who have urgent needs for longer-term funds not available on reasonable terms elsewhere will continue to make use of our unrivaled facilities;

those who today merely find their own or other markets marginally too costly for their taste will be diverted from our markets.

The consequences of the tax for foreign borrowers will thus be closely analogous to a rise in long-term interest rates in the United States. While the price of long-term money to foreigners will rise, no restrictions will be placed on the free use of dollars for any purpose that a holder -- foreign or domestic -- might desire. Decisions of private parties, responding to forces working through market prices, will not be supplanted by official directives.

This is vastly different from an attempt to direct individual transactions and to impose a system of exchange controls, or even a selective screening of capital issues, upon market processes. That kind of approach, as the President has said, would be both inappropriate to our circumstances and contrary to our basic precept of free markets.

The problem we face is not one that we can meet simply by exercising the moral force of Government leadership and persuasion. Government can, to be sure, point out the nature of the problem, and suggest the main directions in which the public interest lies. We have done that repeatedly over the past year, suggesting that American underwriters seek out potential foreign buyers and that more emphasis be placed on public offerings rather than private placements so that foreign participation becomes possible. But it is now clear that firm legal guidelines and the disciplines of market forces are required to reinforce these efforts. The Interest Equalization Tax meets this need.

The Coverage of the Tax

To achieve its purposes both effectively and equitably, and without unnecessary distortion of normal market relationships, the proposed tax must be applied to acquisitions of both new and outstanding securities, and to both debt and equities. Clearly, the major problem at the moment, in terms of sheer dollar volume, relates to new debt issues. These accounted for more than four-fifth's of the outflow from all portfolio transactions in foreign securities over the first half of this year, and for the bulk of the increase over the past twelve months. Gross purchases of outstanding foreign bonds are also large -- with reported total foreign bond sales,

exclusive of new issues and direct investments, running from $600 to $800 million annually during recent years -- but frequently these purchases are offset by sales, reflecting the simultaneous transactions that characterize arbitrage. However, net purchases were slightly over $100 million in 1960. After dropping to smaller figures in 1961 and 1962, they rose to an annual rate of $200 million during the first six months of 1963.

Perhaps even more important, the interest of American investors in outstanding foreign debt issues could be expected to rise very substantially if such issues remained freely available without tax, while the volume of new issues reaching our market contracted. At best, the effectiveness of the tax would be sharply reduced, and established market relationships in the sale of new issues would be disrupted to little or no avail.

Trading in outstanding foreign equities, in contrast to bonds, is much larger than the flow of new stock issues. New issues of foreign shares purchased by Americans amounted to $74 million in 1962, and $32 million over the first six months of this year. Meanwhile, gross purchases of outstanding foreign stock from foreigners have ranged from around $600 million to over $900 million during recent years. In some years, purchases have been almost entirely matched by sales to foreigners -- and some proportion of the transactions undoubtedly has reflected routine and offsetting arbitrage activity. But, during six of the past ten years there has been a sizeable drain on our balance of payments from this trading, ranging as high as $326 million in 1961.

American investment advisors and investing institutions, including pension funds, with increasing frequency seem to believe that diversification could be improved by investing a portion of their assets in foreign equities. When one considers the billions of dollars currently invested in stocks by pension funds alone, it is easy to realize that an attempt to place only five per cent of these assets in foreign securities -- as some have recently begun to do -- could lead to an outflow of many hundreds of millions of dollars per year, far outpacing our efforts to induce more purchases of American securities by foreigners. Regardless of the merits of such diversification in the long run, there is no question but that a cascading of such purchases in present circumstances would gravely strain our over-all balance of payments position.

The issuance of equities is an alternative to debt financing in raising capital, and the choice is directly influenced by relative cost. Similarly, for many investors, bonds and stocks represent alternative uses of funds. Both debt and equity capital are relatively cheap in the United States today, and in these circumstances it would clearly be inconsistent to tax foreign access to one market and not to the other.

Under the proposal before you, the only transactions taxed would be acquisitions of foreign securities by a United States person from a non-resident foreigner. Trading in foreign securities among Americans, as well as sales of foreign securities by Americans to foreigners, will be entirely free of tax. An active tax-free market will be maintained within the United States for widely held foreign issues. Imposition of the tax should entail no loss in the value of foreign securities held by Americans, and is in no sense a capital levy.

Exclusions and exemptions from the tax can be justified only when clearly required to support vital national objectives, to meet the needs of the international financial system as a whole, or to permit effective, non-discriminatory administration. Extension of exemptions beyond these limits -- which are in every case fully consistent with its purposes -- would inevitably open the way to both inequities and avoidance, and eventually undermine the effectiveness of the tax.

Short-term Securities -- One class of securities that would be excluded from tax entirely are those with a maturity of less than three years. These money market instruments change hands in enormous volume. The transactions take a wide variety of forms, and the extension of credit can be, and sometimes is, submerged as part of related transactions. Many different purposes are served, but most of them relate closely to trade financing and to normal, reversible, shifts of funds between markets in response to temporary needs. Close integration of the money markets in the leading countries is essential to the orderly and expeditious clearing of international payments that underlies the flow of trade, and the operation of the international monetary system.

Large shifts of short-term funds in response to interest rate differentials or speculative influences can be a source of serious strain, and net outflows of short-term capital have added to our balance of payments problem over recent years. However, these transactions cannot readily be separated from those that provide an essential lubricant for world commerce; and partial insulation of the domestic market by an excise tax would risk distorting and impeding normal trade financing. Formidable administrative obstacles would also be encountered.

Consequently, our main tool for influencing the market in this area must continue to be the flexible use of the traditional instruments of monetary policy, such as the increase in the discount rate effected last month by the Federal Reserve.

Commercial Bank Loans -- Commercial banks making loans in the ordinary course of their commercial banking business would not be subject to tax. The great bulk of these loans fall within a three-year maturity range, and would therefore be excluded for the reasons already mentioned; the volume of foreign loans maturing in more than five years appears to be minimal and usually is related to specific U.S. exports. The volume of bank lending is, of course, directly subjected to the influence of monetary and credit policy. Clear evidence that longer term bank lending was being used in any significantly increasing degree as a means for assisting foreign borrowers in evading the tax would, of course, be a source of serious concern. However, we would not expect any such development.

Export Credit -- Export credit extended by American producers directly to their foreign customers, as well as Export-Import Bank financing, will also be excluded from the tax. Considering the exclusion of bank and short-term financing, it is clear that this tax will not impair the present ability of American firms to offer credit facilities second to none in the world -- whether for short- or medium-term -- to their foreign customers.

Direct Investments -- The tax will not be applied to direct investments in overseas subsidiaries and affiliates. Direct investment is defined to include the acquisition of debt or equity interests in a foreign corporation by a United States person owning at least ten per cent control after the transaction is completed; this is based on a statutory test used in the Revenue Act of 1962.

Decisions to undertake direct investment imply active participation in the management of the foreign corporation. In these decisions, questions of market position and long range profitability completely outweigh any concern over interest-rate differentials. The inadequacy of capital markets abroad has also been much less of a factor in causing direct investment than it has in stimulating portfolio investment abroad by Americans. Application of the proposed Interest Equalization Tax to this area consequently is unnecessary and undesirable.

Less Developed Countries -- The tax would not be applied to acquisition of securities issued by less developed countries,

as defined by Executive Order of the President, nor to acquisition of securities issued by less developed country corporations, whether or not these securities are guaranteed by a developed country. At the present time, it is contemplated that this exclusion would apply to the securities of all Latin American countries, African countries with the exception of South Africa, Asian countries except for Japan and the Crown Colony of Hong Kong, and to a few other nations outside the Sino-Soviet bloc.

This exclusion is designed to avoid any impediment to the flow of private capital to those nations with chronic capital shortages, urgent development needs, and limited capability for foreign borrowing on normal commercial terms. The United States, through its aid programs and otherwise, has long recognized a responsibility for assisting these nations in their struggle to achieve improved standards of living, and application of the tax to issues of these countries would work against that objective. The outflow of portfolio capital to these areas has been limited, never exceeding $200 million during recent years, and usually running closer to $100 million.

Exemptions in the Interest of International Monetary Stability --

An exemption by Executive Order, for new issues only, would be provided if the President finds that the application of the tax would have such consequences for a foreign country as to imperil, or threaten to imperil, the stability of the international monetary system. The President would be authorized to place a limit on the amount of any such exemption over a specified period, or to allow an unlimited exemption. The exemption authority would not cover transactions in outstanding securities, which would remain subject to tax.

Exercise of this executive authority would be jusitified only in response to a highly unusual set of circumstances. A continuing need on the part of the foreign country for sizable external borrowing to offset a current account deficit would not in itself meet the test. Nor would a distinct threat to international monetary stability necessarily be implied because the capital market, as well as the trade and other financial relationships, of the foreign country concerned happened to be especially closely integrated with those of the United States, and that country traditionally met the bulk of its needs for external capital in our market. A potential threat to the monetary system would arise only when the foreign country concerned, faced with higher borrowing costs in the United States, would be Eorced to adopt measures gravely damaging to the stability of Ets currency and imperiling the international monetary system

as a whole. In my judgment, only Canada would today qualify for exemption on these grounds.

As to the effectiveness of the tax, Canadian authorities have indicated that domestic considerations in Canada favor an expansionary policy with interest rates as low as can be maintained, without eliminating the United States as a source of the limited amount of funds needed to balance over-all Canadian accounts. Pursuit of such a policy by Canada itself serves to reduce the interest incentive for Canadian borrowing in our markets. Thus, we can expect that even with an unlimited exemption on new issues the volume of Canadian borrowing will be substantially less than the high rate of late 1962 and early 1963 and should roughly approximate the more normal levels of earlier years. In any event, the trend of Canadian borrowing will be closely followed by American and Canadian authorities, reflecting the strong interest of both governments in attaining this objective. For our part we are also establishing an inter-departmental committee to keep close track of developments.

Although we are prepared to appraise with officials of Japan and other countries the impact of the tax over time in the light of their particular circumstances, we cannot now see any reason for further exemptions.

Application of the Tax

The detailed provisions of the tax, and the way in which it will be applied, are fully explained in the technical description already in the hands of your Committee. I will simply summarize the main provisions here.

The Rate Schedule--The tax on debt obligations will be assessed as a percentage of their actual value, according to a schedule graduated by maturity, with the rates ranging from 2.75 percent for a 3 to 3½ year maturity to 15 percent for an obligation maturing in 28½ years or more. In the case of stock, the tax would be 15 percent, the same as for bonds of the longest maturity.

Liability for Tax--The tax would be imposed only on United States persons who acquire foreign securities from non-resident foreigners. In cases of acquisitions from other Americans, a certificate of American ownership executed by the seller will serve as proof that the transaction is exempt from tax.

To facilitate and encourage the placement of new foreign issues abroad, American underwriters participating in the

distribution of new foreign issues would receive a credit or refund of the tax on any sales directly to foreigners. Similarly, dealers maintaining markets in foreign bonds denominated in U. S. dollars will be given a refund from tax on any such securities purchased from foreigners and resold to foreigners within a reasonable time. This treatment will provide incentives to place a maximum portion of new flotations in foreign hands, and will assure potential foreign buyers that an active secondary market will be available for such new foreign dollar bonds as they may purchase.

Returns--The tax will be paid on the basis of returns due by the last day of the month following each calendar quarter. These returns will require a listing of all taxable and certain exempt acquisitions during the calendar quarter.

Effective Date and Expiration--Under the terms of the bill before you, this tax, with certain limited exceptions, would be applicable to acquisitions made after July 18, 1963, the date of the President's Message proposing the tax, and through December 31, 1965. The choice of the July date is necessary to avoid markedly perverse and inequitable effects. The nature of the tax was disclosed in the President's Special Message on the Balance of Payments, and the essential features were fully described in material released by the Treasury at the same time. Market participants were informed of the proposed effective date and forms easing the task of compliance were made promptly available.

In a situation of this kind, any appreciable lapse of time between the initial announcement and the effective date would clearly create problems of the most serious character. A very large volume of contemplated transactions could be advanced to this interval, resulting in a sharply accelerated outflow of dollars. In the space of only a few weeks, or even days, strains on the foreign exchange market could reach the point of threatening to set off self-reinforcing speculative movements. The ensuing disturbance and unsettlement would inevitably linger on, with possibly prolonged effects on trade and economic activity.

An exemption for issues in registration on July 18, or for which there were unconditional or partly performed purchase commitments, will avoid any undue impact on transactions in process at the time of announcement.

The practicability of the procedures for the application of the proposed tax has been established. With the help of certificates of ownership provided by the Treasury, the large over-the-counter

market has already been operating for more than a month just as if the tax were already in effect. An exemption for Stock Exchange transactions prior to August 16 provided ample time for resolution of technical problems arising in trading on an Exchange, and those markets have now begun to operate under procedures that permit both purchasers and sellers to comply with a minimum of difficulty.

The Impact on Capital Flows

No one could pretend to forecast with precision the impact of this tax on the volume of portfolio flows. The very essence of this kind of action, working through market prices instead of administrative controls, is that no fixed and immutable target can be set. The volume that will emerge is not predetermined but will depend upon the urgency of the needs of other countries, the speed with which capital markets in other countries develop, and upon other supply and demand factors in our own market.

New foreign issues will continue to reach our market from borrowers with inadequate markets at home, and limited access to markets of other countries. Countries needing to cover a current account deficit will continue to find it advantageous to borrow some amount in our market, despite the higher price. Borrowing by underdeveloped countries, while relatively small, will continue unimpeded.

But marginal borrowers, attracted simply by the existing savings in interest costs, will certainly be induced to seek funds in their home market. This tax will virtually eliminate rate incentives to come to the United States when there is a feasible option to borrow in the home market. It is clear that a significant proportion of the swelling volume of new issues over the past year, and those which were on the horizon before the President's Message, has been by borrowers in industrialized countries in a position to exercise precisely that choice.

On balance, a reasonable prognosis may be a reduction in the outflow of capital from this country into new foreign bond and stock issues back toward the range of $500 to $700 million that prevailed from 1959-1961. In effect, this would reverse the sharp acceleration in 1962 to $1.1 billion, and the further alarming increase over the first six months of this year to an annual rate of nearly $2 billion. This will enable us to make the progress we so clearly need in reducing our over-all deficit. The smaller outflow should be fully sustainable in view of the progress being made in other sectors of our balance of payments, and at the same time will make it possible to meet the urgent needs of our foreign friends.

Additional balance of payments savings can, of course, be anticipated with respect to transactions in outstanding securities. But of even greater importance, imposition of the tax on such securities will remove the possibility that net increases in purchases of outstanding foreign securities could frustrate the effects of the tax on new issues and add appreciably to the burden on our balance of payments.

This tax will incidentally generate some revenue for the Treasury. Any estimate must allow for a wide range of uncertainty, not only because the total volume of foreign issues that will be purchased from abroad by Americans cannot be pinpointed, but because the composition by type and maturity may shift. However, it appears likely that these revenues will fall somewhere in the general area of $20 to $30 million annually.

The Need for Early Action

The Interest Equalization Tax will not, of course, be a permanent part of our financial scene; but it is also not just a stop-gap to protect the dollar. Rather, it is an essential element of a much broader program to restore lasting balance in our international payments and to assure the continued stability of the whole international payments system.

The role of this tax is critical. For it has become apparent that, until capital markets are better developed abroad and investment demand becomes greater at home, and until the planned reductions in Government expenditures entering our balance of payments take effect, a rising outflow of portfolio capital can endanger our whole position -- and with this the entire financial structure of the free world. These problems can and will yield to our concerted efforts, and to those of the other industrialized countries. As they do, this tax should be removed. But we cannot take comfort in a bright tomorrow before we meet the urgent problems of today.

We cannot afford to delay in the idle hope that other, easier solutions can be found, or that our immediate problems will simply fade away. We must demonstrate conclusively that we are willing to meet the challenge before us, and to control our own affairs. Only that way can we keep and strengthen confidence in the achievements already made, in cooperation with our friends abroad, toward curbing disruptive currency speculation, toward building strong defenses for the

dollar, and toward developing an international financial structure that is fully adequate to the tasks ahead.

This tax will be effective and fair. There are no acceptable alternative for promptly limiting the outflow of dollars into foreign securities that is presently endangering the other gains that our balance of payments program has begun to produce. The time for action is now.

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

	1960	1961	1962	1st Qtr. 1963 1/
Commercial Trade Balance	2817	3179	1989	400
Commercial Services Balance	1458	2130	2322	578
Balance on Commercial Goods and Services 2/	4275	5309	4311	978
Military expenditures	-3048	-2934	-3028	-741
Military cash receipts 3/	336	393	673	181
Government grants and capital--dollar payments to foreign countries and international institutions	-1107	-1116	-1070	-226
Government capital receipts excluding debt prepayments, borrowings, and fundings 4/	538	533	513	103
Remittances and pensions	-672	-705	-736	-217
Private capital				
long-term	-2114	-2143	-2495	-985
short-term	-1438	-1475	-716	34
Unrecorded transactions	-683	-905	-1025	-44
Balance on Regular Transactions	-3913	-3043	-3573	-917
Special Government Transactions 5/	32	673	1387	461
Overall Deficit	-3881	-2370	-2186	-456

1/ Seasonally adjusted.
2/ Nonmilitary merchandise and service transactions less those financed by Government grants and capital.
3/ Excluding advances on military exports.
4/ Includes small changes in miscellaneous Government non-liquid liabilities.
5/ Not seasonally adjusted. Includes nonscheduled receipts on Government loans, advances on military exports, and sales of non-marketable medium-term securities, including $350 million of non-marketable medium-term convertible securities in the first quarter of 1963.
Source: Survey of Current Business

TABLE 2

Private Capital Flows in the U.S. Balance of Payments, 1959-1st Qtr. 1963
(In millions of $)

	1959	1960	1961	1962	1st Qtr. 1963 1/
LONG-TERM CAPITAL					
Direct Investment					
U.S. direct investment abroad	-1372	-1694	-1598	-1557	-556
Foreign direct investment in U.S.	238	141	73	132	17
Net	-1134	-1553	-1525	-1425	-539
Portfolio Investment					
U.S. purchases of new issues of foreign securities	-624	-573	-523	-1076	-512
U.S. net purchases of outstanding foreign securities	-139	-177	-353	-55	-26
Other U.S. long-term, net	-258	-200	-258	-248	14
Redemptions of U.S.-held foreign securities	95	100	123	170	31
Foreign long-term portfolio investment in U.S.	471	289	393	139	11
Net	-455	-561	-618	-1070	-482
Net long-term capital	-1589	-2114	-2143	-2495	-1021
SHORT-TERM CAPITAL					
U.S. short-term, net	-77	-1348	-1541	-507	31
Foreign commercial credits to U.S.	154	-90	177	-116	-13
Net short-term capital 2/	77	-1438	-1364	-623	18
UNRECORDED TRANSACTIONS	412	-683	-905	-1025	106

1/ Not seasonally adjusted.
2/ Including receipts on Export-Import Bank fundings of U.S. private short-term credits. These were: 1961, 111; 1962, 93; 1st Qtr. 1963, 8.

Source: Survey of Current Business

New Issues of Foreign Securities Purchased by U.S. Residents, by quarters, 1962-1963 (first half)
(In millions of $)

	Total 1961	1962					1963 [1]		1963 first half at annual rate [2]
		I	II	III	IV	Total	I	II	
Canada	237	10	112	41	294	457	368	239	1,214
Western Europe	57	35	138	15	7	195	60	145	410
Japan	61	11	17	48	25	101	47	45	184
Latin American Republics	18	*	19	*	83 [3]	102 [3]	12	--	24
Other developed countries	43	n.a.	n.a.	n.a.	n.a.	60	--	18	36
Other less developed countries	95	n.a.	n.a.	n.a.	n.a.	77	25	18	86
Int'l institutions and unallocated	12	80	1	3	--	84	--	--	--
Total new issues	523	170	312	133	461	1,076	512	465	1,954

* Less than $500,000.
1/ Preliminary
2/ Not seasonally adjusted.
3/ Includes $75 million issue by Inter-American Development Bank.

Source: *Survey of Current Business* and Department of Commerce

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and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

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

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

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

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $ 200,000 or less for the additional bills dated May 31, 1963, (92 days remaining until maturity date on November 29, 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 29, 1963, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 29, 1963. Cash

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, August 21, 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 29, 1963 , in the amount of $ 2,102,530,000 , as follows:

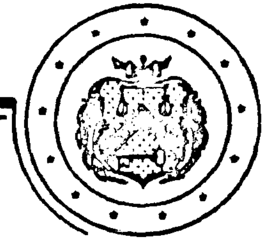
92 -day bills (to maturity date) to be issued August 29, 1963 , in the amount of $ 1,300,000,000 , or thereabouts, representing an additional amount of bills dated May 31, 1963 , and to mature November 29, 1963 , originally issued in the amount of $ 801,296,000 , the additional and original bills to be freely interchangeable.

182 -day bills, for $ 800,000,000 , or thereabouts, to be dated August 29, 1963 , and to mature February 27, 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 26, 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



IMMEDIATE RELEASE

WASHINGTON, D.C.

August 21, 1963

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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 31, 1963, (92 days remaining until maturity date on November 29, 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 29, 1963, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 29, 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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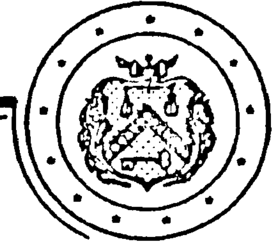
TREASURY DEPARTMENT



WASHINGTON, D.C.

August 20, 1963

ADVANCE FOR A.M. NEWSPAPERS OF THURSDAY, AUGUST 22, 1963

NOTE TO CORRESPONDENTS:

The attached tables show the income tax cuts which individuals would receive as a result of the tax reductions approved by the House Ways and Means Committee.

There are 15 tables in all. Eleven of them show the tax reductions for married taxpayers taking the standard deduction or itemizing deductions, with up to five dependents. One shows the tax reduction for single persons taking the standard deduction. Three show the tax reduction for taxpayers over age 65. The tables compare the lower proposed taxes with present taxes at various income levels and show the dollar and percentage tax reduction.

The tables deal only with income from wages and salaries. They do not include income from stocks and bonds; the sale of securities, real estate, and other capital assets; or other ources. The figures shown in the tables take account of the ommittee's proposal to disallow deductions for certain State and local excise taxes, such as those on alcohol, tobacco, asoline, and some other items.

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The tables also reflect the effect of the minimum standard deduction where applicable. This new provision which the Committee approved would allow a taxpayer a standard deduction of at least $300 for himself, an additional $100 for a spouse and for each dependent, and another $100 for himself if he is blind or over 65. The present standard deduction is 10 percent of a person's income (technically, adjusted gross income) for those whose incomes are $10,000 or less. The minimum standard deduction would supplement the present standard deduction by providing a minimum amount for use by the taxpayer whenever it exceeds 10 percent of his income. It would not affect the $600 exemption allowed every taxpayer for himself, spouse, and each dependent or the additional $600 exemption allowed a person who is blind or over 65.

Table I

Single Taxpayer,
with Standard Deductions

Income (Wages & salaries)	Present Tax	New Tax	Tax Cut	% Tax Cut
$ 1,000	$ 60	$ 14	$ 46	77%
1,500	150	85	65	43
2,000	240	161	79	33
3,000	422	329	93	22
4,000	620	500	120	19
5,000	818	671	147	18
6,000	1,048	866	182	17
7,500	1,405	1,168	237	17
10,000	2,096	1,742	354	17
12,500	2,982	2,478	504	17
15,000	4,002	3,334	668	17
17,500	5,153	4,291	862	17
20,000	6,412	5,350	1,062	17

Office of the Secretary of the Treasury
Office of Tax Analysis

TABLE II

Married Couple with No Dependents
with Standard Deduction

Income (Wages & Salaries)	Present Tax	New Tax	Tax Cut	% Tax Cut
$ 1,000	0	0	0	0%
1,500	$ 30	0	$ 30	100
2,000	120	56	64	53
3,000	300	200	100	33
4,000	480	354	126	26
5,000	660	501	159	24
6,000	844	658	186	22
7,500	1,141	915	226	20
10,000	1,636	1,342	294	18
12,500	2,278	1,886	392	17
15,000	2,960	2,460	500	17
17,500	3,710	3,085	625	17
20,000	4,532	3,764	768	17

Office of the Secretary of the Treasury
Office of Tax Analysis

TABLE III

Married Couple With One Dependent,
With Standard Deduction

Income (Wages & Salaries)	Present Tax	New Tax	Tax Cut	% Tax Cut
$ 1,000	0	0	--	--
1,500	0	0	--	--
2,000	0	0	--	--
3,000	$ 180	$ 98	$ 82	46%
4,000	360	245	115	32
5,000	540	402	138	26
6,000	720	552	168	23
7,500	1,009	800	209	21
10,000	1,504	1,228	276	18
12,500	2,122	1,754	368	17
15,000	2,780	2,310	470	17
17,500	3,530	2,935	595	17
20,000	4,328	3,596	732	17

Office of the Secretary of the Treasury
Office of Tax Analysis

TABLE IV

Married Couple with Two Dependents,
with Standard Deductions

Income (Wages & salaries)	Present Tax	New Tax	Tax Cut	% Tax Cut
$ 1,000	0	0	--	--
1,500	0	0	--	--
2,000	0	0	--	--
3,000	$ 60	0	$ 60	100%
4,000	240	$ 140	100	42
5,000	420	290	130	31
6,000	600	450	150	25
7,500	877	686	191	22
10,000	1,372	1,114	258	19
12,500	1,966	1,622	344	17
15,000	2,616	2,172	444	17
17,500	3,350	2,785	565	17
20,000	4,124	3,428	696	17

Office of the Secretary of the Treasury
Office of Tax Analysis

TABLE V

Married Couple with 3 Dependents,
with Standard Deduction

Income (Wages and Salaries)	Present tax	New Tax	Tax Cut	% Tax Cut
$ 1,000	0	0	--	--
1,500	0	0	--	--
2,000	0	0	--	--
3,000	0	0	--	--
4,000	$ 120	$ 42	$ 78	65%
5,000	300	185	115	38
6,000	480	338	142	30
7,500	750	578	172	23
10,000	1,240	1,000	240	19
12,500	1,810	1,490	320	18
15,000	2,460	2,040	420	17
17,500	3,170	2,635	535	17
20,000	3,920	3,260	660	17

Office of the Secretary of the Treasury
Office of Tax Analysis

TABLE VI

Married Couple With Four Dependents
With Standard Deduction

Income (Wages & Salaries)	Present Tax	New Tax	Tax Cut	% Tax Cut
$ 1,000	0	--	--	--
1,500	0	--	--	--
2,000	0	--	--	--
3,000	0	--	--	--
4,000	0	--	--	--
5,000	$ 180	$ 98	$ 82	46%
6,000	360	245	115	32
7,500	630	476	154	24
10,000	1,108	886	222	20
12,500	1,658	1,361	297	18
15,000	2,304	1,908	396	17
17,500	2,990	2,485	505	17
20,000	3,740	3,110	630	17

Office of the Secretary of the Treasury
Office of Tax Analysis

TABLE VII

Married Couple With No Dependents,
With Typical Average Itemized Deductions

Income (Wages & Salaries)	Present Tax	New Tax	Tax Cut	% Tax Cut
5,000	$ 540	$ 410	$ 130	24%
6,000	696	540	156	22
7,500	976	799	177	18
10,000	1,460	1,218	242	17
12,500	1,972	1,664	308	16
15,000	2,525	2,129	396	16
17,500	3,133	2,643	490	16
20,000	3,770	3,175	595	16
25,000	5,229	4,401	828	16
30,000	6,886	5,818	1,068	16
40,000	10,775	9,104	1,671	16
50,000	15,248	12,945	2,303	15
75,000	25,696	22,035	3,661	14
100,000	37,548	32,138	5,410	14

Office of the Secretary of the Treasury
Office of Tax Analysis

TABLE VIII

Married Couple With One Dependent,
With Typical Average Itemized Deductions

Income (Wages & Salaries)	Present Tax	New Tax	Tax Cut	% Tax Cut
$ 5,000	$ 420	$ 314	$ 106	25%
6,000	576	439	137	24
7,500	844	685	159	19
10,000	1,328	1,104	224	17
12,500	1,816	1,532	284	16
15,000	2,369	1,997	372	16
17,500	2,952	2,493	459	16
20,000	3,590	3,025	565	16
25,000	5,025	4,231	794	16
30,000	6,648	5,608	1,040	16
40,000	10,475	8,852	1,623	15
50,000	14,912	12,657	2,255	15
75,000	25,324	21,717	3,607	14
100,000	37,134	31,790	5,344	14

Office of the Secretary of the Treasury
Office of Tax Analysis

TABLE IX

Married Couple with Two Dependents,
with Typical Average Itemized Deductions

Income ages & salaries)	Present Tax	New Tax	Tax Cut	% Tax Cut
$ 5,000	$ 300	$ 223	$ 77	26%
6,000	456	343	113	25
7,500	720	576	144	20
10,000	1,196	994	202	17
12,500	1,664	1,400	264	16
15,000	2,213	1,865	348	16
17,500	2,772	2,343	429	16
20,000	3,410	2,875	535	16
25,000	4,821	4,063	758	16
30,000	6,420	5,416	1,004	16
40,000	10,188	8,605	1,583	16
50,000	14,576	12,369	2,207	15
75,000	24,952	21,399	3,553	14
100,000	36,720	31,442	5,278	14

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

TABLE X

Married Couple with Three Dependents,
with Typical Average Itemized Deductions

Income (Wages & salaries)	Present Tax	New Tax	Tax Cut	% Tax Cut
$ 5,000	$ 180	$ 133	$ 47	26%
6,000	336	250	86	26
7,500	600	474	126	21
10,000	1,064	876	188	18
12,500	1,531	1,283	248	16
15,000	2,057	1,733	324	16
17,500	2,610	2,201	409	16
20,000	3,230	2,725	505	16
25,000	4,617	3,895	722	16
30,000	6,192	5,224	968	16
40,000	9,906	8,371	1,535	15
50,000	14,255	12,085	2,170	15
75,000	24,580	21,081	3,499	14
100,000	36,330	31,094	5,236	14

Office of the Secretary of the Treasury
Office of Tax Analysis

TABLE XI

Married Couple With Four Dependents
With Typical Average Itemized Deductions

Income (Wages & Salaries)	Present Tax	New Tax	Tax Cut	% Tax Cut
$ 5,000	$ 60	$ 49	$ 11	18%
6,000	216	161	55	25
7,500	480	376	104	22
10,000	932	763	169	18
12,500	1,400	1,169	231	17
15,000	1,901	1,601	300	16
17,500	2,454	2,069	385	16
20,000	3,050	2,575	475	16
25,000	4,413	3,727	686	16
30,000	5,964	5,032	932	16
40,000	9,625	8,137	1,488	15
50,000	13,937	11,815	2,122	15
75,000	24,208	20,763	3,445	14
100,000	35,940	30,760	5,180	14

fice of the Secretary of the Treasury
Office of Tax Analysis

TABLE XII

Married Couple With Five Dependents,
With Typical Average Itemized Deductions

Income (Wages & Salaries)	Present Tax	New Tax	Tax Cut	% Tax Cut
$ 5,000	0	0	--	--
6,000	$ 96	$ 74	$ 22	23%
7,500	360	281	79	22
10,000	800	648	152	19
12,500	1,268	1,055	213	17
15,000	1,745	1,469	276	16
17,500	2,298	1,937	361	16
20,000	2,870	2,425	445	16
25,000	4,209	3,559	650	15
30,000	5,736	4,840	896	15
40,000	9,342	7,903	1,439	15
50,000	13,619	11,545	2,074	15
75,000	23,836	20,445	3,391	14
100,000	35,550	30,430	5,120	14

Office of the Secretary of the Treasury
Office of Tax Analysis

TABLE XIII

Single Taxpayer over 65,
With Standard Deduction

Income (Wages & salaries)	Present Tax	New Tax	Tax Cut	% Tax Cut
$ 1,000	0	0	--	--
1,500	$ 30	0	$ 30	100
2,000	120	$ 28	92	77
3,000	300	209	91	30
4,000	488	386	102	21
5,000	686	557	129	19
6,000	892	734	158	18
7,500	1,243	1,031	212	17
10,000	1,900	1,580	320	17

Office of the Secretary of the Treasury
Office of Tax Analysis

TABLE XIV

Married Couple, Both Over 65,
with Standard Deduction

Income (Wages & salaries)	Present Tax	New Tax	Tax Cut	% Tax Cut
$ 1,000	0	0	--	--
1,500	0	0	--	--
2,000	0	0	--	--
3,000	$ 60	0	$ 60	100
4,000	240	$ 140	100	42
5,000	420	290	130	31
6,000	600	450	150	25
7,500	877	686	191	22
10,000	1,372	1,114	258	19

Office of the Secretary of the Treasury
Office of Tax Analysis

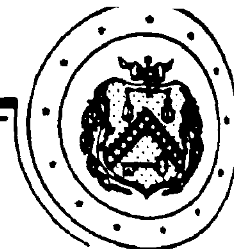
TABLE XV

Married Couple, Both Over 65,
with Typical Average Itemized Deductions

Income (Wages & salaries)	Present Tax	New Tax	Tax Cut	% Tax Cut
$ 1,000	0	0	--	--
1,500	0	0	--	--
2,000	0	0	--	--
3,000	0	0	--	--
4,000	$ 144	$ 108	$ 36	25
5,000	300	223	77	26
6,000	456	343	113	25
7,500	720	576	144	20
10,000	1,196	990	206	17

Office of the Secretary of the Treasury
Office of Tax Analysis

TREASURY DEPARTMENT



WASHINGTON, D.C.

August 23, 1963

CORRECTION

The following corrections are made on Treasury Release D-948, dated August 20, 1963. This release was a series of 15 tables showing the income tax cuts which individuals would receive as a result of the tax reductions approved by the House Ways and Means Committee.

TABLE VI

Married Couple With Four Dependents
With Standard Deduction

Income (Wages & Salaries)	Present Tax	New Tax	Tax Cut	% Tax Cut
$ 5,000	$ 180	$ 84	$ 96	53%
6,000	360	230	130	36
7,500	630	467	163	26

TABLE XIII

Single Taxpayer over 65
With Standard Deduction

Income (Wages & Salaries)	Present Tax	New Tax	Tax Cut	% Tax Cut
$ 2,000	$ 120	$ 56	$ 64	53%

TREASURY DEPARTMENT

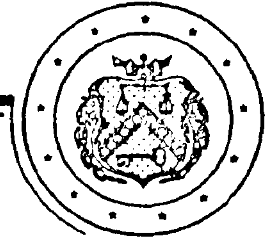


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TABLE VI

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With Standard Deduction

Income wages & Salaries)	Present Tax	New Tax	Tax Cut	% Tax Cut
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6,000	360	230	130	36
7,500	630	467	163	26

ABLE XIII

Single Taxpayer over 65
With Standard Deduction

Income wages & Salaries)	Present Tax	New Tax	Tax Cut	% Tax Cut
$ 2,000	$ 120	$ 56	$ 64	53%

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.

Treasury bills applied for, unless the tenders are accompanied by an express uranty of payment by an incorporated bank or trust company.

All bidders are required to agree not to purchase or to sell, or to make any eements with respect to the purchase or sale or other disposition of any bills this issue at a specific rate or price, until after one-thirty p.m., Eastern Daylight Saving time, Tuesday, ust 27, 1963.

Immediately after the closing hour, tenders will be opened at the Federal Reve Banks and Branches, following which public announcement will be made by the asury Department of the amount and price range of accepted bids. Those submitg tenders will be advised of the acceptance or rejection thereof. The Secretary the Treasury expressly reserves the right to accept or reject any or all tenders, whole or in part, and his action in any such respect shall be final. Subject to se reservations, noncompetitive tenders for $ 200,000 or less without stated e from any one bidder will be accepted in full at the average price (in three mals) of accepted competitive bids. Payment of accepted tenders at the prices red must be made or completed at the Federal Reserve Bank in cash or other imately available funds on September 3, 1963.

The income derived from Treasury bills, whether interest or gain from the sale ther 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 treatas such, under the Internal Revenue Code of 1954. The bills are subject to e, inheritance, gift or other excise taxes, whether Federal or State, but are

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, August 21, 1963

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

TREASURY OFFERS $1 BILLION ONE-YEAR BILLS

The Treasury Department, by this public notice, invites tenders for $ 1,000,0 or thereabouts, of 363 -day Treasury bills, to be issued on a discount basis un competitive and noncompetitive bidding as hereinafter provided. The bills of this series will be dated September 3, 1963, and will mature August 31, 1964 when the face amount will be payable without interest. They will be issued in beare form only, and in denominations of $1,000, $5,000, $10,000, $50,000, $100,000, $500 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closi hour, one-thirty p.m., Eastern Daylight Saving time, Tuesday, August 27, 1963. Tend will not be received at the Treasury Department, Washington. Each tender must be fo 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 Fractions may not be used. It is urged that tenders be made on the printed forms a forwarded in the special envelopes which will be supplied by Federal Reserve Banks Branches on application therefor.

Banking institutions generally may submit tenders for account of customers pro vided the names of the customers are set forth in such tenders. Others than bankin institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companie and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount

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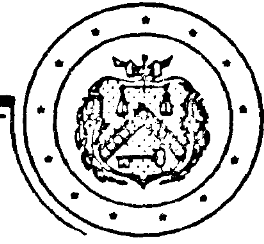
TREASURY DEPARTMENT



WASHINGTON, D.C.

R IMMEDIATE RELEASE

August 21, 1963

TREASURY OFFERS $1 BILLION ONE-YEAR BILLS

The Treasury Department, by this public notice, invites tenders $1,000,000,000, or thereabouts, of 363-day Treasury bills, to be sued on a discount basis under competitive and noncompetitive lding as hereinafter provided. The bills of this series will be ed September 3, 1963, and will mature August 31, 1964, when the e amount will be payable without interest. They will be issued in rer form only, and in denominations of $1,000, $5,000, $10,000, ,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches to the closing hour, one-thirty p.m., Eastern Daylight Saving me, Tuesday, August 27, 1963. Tenders will not be received at e Treasury Department, Washington. Each tender must be for an en multiple of $1,000, and in the case of competitive tenders the ice offered must be expressed on the basis of 100, with not more an three decimals, e.g., 99.925. Fractions may not be used. otwithstanding the fact that these bills will run for 366-days, e discount rate will be computed on a bank discount basis of 360 ys, as is currently the practice on all issues of Treasury bills.) is urged that tenders be made on the printed forms and forwarded the special envelopes which will be supplied by Federal Reserve nks or Branches on application therefor.

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9

All bidders are required to agree not to purchase or to sell, or to make any agreements with respect to the purchase or sale or other disposition of any bills of this issue at a specific rate or price, until after one-thirty p.m., Eastern Daylight Saving time, Tuesday, August 27, 1963.

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 without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on September 3, 1963.

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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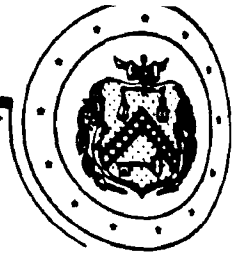
TREASURY DEPARTMENT



WASHINGTON, D.C.

August 21, 1963

FOR RELEASE AFTER 4:00 P.M.

TREASURY OFFERS $1 BILLION OF ONE-YEAR BILLS

The Treasury Department today announced the introduction of a new pattern of Treasury bill issues. Its one-year Treasury bills will henceforth be offered on a monthly basis, rather than quarterly. The first of the new series will be offered in the amount of $1 billion, to be auctioned on Tuesday, August 27, for payment on Tuesday, September 3. It will mature on August 31, 1964.

The amounts of each subsequent issue are expected to be in the general magnitude of $1 billion, rather than the magnitudes of $2.0-$2.5 billion that have been used in the quarterly issues of similar bills.

On July 15, 1963, the Treasury announced that it was 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 maturities, and requested comments on the proposal from members of the financial community and other interested parties. On the basis of the many responses received from the public and its own studies, the Treasury concluded that a program of monthly auctions of one-year bills was not only feasible but also likely to meet a market need which is not currently being adequately met by other short-term money market instruments.

The Treasury does not undertake, by this action, necessarily to auction a one-year bill every month, nor is it committed to the $1 billion amount, but a pattern of this sort is likely to develop as opportunities continue to arise to replace the outstanding quarterly issues with those issued monthly.

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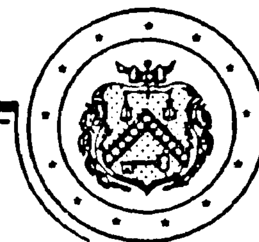
TREASURY DEPARTMENT



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oOo

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with the strict exclusion of all matters having a political, religious, or racial character.

attending the Helsinki conference are:

Frank A. Bartimo, Assistant General Counsel (Manpower) Department of Defense,

Norman Philcox, Legal Attache, American Embassy, Paris, France

Byron Engle, Director, Office of Public Safety, Agency for International Development.

Mr. Sagalyn is senior Vice President of Interpol, a member of its nine-man executive committee. He was elected to a three year term at Interpol's General Assembly in Madrid last year and holds this office as a representatives of the Western Hemisphere. The President of Interpol is Mr. R. L. Jackson, Assistant Commissioner, C.I.D., Scotland Yard. There are 87 member nations in the organization.

The purposes of Interpol are to insure and promote mutual assistance between criminal police authorities, within the limits of the laws existing in the different states, and to work toward efficient repression of common-law crimes and offenses,

~~The following Treasury~~ Law Enforcement officials ~~are~~

~~representing the~~ United States ~~as~~ delegates ~~at~~ the 32nd General

Assembly of the International Criminal Police Organization

(Interpol) ~~which started August 21 and will continue through~~

~~August 28, at~~ Helsinki, Finland.

~~Chairman~~ Arnold Sagalyn, Director Law Enforcement
Coordination

Henry L. Giordano, Commissioner, Bureau of Narcotics

Lester D. Johnson, Deputy Commissioner, Bureau of
Customs

H. Alan Long, Director, Intelligence Division, Internal
Revenue Service

Paul J. Paterni, Deputy Chief, U. S. Secret Service

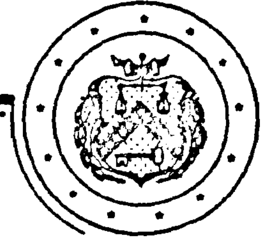
The Honorable Joseph D. Tydings, United States Attorney,

Baltimore, Maryland, ~~will~~ is also ~~be~~ serving as a United States

delegate to the Interpol conference, and is attending as the

personal representative of Attorney General Robert F. Kennedy.

TREASURY DEPARTMENT



WASHINGTON, D.C.

August 22, 1963

FOR IMMEDIATE RELEASE

LAW ENFORCEMENT OFFICERS REPRESENT UNITED STATES AT INTERPOL ASSEMBLY

Six Government law enforcement officials are serving as United tates delegates to the 32nd General Assembly of the International riminal Police Organization (Interpol), meeting this week in elsinki, Finland, the Treasury Department announced today.

The Treasury Department is the U. S. Government agency signated as Interpol's representative in this country.

Arnold Sagalyn, Director of Law Enforcement Coordination for ie Treasury is chairman of the delegation. Other Treasury officials rving as members are: Henry L. Giordano, Commissioner, Bureau of rcotics; Lester D. Johnson, Deputy Commissioner, Bureau of stoms; H. Alan Long, Director, Intelligence Division, Internal venue Service; Paul J. Paterni, Deputy Chief, U. S. Secret Service.

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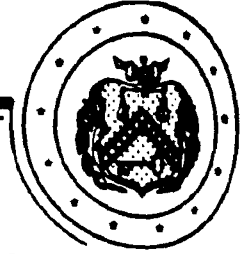
TREASURY DEPARTMENT



WASHINGTON, D.C.

August 23, 1963

FOR IMMEDIATE RELEASE

WITHHOLDING APPRAISEMENT ON CAST ACRYLIC PLASTIC SHEET, "PERSPEX"

The Treasury Department is instructing customs field officers to withhold appraisement of cast acrylic plastic sheet, "Perspex," from the United Kingdom 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 May 10, 1963, and was made by the firm Cast Optics Corporation. The dollar value of imports received during the first 6 months of 1963 was approximately $197,000.

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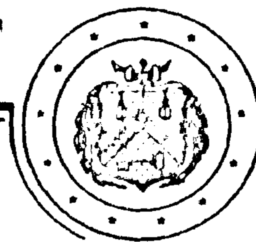
TREASURY DEPARTMENT



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FOR RELEASE A. M. NEWSPAPERS,
Tuesday, August 27, 1963.

August 26, 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 31, 1963, and the other series to be dated August 29, 1963, which were offered on August 21, were opened at the Federal Reserve Banks on August 26. Tenders were invited for $1,300,000,000, or thereabouts, of 92-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:	92-day Treasury bills maturing November 29, 1963		182-day Treasury bills maturing February 27, 1964	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.134 a/	3.389%	98.236 b/	3.489%
Low	99.130	3.404%	98.231	3.499%
Average	99.132	3.396% 1/	98.234	3.494% 1/

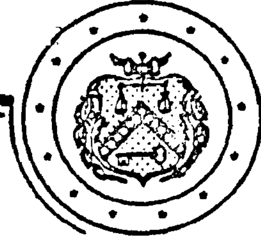
a/ Excepting 3 tenders totaling $2,818,000; b/ Excepting 1 tender of $55,000
55 percent of the amount of 92-day bills bid for at the low price was accepted
6 percent of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 39,514,000	$ 14,415,000	$ 18,704,000	$ 12,704,000
New York	1,349,057,000	864,572,000	1,286,818,000	686,859,000
Philadelphia	30,035,000	15,035,000	6,932,000	1,907,000
Cleveland	31,157,000	31,157,000	15,930,000	5,130,000
Richmond	21,174,000	16,724,000	4,654,000	2,354,000
Atlanta	25,534,000	21,609,000	5,639,000	2,629,000
Chicago	236,373,000	152,323,000	168,972,000	36,841,000
St. Louis	30,050,000	23,625,000	5,544,000	3,044,000
Minneapolis	21,467,000	16,067,000	6,260,000	3,160,000
Kansas City	29,388,000	23,938,000	14,355,000	8,805,000
Dallas	27,301,000	17,301,000	9,312,000	4,227,000
San Francisco	132,825,000	103,393,000	154,908,000	132,893,000
Totals	$2,173,875,000	$1,300,159,000 c/	$1,698,028,000	$800,553,000

c/ Includes $219,930,000 noncompetitive tenders accepted at the average price of 9[illegible]
d/ Includes $48,168,000 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 3.48%, for the 92-day bills, and 3.62%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

TREASURY DEPARTMENT



WASHINGTON, D.C.

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Average	99.132	3.396% 1/	:	98.234	3.494% 1/

Excepting 3 tenders totaling $2,818,000; b/ Excepting 1 tender of $55,000
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TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

trict	Applied For	Accepted	:	Applied For	Accepted
ton	$ 39,514,000	$ 14,415,000	:	$ 18,704,000	$ 12,704,000
York	1,549,057,000	864,572,000	:	1,286,818,000	686,859,000
ladelphia	30,035,000	15,035,000	:	6,932,000	1,907,000
veland	31,157,000	31,157,000	:	15,930,000	5,130,000
hmond	21,174,000	16,724,000	:	4,654,000	2,354,000
anta	25,534,000	21,609,000	:	5,639,000	2,629,000
cago	236,373,000	152,323,000	:	168,972,000	36,841,000
Louis	30,050,000	23,625,000	:	5,544,000	3,044,000
ɿeapolis	21,467,000	16,067,000	:	6,260,000	3,160,000
ɜas City	29,388,000	23,938,000	:	14,355,000	8,805,000
las	27,301,000	17,301,000	:	9,312,000	4,227,000
Francisco	132,825,000	103,393,000	:	154,908,000	32,893,000
otals	$2,173,875,000	$1,300,159,000 c/	:	$1,698,028,000	$800,553,000 d/

ncludes $219,930,000 noncompetitive tenders accepted at the average price of 99.132
ncludes $48,168,000 noncompetitive tenders accepted at the average price of 98.234
n a coupon issue of the same length and for the same amount invested, the return on hese bills would provide yields of 3.48%, for the 92-day bills, and 3.62%, for the 82-day bills. Interest rates on bills are quoted in terms of bank discount with he return related to the face amount of the bills payable at maturity rather than he amount invested and their length in actual number of days related to a 360-day ear. In contrast, yields on certificates, notes, and bonds are computed in terms f interest on the amount invested, and relate the number of days remaining in an nterest payment period to the actual number of days in the period, with semi-nnual compounding if more than one coupon period is involved.

XXXXXXXXXXXXX

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 June 6, 1963, (91 days remaining until maturity date on December 5, 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 September 5, 1963, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 5, 1963. Cash

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE

August 26, 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 September 5, 1963, in the amount of $2,103,113,000 , as follows:

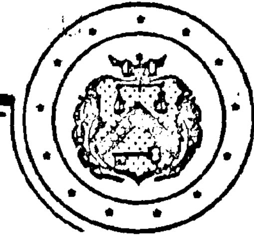
91 -day bills (to maturity date) to be issued September 5, 1963 , in the amount of $ 1,300,000,000 , or thereabouts, representing an additional amount of bills dated June 6, 1963 , and to mature December 5, 1963 , originally issued in the amount of $ 800,219,000 , the additional and original bills to be freely interchangeable.

182 -day bills, for $ 800,000,000 , or thereabouts, to be dated September 5, 1963 , and to mature March 5, 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, Friday, August 30, 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.

August 26, 1963

OR IMMEDIATE RELEASE

TREASURY'S WEEKLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders or two series of Treasury bills to the aggregate amount of 2,100,000,000, or thereabouts, for cash and in exchange for reasury bills maturing September 5,1963, in the amount of 2,103,113,000, as follows:

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

FOR RELEASE A. M. NEWSPAPERS,
Wednesday, August 28, 1963.

August 27, 1963

RESULTS OF TREASURY'S ONE-YEAR BILL OFFERING

The Treasury Department announced last evening that the tenders for $[illegible]
or thereabouts, of 363-day Treasury bills to be dated September 3, 1963, a[illegible]
August 31, 1964, which were offered on August 21, were opened at the Feder[illegible]
on August 27.

The details of this issue are as follows:

Total applied for - $2,631,441,000
Total accepted - 1,000,910,000 (includes $64,020,000 entered on
noncompetitive basis and accept[illegible]
full at the average price shown

Range of accepted competitive bids:

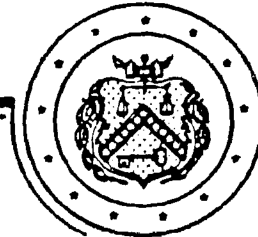
High	- 96.410 Equivalent rate of discount approx.	3.560
Low	- 96.391 " " " " "	3.579
Average	- 96.395 " " " " "	3.575

(68 percent of the amount bid for at the low price was acce[illegible]

Federal Reserve District	Total Applied for	Total Accept[illegible]
Boston	$ 67,215,000	$ 1
New York	1,743,191,000	714
Philadelphia	39,053,000	1
Cleveland	166,713,000	99
Richmond	6,596,000	1
Atlanta	22,171,000	13
Chicago	274,731,000	92
St. Louis	20,962,000	6
Minneapolis	18,048,000	4
Kansas City	22,663,000	4
Dallas	17,391,000	2
San Francisco	232,707,000	5[illegible]
TOTAL	$2,631,441,000	$1,00[illegible]

1/ On a coupon issue of the same length and for the same amount invested,
these bills would provide a yield of 3.74%. Interest rates on bills a[illegible]
terms of bank discount with the return related to the face amount of t[illegible]
at maturity rather than the amount invested and their length in actual
related to a 360-day year. In contrast, yields on certificates, notes
computed in terms of interest on the amount invested, and relate the r[illegible]
remaining in an interest payment period to the actual number of days i[illegible]
with semiannual compounding if more than one coupon period is involve[illegible]

TEASURY DEPARTMENT



WASHINGTON, D.C.

E A. M. NEWSPAPERS,
August 28, 1963.

August 27, 1963

RESULTS OF TREASURY'S ONE-YEAR BILL OFFERING

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applied for - $2,631,441,000
accepted - 1,000,910,000 (includes $64,020,000 entered on a noncompetitive basis and accepted in full at the average price shown below)

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	- 96.410	Equivalent rate of discount approx.	3.560% per annum	
	- 96.391	" " " " "	3.579% " "	
age	- 96.395	" " " " "	3.575% " "	1/

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

al Reserve ict	Total Applied for	Total Accepted
n	$ 67,215,000	$ 1,915,000
ork	1,743,191,000	714,471,000
delphia	39,053,000	1,003,000
land	166,713,000	99,077,000
ond	6,596,000	1,496,000
ta	22,171,000	13,171,000
go	274,731,000	92,306,000
ouis	20,962,000	6,062,000
apolis	18,048,000	4,848,000
s City	22,663,000	4,863,000
s	17,391,000	2,391,000
rancisco	232,707,000	59,307,000
TOTAL	$2,631,441,000	$1,000,910,000

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

Dr. Glenn H. Damon, Staff Research Coordinator, Bureau of Mines, Department of the Interior.

Arthur R. Gatewood, President, American Bureau of Shipping.

Ludwig C. Hoffmann, Chief, Office of Ship Construction, Maritime Administration, Department of Commerce.

Charles S. Morgan, Assistant General Manager, National Fire Protection Association.

Richard Parkhurst, Former Chairman, Boston Port Authority and former Commissioner, U. S. Maritime Commission (Ret.)

Captain W. S. Vaughn, U. S. Coast Guard, Chief, Testing and Development Division, Office of Engineering, Coast Guard Headquarters.

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. . . That Coast Guard Tank Vessel regulations be amended to require a suitable, properly calibrated, explosive gas-indicating device to be carried and used aboard tank vessels, particularly in the pum[illegible] room.

. . . That judicial procedures be revised to make available to courts expert opinion from unbiased scientific or technical sources to aid them in making their decisions.

Members of the committee were:

Chairman, Herbert L. Seward, Emeritus Professor of Mechanical and Marine Engineering, Yale University, and former professor of Maritime Economics at the U. S. Coast Guard Academy.

Dr. Homer Carhart, Head, Fuels Branch, Naval Research Laborat[illegible] Department of the Navy.

E. Carroll Creitz, Fire Research Section, National Bureau of Standards, Department of Commerce.

. . . That the Coast Guard update its statistical procedures with reference to maritime accidents.

. . . That further studies be made to determine factors contributing to fire and explosion hazards associated with flammable cargoes. Particular emphasis should be placed on vapor concentration, static electricity and inerting.

. . . That bridge-to-bridge radiotelephone be used in congested waters by all ships for the exchange of navigational information. A single frequency should be assigned and its use limited to this particular purpose.

. . . That serious consideration be given to requiring a bright light synchronized with a vessel's whistle. The light should be clearly visible all around the horizon and be of such character that it cannot be mistaken for a vessel's navigation lights.

Other recommendations were:

... That a uniform set of Rules of the Road be developed for Western Rivers, Great Lakes and inland waters patterned closely after the International Rules of the Road.

... That when necessary, traffic in narrow or shallow channels be controlled to reduce collision hazards created by the maneuvering of large tankers. It was also urged that special consideration be given to the use of one-way traffic and speed control.

That Merchant Mariner's Documents carry endorsements indicat basic knowledge of regulations and safety practices applicable aboard a tanker. Employment should be conditioned on such an endorsement.

That greater care be taken to detect and eliminate accident prone individuals from service on tank vessels.

was that no regulations be issued making mandatory the gas-freeing or inerting of empty cargo tanks in such ships before or during navigation. Secretary Dillon, in appointing the committee, pointed out that the problem of gas-freeing tankers after discharging combustible or flammable cargoes was one which has concerned the industry and the Coast Guard for some time.

The committee reported that it had held 33 all-day meetings of the main group, in addition to many meetings of five specialized subcommittees. Representatives of industry, labor and government were interviewed, and committee members made numerous inspection trips on tank vessels and barges.

August 23, 1963

For Release, AM Newspapers
Tuesday, August 27, 1963

TREASURY RELEASES TANKER SAFETY COMMITTEE FINDINGS

Secretary of the Treasury Douglas Dillon today made public the results of a 16-month study of hazards involved in the operation of tanker vessels carrying explosive or flammable cargoes.

The study was conducted by a committee of maritime safety experts appointed by Secretary Dillon in April, 1962, upon the recommendation of the Commandant of the U. S. Coast Guard, which has the statutory responsibility for maintaining safety on navigable waters of the United States. Herbert Lee Seward, Professor Emeritus of Mechanical and Marine Engineering, Yale University, served as Chairman. Captain W. S. Vaughn, U. S. Coast Guard, represented the Treasury Department on the committee.

The first of eleven recommendations by the nine-man group

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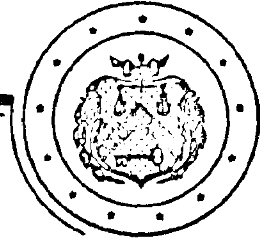
TREASURY DEPARTMENT



WASHINGTON, D.C.

August 29, 1963

FOR RELEASE: SUNDAY NEWSPAPERS
SEPTEMBER 1, 1963

TREASURY RELEASES TANKER SAFETY COMMITTEE FINDINGS

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Other recommendations were:

. . . That a uniform set of Rules of the Road be developed Western Rivers, Great Lakes and inland waters patterned closely er the International Rules of the Road.

. . . That when necessary, traffic in narrow or shallow channels be controlled to reduce collision hazards created by the maneuvering of large tankers. It was also urged that special consideration be given to the use of one-way traffic and speed control.

. . . That Merchant Mariner's Documents carry endorsements indicating basic knowledge of regulations and safety practices applicable aboard a tanker. Employment should be conditioned on such an endorsement.

. . . That greater care be taken to detect and eliminate accident-prone individuals from service on tank vessels.

. . . That the Coast Guard update its statistical procedures with reference to maritime accidents.

. . . That further studies be made to determine factors contributing to fire and explosion hazards associated with flammable cargoes. Particular emphasis should be placed on vapor concentration, static electricity and inerting.

. . . That bridge-to-bridge radiotelephone be used in congested waters by all ships for the exchange of navigational information. A single frequency should be assigned and its use limited to this particular purpose.

. . . That serious consideration be given to requiring a bright light synchronized with a vessel's whistle. The light should be clearly visible all around the horizon and be of such character that it cannot be mistaken for a vessel's navigation lights.

. . . That Coast Guard Tank Vessel regulations be amended to require a suitable, properly calibrated, explosive gas-indicating device to be carried and used aboard tank vessels, particularly in the pump room.

. . . That judicial procedures be revised to make available to courts expert opinion from unbiased scientific or technical sources to aid them in making their decisions.

Members of the committee were:

Chairman, Herbert L. Seward, Emeritus Professor of Mechanical and Marine Engineering, Yale University, and former professor of Maritime Economics at the U. S. Coast Guard Academy.

Dr. Homer Carhart, Head, Fuels Branch, Naval Research Laboratory, Department of the Navy.

E. Carroll Creitz, Fire Research Section, National Bureau of Standards, Department of Commerce.

Dr. Glenn H. Damon, Staff Research Coordinator, Bureau of Mines, Department of the Interior.

Arthur R. Gatewood, President, American Bureau of Shipping.

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Charles S. Morgan, Assistant General Manager, National Fire Protection Association.

Richard Parkhurst, Former Chairman, Boston Port Authority and former Commissioner, U. S. Maritime Commission (Ret.)

Captain W. S. Vaughn, U. S. Coast Guard, Chief, Testing and Development Division, Office of Engineering, Coast Guard Headquarters.

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UNITED STATES NET MONETARY GOLD TRANSACTIONS WITH

FOREIGN COUNTRIES AND INTERNATIONAL INSTITUTIONS

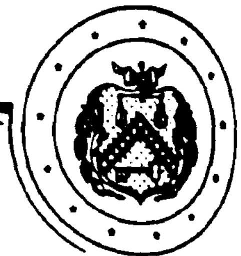
January 1, 1963 - June 30, 1963

(In millions of dollars at $35 per fine troy ounce)

Country	First Quarter 1963	Second Quarter 1963	Fiscal Year 1963 July 1, 1962 - June 30, 1963
	Negative figures represent net sales by the United States; positive figures, net purchases		
Austria	-30.0	-20.0	-136.3
Brazil	+16.5	+28.4	+103.6
Burma	-	-	- 16.0
Cambodia	- 2.3	-	- 4.0
Cameroon Rep.	-	- 1.9	- 1.9
Central African Rep.	-	- .7	- .7
Chad	-	- .7	- .7
Colombia	-	-	+ 37.8
Congo Republic	-	- .7	- .7
Costa Rica	*	*	- .6
Dahomey	-	- .8	- .8
Denmark	-	-	+ 15.0
Ecuador	-	- 2.3	- 5.5
Egypt	- .4	- .5	- 1.6
France	-101.3	-101.3	-517.6
Gabon	-	- .7	- .7
Iran	- 5.9	-	- 5.9
Ivory Coast	-	-	- 1.5
Kuwait	-	-	- 12.5
Lebanon	-	-	- 21.0
Niger	-	- .8	- .8
Peru	-	-	- .6
Philippines	- .1	+24.9	+ 24.6
Senegal	-	- 1.7	- 1.7
Somalia	-	-	- 1.9
Spain	- 70.0	-60.0	-170.0
Surinam	-	-	+ 2.5
Switzerland	-	-	+ 5.0
Syria	- .1	- .1	- .3
Tunisia	-	- .5	- .5
Turkey	- 8.5	+14.5	+ 6.0
United Kingdom	+106.5	+18.0	+ 68.8
Upper Volta	-	- .8	- .8
Uruguay	-	+ 8.0	+ 8.0
Yugoslavia	- .4	- .4	- 1.6
All Other	- .1	- .1	- 1.6
Total	- 96.1	-100.0	-636.2

* Less than $50,000
Figures may not add to totals because of rounding

TREASURY DEPARTMENT



WASHINGTON, D.C.

August 30, 1963

FOR IMMEDIATE RELEASE

UNITED STATES FOREIGN GOLD TRANSACTIONS FOR
SECOND QUARTER OF 1963

The net sale of monetary gold by the United States during the second quarter of 1963 amounted to $100.0 million. In the first quarter of the year, there was a net sale of gold of $96.1 million.

The Treasury's quarterly report, made public today, summarizes monetary gold transactions with foreign governments, central banks and international institutions for the first two quarters of calendar year, 1963, and for the Fiscal Year 1963.

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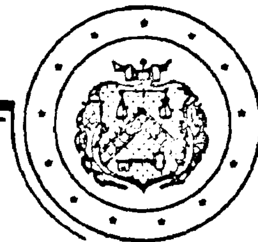
D-956

TREASURY DEPARTMENT



WASHINGTON, D.C.

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D-956

UNITED STATES NET MONETARY GOLD TRANSACTIONS WITH

FOREIGN COUNTRIES AND INTERNATIONAL INSTITUTIONS

January 1, 1963 - June 30, 1963

(In millions of dollars at $35 per fine troy ounce)

Negative figures represent net sales by the United States; positive figures, net purchases

Country	First Quarter 1963	Second Quarter 1963	Fiscal Year 1963 July 1, 1962 - June 30, 1963
Austria	-30.0	-20.0	-136.3
Brazil	+16.5	+28.4	+103.6
Burma	-	-	- 16.0
Cambodia	- 2.3	-	- 4.0
Cameroon Rep.	-	- 1.9	- 1.9
Central African Rep.	-	- .7	- .7
Chad	-	- .7	- .7
Colombia	-	-	+ 37.8
Congo Republic	-	- .7	- .7
Costa Rica	*	*	- .6
Dahomey	-	- .8	- .8
Denmark	-	-	+ 15.0
Ecuador	-	- 2.3	- 5.5
Egypt	- .4	- .5	- 1.6
France	-101.3	-101.3	-517.6
Gabon	-	- .7	- .7
Iran	- 5.9	-	- 5.9
Ivory Coast	-	-	- 1.5
Kuwait	-	-	- 12.5
Lebanon	-	-	- 21.0
Niger	-	- .8	- .8
Peru	-	-	- .6
Philippines	- .1	+24.9	+ 24.6
Senegal	-	- 1.7	- 1.7
Somalia	-	-	- 1.9
Spain	- 70.0	-60.0	-170.0
Surinam	-	-	+ 2.5
Switzerland	-	-	+ 5.0
Syria	- .1	- .1	- .3
Tunisia	-	- .5	- .5
Turkey	- 8.5	+14.5	+ 6.0
United Kingdom	+106.5	+18.0	+ 68.8
Upper Volta	-	- .8	- .8
Uruguay	-	+ 8.0	+ 8.0
Yugoslavia	- .4	- .4	- 1.6
All Other	- .1	- .1	- 1.6
Total	- 96.1	-100.0	-636.2

Less than $50,000

Figures may not add to totals because of rounding

FOR RELEASE A. M. NEWSPAPERS,
Saturday, August 31, 1963.

August 30, 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 June 6, 1963, the other series to be dated September 5, 1963, which were offered on August 26, were opened at the Federal Reserve Banks on August 30. 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 December 5, 1963		:	182-day Treasury bills maturing March 5, 1964	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.146 a/	3.378%	:	98.242 b/	3.477%
Low	99.143	3.390%	:	98.235	3.491%
Average	99.145	3.384% 1/	:	98.237	3.487% 1/

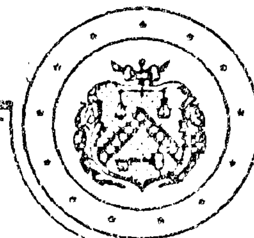
a/ Excepting one tender of $75,000; b/ Excepting one tender of $100,000
10 percent of the amount of 91-day bills bid for at the low price was accepted
78 percent of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 34,957,000	$ 8,957,000	:	$ 12,140,000	5,740,000
New York	1,798,992,000	931,663,000	:	1,239,861,000	682,035,000
Philadelphia	27,901,000	12,451,000	:	8,772,000	3,772,000
Cleveland	23,268,000	21,328,000	:	10,023,000	8,673,000
Richmond	11,422,000	10,366,000	:	2,507,000	1,482,000
Atlanta	17,474,000	12,517,000	:	4,380,000	3,952,000
Chicago	283,994,000	153,734,000	:	138,933,000	56,356,000
St. Louis	33,878,000	17,013,000	:	10,193,000	5,149,000
Minneapolis	21,975,000	13,153,000	:	8,575,000	5,445,000
Kansas City	33,939,000	23,144,000	:	9,693,000	6,143,000
Dallas	27,585,000	18,185,000	:	10,019,000	5,619,000
San Francisco	125,460,000	78,174,000	:	102,369,000	17,099,000
	$2,440,845,000	$1,300,685,000 c/		$1,557,465,000	$801,465,000

c/ Includes $212,954,000 noncompetitive tenders accepted at the average price of 99.1[illegible]
d/ Includes $49,455,000 noncompetitive tenders accepted at the average price of 98.2[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 3.47%, for the 91-day bills, and 3.61%, 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,
rday, August 31, 1963.

August 30, 1963

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced last evening that the tenders for two series of sury bills, one series to be an additional issue of the bills dated June 6, 1963, and other series to be dated September 5, 1963, which were offered on August 26, were ad at the Federal Reserve Banks on August 30. Tenders were invited for $1,300,000,000, nereabouts, of 91-day bills and for $800,000,000, or thereabouts, of 182-day bills. letails of the two series are as follows:

OF ACCEPTED TITIVE BIDS:	91-day Treasury bills maturing December 5, 1963		:	182-day Treasury bills maturing March 5, 1964	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.146 a/	3.378%	:	98.242 b/	3.477%
Low	99.143	3.390%	:	98.235	3.491%
Average	99.145	3.384% 1/	:	98.237	3.487% 1/

Excepting one tender of $75,000; b/ Excepting one tender of $100,000
oercent of the amount of 91-day bills bid for at the low price was accepted
oercent of the amount of 182-day bills bid for at the low price was accepted

TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

rict	Applied For	Accepted	:	Applied For	Accepted
on	$ 34,957,000	$ 8,957,000	:	$ 12,140,000	$ 5,740,000
York	1,798,992,000	931,663,000	:	1,239,861,000	682,035,000
adelphia	27,901,000	12,451,000	:	8,772,000	3,772,000
eland	23,268,000	21,328,000	:	10,023,000	8,673,000
mond	11,422,000	10,366,000	:	2,507,000	1,482,000
nta	17,474,000	12,517,000	:	4,380,000	3,952,000
ago	283,994,000	153,734,000	:	138,933,000	56,356,000
Louis	33,878,000	17,013,000	:	10,193,000	5,149,000
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In contrast, yields on certificates, notes, and bonds are computed in terms nterest on the amount invested, and relate the number of days remaining in an rest payment period to the actual number of days in the period, with semiannual ounding if more than one coupon period is involved.

Due to the limitations of existing law, "in-bond" (non-tax paid) (~~untaxed~~) transfers of concentrate between breweries are limited to transfers between breweries of the same ownership. There are no such restrictions on the "in-bond" transfers of wine between wineries or on the "in-bond" transfers of distilled spirits between distilled spirits plants. The Treasury noted that the new conditions relating to the production of beer concentrate might warrant reexamation of the existing statutory restrictions on "in-bond" transfers between breweries.

~~The regulations will be effective on December 1, 1963.~~

oOo

on the notices in the spring and fall of 1961.

The new regulations provide for (1) the production in a brewery of a concentrate from beer by the removal of water, (2) the reconstitution of beer from such concentrate by brewers by the addition of water and carbon dioxide, (3) the qualification as breweries of plants concentrating or reconstituting beer, (4) the transfer of concentrate between breweries belonging to the same brewer, (5) the exportation of a concentrate without payment of tax, and (6) for the labeling of the reconstituted product as "BEER -- made from beer concentrate."

These regulations require the reconstitution of the beer before it is removed from the brewery for consumption or sale. Therefore, the concentrate as such will not be available for sale to consumers.

DRAFT - 8-30-63

NEW REGULATIONS PERMIT BREWERS TO PRODUCE
BEER BY NEW PROCESS

New tax regulations to be in effect December 1, 1963 will permit beer to be produced by a new concentration process, ~~according to an announcement today by~~ the Treasury Department announced today

This process involves removal of water from beer by freezing and is similar to one used in the production of concentrated fruit juices and other products.

The new regulations reflect amendments to the Internal Revenue Regulations (26 Code of Federal Regulations, Parts 245-Beer and 252-Exportation of Liquors, and 27 Code of Federal Regulations, Part 7-Labeling and Advertising of Malt Beverages) relating to the concentration and reconstitution of beer.

The regulations will appear in Saturday's Federal Register, and are issued pursuant to notices of proposed rule making published in the Federal Register of December 28, 1960. Public hearings were held

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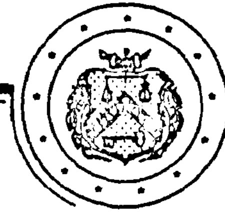
TREASURY DEPARTMENT



WASHINGTON, D.C.
August 30, 1963

FOR IMMEDIATE RELEASE

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BEER BY NEW PROCESS

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These regulations require the reconstitution of the beer before it is removed from the brewery for consumption or sale. Therefore, the concentrate as such will not be available for sale to consumers.

Due to the limitations of existing law, "in-bond (non-taxpaid) transfers of concentrate between breweries are limited to transfers between breweries of the same ownership. There are no such restrictions on the "in-bond" transfers of wine between wineries or on the "in-bond" transfers of distilled spirits between distilled spirits plants. The Treasury noted that the new conditions relating to the production of beer concentrate might warrant reexamination of the existing statutory restrictions on "in-bond" transfers between breweries.

D-958

United States Savings Bonds Issued and Redeemed Through August 31, 1963
(Dollar amounts in millions - rounded and will not necessarily add to totals)

	Amount Issued 1/	Amount Redeemed 1/	Amount Outstanding 2/	% Outstan[illegible] of Amt. Is[illegible]
MATURED				
Series A-1935 - D-1941	$ 5,003	$ 4,990	$ 13	.[illegible]
Series F & G-1941 - 1950	28,512	28,379	133	.[illegible]
UNMATURED 3/				
Series E:				
1941	1,827	1,539	287	15.7
1942	8,070	6,825	1,244	15.4
1943	12,987	10,975	2,011	15.4
1944	15,128	12,646	2,482	16.4
1945	11,840	9,694	2,146	18.1
1946	5,321	4,132	1,189	22.3
1947	5,012	3,710	1,302	25.9
1948	5,163	3,713	1,450	28.0
1949	5,078	3,564	1,515	29.8
1950	4,428	3,020	1,407	31.7
1951	3,834	2,600	1,234	32.1
1952	4,014	2,655	1,359	33.8
1953	4,563	2,816	1,747	38.2
1954	4,601	2,718	1,883	40.9
1955	4,767	2,777	1,990	41.7
1956	4,579	2,676	1,903	41.5
1957	4,299	2,428	1,871	43.5
1958	4,155	2,182	1,972	47.4
1959	3,882	1,989	1,893	48.7
1960	3,860	1,814	2,046	53.0
1961	3,869	1,595	2,274	58.7
1962	3,723	1,281	2,442	65.5
1963	1,979	282	1,696	85.7
Unclassified	533	500	34	6.[illegible]
Total Series E	127,510	88,132	39,378	30.[illegible]
Series H (1952 - Jan. 1957) 3/....	3,670	1,363	2,307	62.[illegible]
H (Feb. 1957 - 1963)	5,610	648	4,962	88.[illegible]
Total Series H	9,280	2,011	7,269	78.[illegible]
Total Series E and H	136,790	90,143	46,647	34.[illegible]
Series F and G (1951 - 1952).....	1,007	798	4/ 209	20.[illegible]
Series J and K (1952 - 1957)	3,701	2,008	1,693	45.[illegible]
Total Series F, G, J and K	4,708	2,806	1,902	40.[illegible]
All Series: Total matured	33,515	33,369	146	.[illegible]
All Series: Total unmatured	141,498	92,949	48,549	34.[illegible]
All Series: Grand Total	175,013	126,318	48,695	27.[illegible]

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 August 31, 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	$ 13	.26%
es F & G-1941 - 1950	28,512	28,379	133	.47
URED 3/				
es E:				
1941	1,827	1,539	287	15.71
1942	8,070	6,825	1,244	15.42
1943	12,987	10,975	2,011	15.48
1944	15,128	12,646	2,482	16.41
1945	11,840	9,694	2,146	18.13
1946	5,321	4,132	1,189	22.35
1947	5,012	3,710	1,302	25.98
1948	5,163	3,713	1,450	28.08
1949	5,078	3,564	1,515	29.83
1950	4,428	3,020	1,407	31.78
1951	3,834	2,600	1,234	32.19
1952	4,014	2,655	1,359	33.86
1953	4,563	2,816	1,747	38.29
1954	4,601	2,718	1,883	40.93
1955	4,767	2,777	1,990	41.75
1956	4,579	2,676	1,903	41.56
1957	4,299	2,428	1,871	43.52
1958	4,155	2,182	1,972	47.46
1959	3,882	1,989	1,893	48.76
1960	3,860	1,814	2,046	53.01
1961	3,869	1,595	2,274	58.77
1962	3,723	1,281	2,442	65.59
1963	1,979	282	1,696	85.70
assified	533	500	34	6.38
l Series E	127,510	88,132	39,378	30.88
H (1952 - Jan. 1957) 3/....	3,670	1,363	2,307	62.86
H (Feb. 1957 - 1963)	5,610	648	4,962	88.45
l Series H	9,280	2,011	7,269	78.33
l Series E and H	136,790	90,143	46,647	34.10
F and G (1951 - 1952).....	1,007	798	4/ 209	20.75
J and K (1952 - 1957)	3,701	2,008	1,693	45.74
Series F, G, J and K	4,708	2,806	1,902	40.40
ies Total matured	33,515	33,369	146	.44
ies Total unmatured	141,498	92,949	48,549	34.31
ies Grand Total	175,013	126,318	48,695	27.82

udes accrued discount.
ent redemption value.
ption of owner bonds may be held and
earn interest for additional periods
r original maturity dates.
udes matured bonds which have not been
nted for redemption.

BUREAU OF THE PUBLIC DEBT

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.

XXXXXXXXXXXXXXX

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

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $ 200,000 or less for the additional bills dated June 13, 1963, (91 days remaining until maturity date on December 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 September 12, 1963, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 12, 1963. Cash

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE September 4, 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 September 12, 1963, in the amount of $2,100,529,000, as follows:

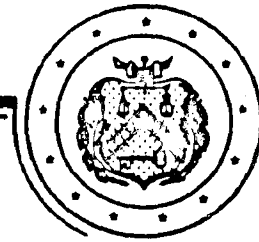
91-day bills (to maturity date) to be issued September 12, 1963, in the amount of $ 1,300,000,000, or thereabouts, representing an additional amount of bills dated June 13, 1963, and to mature December 12, 1963, originally issued in the amount of $ 800,929,000, the additional and original bills to be freely interchangeable.

182-day bills, for $ 800,000,000, or thereabouts, to be dated September 12, 1963, and to mature March 12, 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, September 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 the price offered must be expressed on the basis of 100, with not more than three

TREASURY DEPARTMENT



WASHINGTON, D.C.

September 4, 1963

R IMMEDIATE RELEASE

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Tenders will be received at Federal Reserve Banks and Branches to the closing hour, one-thirty p.m., Eastern Daylight Saving ;, Monday, September 9, 1963. Tenders will not be ;ived at the Treasury Department, Washington. Each tender must for an even multiple of $1,000, and in the case of competitive lers the price offered must be expressed on the basis of 100, 1 not more than three decimals, e. g., 99.925. Fractions may not ised. It is urged that tenders be made on the printed forms and varded in the special envelopes which will be supplied by Federal rve Banks or Branches on application therefor.

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 out deposit from incorporated banks and trust companies and from onsible and recognized dealers in investment securities. Tenders others must be accompanied by payment of 2 percent of the face nt of Treasury bills applied for, unless the tenders are mpanied by an express guaranty of payment by an incorporated bank rust company.

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Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Departmment of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less for the additional bills dated June 13, 1963, (91-days remaining until maturity date on December 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 September 12, 1963 in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 12,1963. 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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13. Payments on issue price and investment rates on the new bonds offered in ex

	3-1/4% C/Is 5/15/64	3-3/4% Notes 5/15/64	4-3/ Not 5/15
		FOR THE NEW 3	
Payments on account of $100 issue price to subscriber	$0.65	$0.95	$1.6
Approximate investment yield from exchange date (9/15/63) to maturity of bonds offered in exchange based on price of securities eligible for exchange 1/	4.02%	4.02%	4.02
Approximate minimum reinvestment rate for the extension period 2/ -------------------------------	4.14	4.13	4.13
		FOR THE NEW	
Payments on account of $100 issue price to subscriber	$1.15	$1.45	$2.10
Approximate investment yield from exchange date (9/15/63) to maturity of bonds offered in exchange based on price of securities eligible for exchange 1/	4.15%	4.14%	4.14
Approximate minimum reinvestment rate for the extension period 2/ -------------------------------	4.22	4.22	4.22
		FOR THE NEW 4	
Payments on account of $100 issue price to subscriber	$1.35	$1.65	$2.30
Approximate investment yield from exchange date (9/15/63) to maturity of bonds offered in exchange based on price of securities eligible for exchange 1/	4.21%	4.20%	4.20
Approximate minimum reinvestment rate for the extension period 2/ -------------------------------	4.24	4.24	4.24

1/ Yield to nontaxable holder or before tax. Based on mean of bid and asked pric issue price) at noon on September 3. 1963.

APPENDIX TO PARAGRAPH NO. 9
NONRECOGNITION OF GAIN OR LOSS FOR FEDERAL INCOME TAX PURPOSES

Where a bond is offered by the Treasury with a payment (other than the accrued int adjustment) to the investor.

Examples:

1. Assume that:

   (a) The fair market value of the security offered by the Treasury on the d the subscription is submitted is $99.50 (per $100 face value).

   (b) The payment to the subscriber (discount) on account of $100 issue pric is $.80.

   (c) The amortised cost basis of the security surrendered on the books of t subscriber is $100.50 (per $100 face value). (It is assumed that the security surrendered was bought at a price above $100.50 and that the original premium was reduced prorata over the period from purchase date to maturity.)

   The sum of the fair market value of the security offered by the Treasury and the payment to the subscriber is $99.50 + $.80 or $100.30. This is less th the cost basis of the issue surrendered, therefore, no gain is recognized. The new issue will be entered on the books of the subscriber at a cost basis of $99.70, the cost basis of the issue surrendered less $.80. The gain or between this cost basis and the proceeds of a subsequent sale or redemption of the new issue will be a capital gain or loss to all investors, except th to whom the securities are stock in trade. Under present law, if the combin time that the security surrendered and the new security received in exchange were held exceeds 6 months, the capital gain or loss is long-term, otherwise it is short-term.

2. The assumptions are the same as in example 1 except that the payment (discount) to the subscriber is now $1.20 (per $100 face value) instead of $.80 in example 1.

   The sum of the fair market value of the new security received in exchange by the subscriber plus the $1.20 payment (discount) is $100.70. This exceeds the cost basis of the security surrendered by $.20. This excess is a recognized gain reportable for the year in which the exchange takes place. The gain is a capital gain except to those to whom the securities are stock in trade. Under present law, if the time the security surrendered was held exceeds 6 months, the capital gain is long-term, otherwise it is short-term

(c) Gain to the extent not recognized under (b) (or loss), if any, upon the old sec
ties surrendered in exchange will be taken into account upon the disposition or rede
tion of the new securities. (See appendix to paragraph 9 attached.)

Federal estate tax option on the 4-1/8% bonds of 1989-94 -- The 4-1/8% bonds of 198
will be redeemable at par and accrued interest prior to maturity for the purpose of
using the proceeds in payment of Federal estate taxes but only if they are owned by
decedent at the time of his death and thereupon constitute part of his estate.

Book value of new securities to banking institutions:

The Comptroller of the Currency, Board of Governors of the Federal Reserve System,
the Federal Deposit Insurance Corporation have indicated to the Treasury that banks
under their supervision may place the new securities received in exchange on their
at an amount not greater than the amount at which the eligible securities surrender
by them are carried on their books plus the amount of premium, if any, paid on the
securities, or reduced by the amount of discount, if any, received by the subscribe
and increased by the amount of gain, if any, which will be recognized as indicated
paragraph 9.

Computation of reinvestment rate for the extension of maturity:

A holder of the outstanding eligible securities has the option of accepting the
Treasury's exchange offer or of holding them to maturity. Consequently, he can com
the interest plus (or minus) any payment, other than the adjustment of accrued inte
he will receive resulting from exchanging now with the total of the interest on the
eligible issues and what he might obtain by reinvesting the proceeds of the eligibl
securities at maturity.

The income before tax for making the extension now through exchange will be the co
rates plus (or minus) any payment on the new issues. If a holder of the eligible
rities does not make the exchange he would receive the coupon rates on the eligibl
issues to their maturity and would have to reinvest at that time at a rate equal t
that indicated in paragraph 13 below for the remaining terms of the issues now off
in order to equal the return (including any payment) he would receive by accepting
exchange offer. For example, if the 3-3/4% bonds of 5/15/66 are exchanged for the
4% bonds of 8/15/73, the investor receives 4% for the entire nine years and eleven
months plus $1.15 (per $100 face value) immediately. If the exchange is not made
3-3/4% rate will be received until May 15, 1966, requiring reinvestment of the pr
of the 3-3/4's of 1966 at that time at a rate of at least 4.32% for the remaining
years and three months, all at compound interest, to average out to a 4% rate for
years and eleven months plus the $1.15 immediate payment. This minimum reinvestm
rate for the extension period is shown in the table under paragraph 13. The mini
reinvestment rates for the other issues included in the exchange are also shown i
table under paragraph 13.

5. Limitation on amount of securities to be issued:

The amount of securities to be issued under this offering will be limited to the am of the eligible securities tendered in exchange and accepted.

6. Books open for subscriptions for the new securities:

The books will be open for the receipt of subscriptions from Monday, September 9, thr Friday, September 13. Subscriptions placed in the mail by midnight, September 13, addressed to any Federal Reserve Bank or Branch or the Treasurer, U. S., Washington, D. C. 20220, will be considered as timely. The use of registered mail is recommende for the security holders' protection in submitting securities to be exchanged.

If securities eligible for exchange are pledged with a State or Federal Government or authority and such securities cannot or will not be released by such authority to pledgor in time for use in making payment for the securities offered in this exchang the pledgor may, nevertheless, enter a subscription. Such subscriptions should be ac companied by a letter signed by an authorized official of the pledgor explaining the cumstances and, if the authority will not release the securities, a request and auth zation for the Federal Reserve Bank, or Branch, or the Treasurer of the U. S. (accor to where the subscription is directed) to deliver the new securities to the State or Federal authority in exchange for the old securities held by such authority.

7. Requirements applicable to subscriptions:

Subscriptions will be received at the Federal Reserve Banks and Branches and at the Office of the Treasurer of the United States, Washington, D. C. 20220. Banking insti tions generally may submit subscriptions for account of customers. All subscribers questing registered securities will be required to furnish appropriate identifying numbers as required on tax returns and other documents submitted to the Internal Rev Service.

8. Denominations and other characteristics of new securities:

The bonds will be issued in denominations of $500, $1,000, $5,000, $10,000, $100,000 and $1,000,000 in coupon and registered forms. The bonds will be acceptable to secu deposits of public moneys.

9. Nonrecognition of gain or loss for Federal income tax purposes:

(a) General -- The Secretary of the Treasury has declared pursuant to section 1037(of the Internal Revenue Code that no gain or loss shall be recognized for Federal in come tax purposes solely on account of the exchange of the securities; however, sect 1031(b) of the Code requires recognition of any gain realized on the exchange to the tent that money (other than interest) is received by the security holder in connecti with the exchange as indicated in (b).

(b) Where the securities to be issued are offered by the Treasury with a payment to the investor -- If the fair market value 1/ of the securities to be issued plus the amount paid to the investor (discount) exceeds the cost basis to the investor of th securities to be exchanged, such gain (but not to exceed the amount of the payment) must be recognized and accounted for as gain for the taxable year of exchange. He carry the new securities on his books at the same amount as he is now carrying the securities except that he will reduce the cost basis by the amount of the payment a increase it by the amount of the gain recognized. If the fair market value of the securities plus the amount of the payment does not exceed the cost basis of the old securities, the basis in the new securities will be the cost basis in the old secu reduced by the amount of the payment.

3. (Continued)

Securities to be exchanged	Payable to subscriber on account of purchase price of securities to be issued	On account of accrued interest to 9/15/63: Payable to subscriber on securities to be exchanged	On account of accrued interest to 9/15/63: Payable by subscriber on securities to be issued	Net amount: To be paid to sub-scriber	Net amount: To be collected from sub-scriber	Extens of maturit Yrs.-
		Amounts to be paid to or by subscribers				
		FOR THE 4% BONDS OF 1973				
3-1/4% ctf. B-1964	$1.15	$1.086277	-	$2.236277	-	9 -
4-3/4% note A-1964	2.10	1.587636	-	3.687636	-	9 -
3-3/4% note D-1964	1.45	1.253397	-	2.703397	-	9 -
3-3/4% bond 1966	1.15	1.253397	-	2.403397	-	7 -
4% note A-1966	1.80	0.336957	-	2.136957	-	7 -
3-5/8% note B-1967	0.40	0.305367	-	0.705367	-	6 -
3-3/4% note A-1967	0.70	0.315897	-	1.015897	-	6 -
		FOR THE 4-1/8% BONDS OF 1989-94				
3-1/4% ctf. B-1964	$1.35	$1.086277	$1.686402	$0.749875	-	30 -
4-3/4% note A-1964	2.30	1.587636	1.686402	2.201234	-	30 -
3-3/4% note D-1964	1.65	1.253397	1.686402	1.216995	-	30 -
3-3/4% bond 1966	1.35	1.253397	1.686402	0.916995	-	28 -
4% note A-1966	2.00	0.336957	1.686402	0.650555	-	27 -
3-5/8% note B-1967	0.60	0.305367	1.686402	-	$0.781035	27 -
3-3/4% note A-1967	0.90	0.315897	1.686402	-	0.470505	26 -

The following coupons should be attached to the securities in bearer form when they surrendered:

Securities	Coupons to be attached
3-1/4% ctf. B-1964, 4-3/4% note A-1964, 3-3/4% note D-1964, and 3-3/4% bond 1966	Nov. 15, 1963, and subseq
4% note A-1966, 3-5/8% note B-1967, and 3-3/4% note A-1967	Feb. 15, 1964, and subseq

4. Payment:

Payment for the new securities must be completed by September 18, 1963. The new se ties will be delivered September 18, 1963. Where the table in the preceding parag shows a net amount to be collected from subscribers such amount should accompany th subscription. Where the table shows a net amount payable to subscribers the paym be made by the Treasury, if bearer securities are surrendered following their acce and if registered securities are surrendered following discharge of registration in accordance with the assignments on the securities.
reduced by the amount of the payment.

Terms and Conditions of the Advance Refunding Offer

1. To all holders of the following outstanding Treasury securities:

Description of securities	Issue date	Final maturity date	Remaining term to maturity Yrs.	Mos.	Amount outstandi (in billio
3-1/4% certificate B-1964	May 15, 1963	May 15, 1964	-	8	$5.7
4-3/4% note A-1964	July 20, 1959	May 15, 1964	-	8	4.9
3-3/4% note D-1964	June 23, 1960	May 15, 1964	-	8	3.9
3-3/4% bond 1966	Nov. 15, 1960	May 15, 1966	2	8	3.6
4% note A-1966	Feb. 15, 1962	Aug. 15, 1966	2	11	4.5
3-5/8% note B-1967	March 15, 1963	Feb. 15, 1967	3	5	4.3
3-3/4% note A-1967	Sept. 15, 1962	Aug. 15, 1967	3	11	5.3

2. New securities to be issued (or additional amount of an outstanding issue):

Description of securities	Issue date	Amount outstanding (in billions)	Interest starts 1/	Interest payal
3-7/8% bond of Nov. 15, 1968	Sept. 15, 1963	-	Sept. 15, 1963	May 15 & Nov.
4% bond of Aug. 15, 1973	Sept. 15, 1963	-	Sept. 15, 1963	Feb. 15 & Aug.
4-1/8% bond of May 15, 1994 2/	April 18, 1963	$0.3	Sept. 15, 1963	May 15 & Nov.

1/ Interest on the securities surrendered stops on September 15, 1963.
2/ Callable on and after May 15, 1989.
3/ First interest payment will be May 15, 1964.

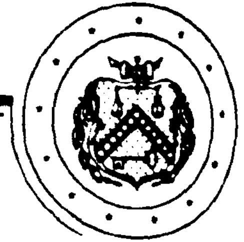
3. Terms of the exchange:

Exchanges will be made on the basis of equal face amounts, with payments by the Treasury, and with adjustments of accrued interest to September 15, 1963, on the secur ties surrendered and on the additional issue of bonds (per $100 face amount), as indic below:

Securities to be exchanged	Amounts to be paid to or by subscribers: Payable to subscriber on account of purchase price of securities to be issued	On account of accrued interest to 9/15/63: Payable to subscriber on securities to be exchanged	On account of accrued interest to 9/15/63: Payable by subscriber on securities to be issued	Net amount: To be paid to sub-scriber	Net amount: To be collected from sub-scriber	Extensi of maturit Yrs.-M
		FOR THE 3-7/8% BONDS OF 1968				
3-1/4% ctf. B-1964	$0.65	$1.086277	-	$1.736277	-	4 -
4-3/4% note A-1964	1.60	1.587636	-	3.187636	-	4 -
3-3/4% note D-1964	0.95	1.253397	-	2.203397	-	4 -

reduced by the amount of the payment.

TREASURY DEPARTMENT



WASHINGTON, D.C.

FOR IMMEDIATE RELEASE September 4, 1963

ADVANCE REFUNDING OFFER

The Treasury today announced that it will offer holders of $32.1 billion of out-standing Treasury securities an opportunity to extend their holdings at attractive yields. Of this total, $23.0 billion are held by the public.

The current offering combines a junior advance refunding with a "prerefunding," that is, an advance refunding of issues maturing within the next 12 months.

Holders of securities eligible for exchange have the option of exchanging them, as of September 15, 1963, (with payment for the new bonds to be completed by and delivery to be made on September 18) for three new issues as follows:

Securities eligible for exchange and their maturity dates		Securities offered in exchange and their maturity dates	
	Prerefunding		
3-1/4% ctfs., B-1964	5/15/64)	3-7/8% bonds, 1968 (new issue)	11/15/
4-3/4% notes, A-1964	5/15/64)	4% bonds, 1973 (new issue)	8/15/
3-3/4% notes, D-1964	5/15/64)	4-1/8% bonds, 1989-94 (addl. issue)	5/15/89-
	"Junior" Advance Refunding		
3-3/4% bonds, 1966	5/15/66)		
4% notes, A-1966	8/15/66)	4% bonds, 1973 (new issue)	8/15/
3-5/8% notes, B-1967	2/15/67)	4-1/8% bonds, 1989-94 (addl. issue)	5/15/89-
3-3/4% notes, A-1967	8/15/67)		

The exchanges will be made on the basis of par for par with accrued interest adjustments as of September 15, 1963, and with cash payments to subscribers which will approximately equalize current market values among eligible issues having different coupons and maturities, and provide an attractive exchange value for each of the issues offered. amount of the offering will be limited to the amount of securities accepted in exchange. Cash subscriptions are not invited.

The exchanges will not be treated as a sale and purchase for tax purposes; therefore there will be no recognition of gain or loss for Federal income tax purposes solely on account of the exchange of old for new securities. Details are presented in the following paragraph No. 9.

The subscription books will be open beginning Monday, September 9, and will remain open through Friday, September 13, 1963, for all classes of subscribers.

Further details of the offering, including amounts of cash payments due to subscribers and the amounts of accrued interest adjustments, are described below.

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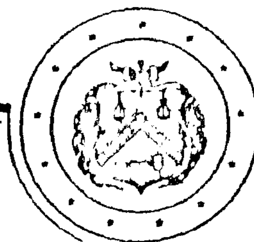
TREASURY DEPARTMENT



WASHINGTON, D.C.

MEDIATE RELEASE

September 4, 1963

ADVANCE REFUNDING OFFER

The Treasury today announced that it will offer holders of $32.1 billion of out-
ng Treasury securities an opportunity to extend their holdings at attractive yields.
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ember 15, 1963, (with payment for the new bonds to be completed by and delivery to
on September 18) for three new issues as follows:

ies eligible for exchange their maturity dates		Securities offered in exchange and their maturity dates	
	Prerefunding		
ctfs., B-1964	5/15/64)	3-7/8% bonds, 1968 (new issue)	11/15/68
notes, A-1964	5/15/64)	4% bonds, 1973 (new issue)	8/15/73
notes, D-1964	5/15/64)	4-1/8% bonds, 1989-94 (addl. issue)	5/15/89-94
	"Junior" Advance Refunding		
onds, 1966	5/15/66)		
notes, A-1966	8/15/66)	4% bonds, 1973 (new issue)	8/15/73
notes, B-1967	2/15/67)	4-1/8% bonds, 1989-94 (addl. issue)	5/15/89-94
notes, A-1967	8/15/67)		

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Terms and Conditions of the Advance Refunding Offer

1. To all holders of the following outstanding Treasury securities:

Description of securities	Issue date	Final maturity date	Remaining term to maturity Yrs.	Mos.	Amount outstand (in billi
3-1/4% certificate B-1964	May 15, 1963	May 15, 1964	-	8	$5.7
4-3/4% note A-1964	July 20, 1959	May 15, 1964	-	8	4.9
3-3/4% note D-1964	June 23, 1960	May 15, 1964	-	8	3.9
3-3/4% bond 1966	Nov. 15, 1960	May 15, 1966	2	8	3.6
4% note A-1966	Feb. 15, 1962	Aug. 15, 1966	2	11	4.5
3-5/8% note B-1967	March 15, 1963	Feb. 15, 1967	3	5	4.3
3-3/4% note A-1967	Sept. 15, 1962	Aug. 15, 1967	3	11	5.3

2. New securities to be issued (or additional amount of an outstanding issue):

Description of securities	Issue date	Amount outstanding (in billions)	Interest starts[1]	Interest pay
3-7/8% bond of Nov. 15, 1968	Sept. 15, 1963	-	Sept. 15, 1963	May 15 & No
4% bond of Aug. 15, 1973	Sept. 15, 1963	-	Sept. 15, 1963	Feb. 15 & A
4-1/8% bond of May 15, 1994[2]	April 18, 1963	$0.3	Sept. 15, 1963	May 15 & No

1/ Interest on the securities surrendered stops on September 15, 1963.
2/ Callable on and after May 15, 1989.
3/ First interest payment will be May 15, 1964.

3. Terms of the exchange:

Exchanges will be made on the basis of equal face amounts, with payments by the Treasury, and with adjustments of accrued interest to September 15, 1963, on the sec ties surrendered and on the additional issue of bonds (per $100 face amount), as ind below:

Securities to be exchanged	Amounts to be paid to or by subscribers: Payable to subscriber on account of purchase price of securities to be issued	On account of accrued interest to 9/15/63: Payable to subscriber on securities to be exchanged	On account of accrued interest to 9/15/63: Payable by subscriber on securities to be issued	Net amount: To be paid to subscriber	Net amount: To be collected from subscriber	Exten of matu Yrs.
		FOR THE 3-7/8% BONDS OF 1968				
3-1/4% ctf. B-1964	$0.65	$1.086277	-	$1.736277	-	4
4-3/4% note A-1964	1.60	1.587636	-	3.187636	-	4
3-3/4% note D-1964	0.95	1.253397	-	2.203397	-	4

ontinued)

:urities :o be :hanged	Payable to subscriber on account of purchase price of securities to be issued	Amounts to be paid to or by subscribers: On account of accrued interest to 9/15/63: Payable to subscriber on securities to be exchanged	Payable by subscriber on securities to be issued	Net amount: To be paid to sub-scriber	To be collected from sub-scriber	Extension of maturity Yrs.-Mos.
		FOR THE 4% BONDS OF 1973				
ctf. B-1964	$1.15	$1.086277	-	$2.236277	-	9 - 3
note A-1964	2.10	1.587636	-	3.687636	-	9 - 3
note D-1964	1.45	1.253397	-	2.703397	-	9 - 3
bond 1966	1.15	1.253397	-	2.403397	-	7 - 3
note A-1966	1.80	0.336957	-	2.136957	-	7 - 0
ıote B-1967	0.40	0.305367	-	0.705367	-	6 - 6
ıote A-1967	0.70	0.315897	-	1.015897	-	6 - 0
		FOR THE 4-1/8% BONDS OF 1989-94				
:tf. B-1964	$1.35	$1.086277	$1.686402	$0.749875	-	30 - 0
ıote A-1964	2.30	1.587636	1.686402	2.201234	-	30 - 0
ıote D-1964	1.65	1.253397	1.686402	1.216995	-	30 - 0
ıond 1966	1.35	1.253397	1.686402	0.916995	-	28 - 0
ote A-1966	2.00	0.336957	1.686402	0.650555	-	27 - 9
ote B-1967	0.60	0.305367	1.686402	-	$0.781035	27 - 3
ote A-1967	0.90	0.315897	1.686402	-	0.470505	26 - 9

following coupons should be attached to the securities in bearer form when they are :endered:

Securities	Coupons to be attached
f. B-1964, 4-3/4% note A-1964, note D-1964, and 3-3/4% bond 1966	Nov. 15, 1963, and subsequent
-1966, 3-5/8% note B-1967, and 3-3/4% note A-1967	Feb. 15, 1964, and subsequent

nt:

nt for the new securities must be completed by September 18, 1963. The new securi- rill be delivered September 18, 1963. Where the table in the preceding paragraph a net amount to be collected from subscribers such amount should accompany the iption. Where the table shows a net amount payable to subscribers the payment will e by the Treasury, if bearer securities are surrendered following their acceptance, registered securities are surrendered following discharge of registration in ance with the assignments on the securities.

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The amount of securities to be issued under this offering will be limited to the amou of the eligible securities tendered in exchange and accepted.

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8. Denominations and other characteristics of new securities:

The bonds will be issued in denominations of $500, $1,000, $5,000, $10,000, $100,000 and $1,000,000 in coupon and registered forms. The bonds will be acceptable to secu deposits of public moneys.

9. Nonrecognition of gain or loss for Federal income tax purposes:

(a) General -- The Secretary of the Treasury has declared pursuant to section 10 of the Internal Revenue Code that no gain or loss shall be recognized for Federal come tax purposes solely on account of the exchange of the securities; however, se 1031(b) of the Code requires recognition of any gain realized on the exchange to tent that money (other than interest) is received by the security holder in conne with the exchange as indicated in (b).

(b) Where the securities to be issued are offered by the Treasury with a payment the investor -- If the fair market value 1/ of the securities to be issued plus t amount paid to the investor (discount) exceeds the cost basis to the investor of securities to be exchanged, such gain (but not to exceed the amount of the payme must be recognized and accounted for as gain for the taxable year of exchange. carry the new securities on his books at the same amount as he is now carrying t securities except that he will reduce the cost basis by the amount of the payment increase it by the amount of the gain recognized. If the fair market value of the securities plus the amount of the payment does not exceed the cost basis of the ol securities, the basis in the new securities will be the cost basis in the old secu reduced by the amount of the payment.

1/ The mean of the bid and asked quotations on date subscriptions are submitted.

c) Gain to the extent not recognized under (b) (or loss), if any, upon the old securi-
ies surrendered in exchange will be taken into account upon the disposition or redemp-
ion of the new securities. (See appendix to paragraph 9 attached.)

'ederal estate tax option on the 4-1/8% bonds of 1989-94 -- The 4-1/8% bonds of 1989-94
ill be redeemable at par and accrued interest prior to maturity for the purpose of
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ecedent at the time of his death and thereupon constitute part of his estate.

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ie Comptroller of the Currency, Board of Governors of the Federal Reserve System, and
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ıder their supervision may place the new securities received in exchange on their books
; an amount not greater than the amount at which the eligible securities surrendered
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:curities, or reduced by the amount of discount, if any, received by the subscriber
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will receive resulting from exchanging now with the total of the interest on the
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t indicated in paragraph 13 below for the remaining terms of the issues now offered,
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/4% rate will be received until May 15, 1966, requiring reinvestment of the proceeds
the 3-3/4's of 1966 at that time at a rate of at least 4.32% for the remaining seven
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rs and eleven months plus the $1.15 immediate payment. This minimum reinvestment
e for the extension period is shown in the table under paragraph 13. The minimum
ivestment rates for the other issues included in the exchange are also shown in the
le under paragraph 13.

13. Payments on issue price and investment rates on the new bonds offered in exchange to holders of the eligible securities:

	3-1/4% C/Is 5/15/64	3-3/4% Notes 5/15/64	4-3/4% Notes 5/15/64	3-3/4% Bonds 5/15/66	4% Notes 8/15/66	3-5/8% Notes 2/15/67	3-3/4% Notes 8/15/67
			FOR THE NEW 3-7/8% BONDS OF NOVEMBER 15, 1968				
Payments on account of $100 issue price to subscriber	$0.65	$0.95	$1.60	-	-	-	-
Approximate investment yield from exchange date (9/15/63) to maturity of bonds offered in exchange based on price of securities eligible for exchange 1/	4.02%	4.02%	4.02%	-	-	-	-
Approximate minimum reinvestment rate for the extension period 2/ ------------------------------	4.14	4.13	4.13	-	-	-	-
			FOR THE NEW 4% BONDS OF AUGUST 15, 1973				
Payments on account of $100 issue price to subscriber	$1.15	$1.45	$2.10	$1.15	$1.80	$0.40	$0.70
Approximate investment yield from exchange date (9/15/63) to maturity of bonds offered in exchange based on price of securities eligible for exchange 1/	4.15%	4.14%	4.14%	4.15%	4.15%	4.15%	4.14%
Approximate minimum reinvestment rate for the extension period 2/ ------------------------------	4.22	4.22	4.22	4.32	4.34	4.32	4.36
			FOR THE NEW 4-1/8% BONDS OF MAY 15, 1989-94				
Payments on account of $100 issue price to subscriber	$1.35	$1.65	$2.30	$1.35	$2.00	$0.60	$0.90
Approximate investment yield from exchange date (9/15/63) to maturity of bonds offered in exchange based on price of securities eligible for exchange 1/	4.21%	4.20%	4.20%	4.21%	4.21%	4.21%	4.20%
Approximate minimum reinvestment rate for the extension period 2/ ------------------------------	4.24	4.24	4.24	4.28	4.29	4.28	4.29

1/ Yield to nontaxable holder or before tax. Based on mean of bid and asked prices (adjusted for payments on account of issue price) at noon on September 3, 1963.

APPENDIX TO PARAGRAPH NO. 9
NONRECOGNITION OF GAIN OR LOSS FOR FEDERAL INCOME TAX PURPOSES

Where a bond is offered by the Treasury with a payment (other than the accrued interest adjustment) to the investor.

Examples:

1. Assume that:

   (a) The fair market value of the security offered by the Treasury on the date the subscription is submitted is $99.50 (per $100 face value).

   (b) The payment to the subscriber (discount) on account of $100 issue price is $.80.

   (c) The amortised cost basis of the security surrendered on the books of the subscriber is $100.50 (per $100 face value). (It is assumed that the security surrendered was bought at a price above $100.50 and that the original premium was reduced prorata over the period from purchase date to maturity.)

   The sum of the fair market value of the security offered by the Treasury and the payment to the subscriber is $99.50 + $.80 or $100.30. This is less than the cost basis of the issue surrendered, therefore, no gain is recognized. The new issue will be entered on the books of the subscriber at a cost basis of $99.70, the cost basis of the issue surrendered less $.80. The gain or loss between this cost basis and the proceeds of a subsequent sale or redemption of the new issue will be a capital gain or loss to all investors, except those to whom the securities are stock in trade. Under present law, if the combined time that the security surrendered and the new security received in exchange were held exceeds 6 months, the capital gain or loss is long-term, otherwise it is short-term.

2. The assumptions are the same as in example 1 except that the payment (discount) to the subscriber is now $1.20 (per $100 face value) instead of $.80 in example 1.

   The sum of the fair market value of the new security received in exchange by the subscriber plus the $1.20 payment (discount) is $100.70. This exceeds the cost basis of the security surrendered by $.20. This excess is a recognized gain reportable for the year in which the exchange takes place. The gain is a capital gain except to those to whom the securities are stock in trade. Under present law, if the time the security surrendered was held exceeds 6 months, the capital gain is long-term, otherwise it is short-term.

   The subscriber will carry the new issue received in exchange at a cost basis equal to the basis of the issue surrendered ($100.50), less the payment ($1.20), plus the amount of the recognized gain ($.20), or ($100.50 - $1.20 + $.20) $ 99.50.

3. The assumptions are the same as in example 1, except that the cost basis on the books of the subscriber, of the security surrendered is $99.00 (per $100 face value) instead of $100.50 in example 1.

   The sum of the fair market value of the new issue received in exchange by the subscriber plus the $.80 payment (discount) is $100.30 (as in example 1). This exceeds the $99.00 cost basis by more than $.80. However, the amount of the gain reportable for the year of the exchange is $.80, since the amount of gain recognized cannot exceed the amount of the payment. The nature of the recognized gain and its treatment is the same as in example 2.

   In this case, the subscriber will enter the new security received in exchange on his books at $99.00, the same cost basis as the security surrendered.

Table 1. Payments to and by the Subscriber in the September 1963 Advance Refunding

(In dollars per $100 of face value)

Securities eligible for exchange	Adjustment payments to subscriber (on account of purchase price of offered issues)	Accrued interest to September 15, 1963: Payable to subscriber on issues to be exchanged	Payable by subscriber on offered issues	Net accrued interest payable to subscriber 1/	Net amount to be paid: To Subscriber	Subsc
"Pre-refunding":						
		For the 3-7/8% bond, November 15, 1968				
3-1/4% Certificate, 5/15/64.	.650000	1.086277		1.086277	1.736277	
4-3/4% Note, 5/15/64	1.600000	1.587636		1.587636	3.187636	
3-3/4% Note, 5/15/64	.950000	1.253397		1.253397	2.203397	
		For the 4% bond, August 15, 1973				
3-1/4% Certificate, 5/15/64.	1.150000	1.086277		1.086277	2.236277	
4-3/4% Note, 5/15/64	2.100000	1.587636		1.587636	3.687636	
3-3/4% Note, 5/15/64	1.450000	1.253397		1.253397	2.703397	
		For the 4-1/8% bond, May 15, 1989-94				
3-1/4% Certificate, 5/15/64.	1.350000	1.086277	1.686402	-.600125	.749875	
4-3/4% Note, 5/15/64	2.300000	1.587636	1.686402	-.098766	2.201234	
3-3/4% Note, 5/15/64	1.650000	1.253397	1.686402	-.433005	1.216995	
"Junior refunding":						
		For the 4% bond, August 15, 1973				
3-3/4% Bond, 5/15/66	1.150000	1.253397		1.253397	2.403397	
4% Note, 8/15/66	1.800000	.336957		.336957	2.136957	
3-5/8% Note, 2/15/67	.400000	.305367		.305367	.705367	
3-3/4% Note, 8/15/67	.700000	.315897		.315897	1.015897	
		For the 4-1/8% bond, May 15, 1989-94				
3-3/4% Bond, 5/15/66	1.350000	1.253397	1.686402	-.433005	.916995	
4% Note, 8/15/66	2.000000	.336957	1.686402	-1.349445	.650555	
3-5/8% Note, 2/15/67	.600000	.305367	1.686402	-1.381035		
3-3/4% Note, 8/15/67	.900000	.315897	1.686402	-1.370505		

Office of the Secretary of the Treasury
Office of Debt Analysis

September

1/ Minus sign indicates net accrued interest payable by the subscriber.

Securities eligible for exchange		Approximate investment yield from 9/15/63 to maturity 1/			Approximate reinvestment rate for extension period 2/		
		3-7/8% Bond 11/15/68	4% Bond 8/15/73	4-1/8% Bond 5/15/89-94 3/	3-7/8% Bond 11/15/68	4% Bond 8/15/73	4-1/8% Bond 5/15/89-94 3/
"Prerefunding":							
3-1/4% Certificate	5/15/64....	4.02%	4.15%	4.21%	4.14%	4.22%	4.24%
4-3/4% Note	5/15/64....	4.02	4.14	4.20	4.13	4.22	4.24
3-3/4% Note	5/15/64....	4.02	4.14	4.20	4.13	4.22	4.24
"Junior" refunding:							
3-3/4% Bond	5/15/66....	Not eligible	4.15	4.21	Not eligible	4.32	4.28
4% Note	8/15/66....	"	4.15	4.21	"	4.34	4.29
3-5/8% Note	2/15/67....	"	4.15	4.21	"	4.32	4.28
3-3/4% Note	8/15/67....	"	4.14	4.20	"	4.36	4.29

Office of the Secretary of the Treasury
Office of Debt Analysis

September 4, 1963

1/ Yields to nontaxable holders (or before tax) on issues offered in exchange based on prices of eligible issues (adjusted for payments on account of issue price). Prices are the mean of bid and ask quotations at noon on September 3, 1963.

2/ Rate for nontaxable holders (or before tax).

3/ Reopening of an existing security.

August 1973 will receive, in the form of an immediate payment from the Treasury, NOT ONLY the full value of his PRESENT ~~higher~~ coupon from now until its maturity next May, BUT ~~and~~, in addition, ~~he will receive~~ an investment yield of more than 4-1/8% on a security which will mature in 9 years and 11 months. ~~(based on noon prices the day prior to the announcement of this offering).~~

Details in the Advance Refunding

The subscription books for this offering will be open beginning Monday, September 9, and will remain open through Friday, September 13, 1963, for all classes of subscribers. Payment date is Wednesday, September 18, 1963, with interest adjustments as of September 15.

The amounts of cash payments due to subscribers under each possible exchange, the amounts of accrued interest adjustments, and the investment yields and reinvestment rates are set forth in the attached tables. Other details relating to this advance refunding may be found in the formal offering circulars.

opportunity to exchange their holdings in this issue for longer-term securities bearing lower coupon rates of interest - ranging from 3-7/8% for the 1968 maturity to 4-1/8% for the 1989-94 maturity. The financial advantage which will accrue to the holders of the 4-3/4% notes in making this exchange is, however, as great as the financial advantage offered to the oth lower coupon eligible issues maturing in May 1964, the 3-1/4% certificates and the 3-3/4% notes. This comparability among the various options is accomplished by the establishment of different adjustment payments to be paid by the Treasury. In the present case, full allowance has been made for the differen in interest over the period from now until next May as between the 4-3/4% issue and any of the 3-7/8%, 4% and 4-1/8% issues offered in exchange. These adjustments are based on the differences between the current market values of the eligible securities and the indicated current market values of those bei offered in exchange. In addition, the adjustment payment also includes an amount sufficient to improve substantially the effective yield on the new issues over the current market level of yields for the maturities involved.

As an illustration, a holder of the 4-3/4% notes of May 1964 who exercises the option to exchange into the 4% bonds of

1960, despite the fact that the total outstanding Government debt has risen by $15.1 billion during that period.

In short, the debt restructuring accomplished thus far in calendar 1963, together with the restructuring which will be accomplished by this advance refunding, should assure that the budget deficit will be financed in a non-inflationary manner, and should contribute further toward this country's economic growth and its external balance.

Advance Refunding High Coupon Issues

Typically, advance refundings have involved the exchange of outstanding securities for new issues carrying higher coupon rates of interest. However, as advance refunding continues to evolve as a debt management tool, there will be occasions in which holders of outstanding high-coupon securities will be offered exchange options involving new issues with lower coupon rates of interest. It is important, therefore, that investors become fully aware of the advantages which can accrue to them in an advance refunding exchange of relatively high coupon issues for issues carrying lower coupons.

In the present advance refunding, holders of the 4-3/4% notes of May 1964, for example, are being offered an attractive

conducted under comparable market conditions suggest that such operations may have a helpful catalytic effect in testing and clarifying the absorptive capacity of the long-term market without any appreciable effect on long-term interest rates.

Debt management operations during the first seven months of calendar 1963 have laid a strong foundation for the achievem of the Treasury's objective of non-inflationary financing of the budget deficit. Despite ~~repeated and~~ increasing use of Treasury bills during the January-July period of this year, the Treasury has reduced the total debt maturing within one year by $2.0 billion over the same period. The debt maturing in one-to-five years has been reduced by $3.6 billion. During th same span of time, the debt maturing beyond five years has been increased by $6.1 billion.

This ~~The~~ change in structure has been accompanied ~~paralleled~~ by a sharply reduced reliance on the banking system in financing the deficit The estimated holdings of Government securities by all commerci banks have actually declined by $4.3 billion during the first seven months of calendar 1963. Perhaps even more significant, commercial bank holdings of Government securities on July 31, 1 were only about $100 million higher than they were at the end (

requirements and the needs of the balance of payments situation, but also to assure that the growth of the very short-term debt does not exceed the needs of the economy. ~~It~~ The Treasury must also attempt from time to time, to reduce the debt in the one-to-five-year maturity area, in order for the market to be able to absorb readily future borrowing within that area, ~~particularly in the event of any unexpected developments which might create difficult market conditions in the future~~.

In the pre-refunding portion of this operation, the Treasury is seeking to reduce the total size of the security issues maturing on May 15, 1964, of which $8.0 billion are held by the public. This is a larger quarterly maturity than any other now outstanding. The junior advance refunding, by reducing the amount of debt maturing in 1966 and 1967, will help to simplify the Treasury's problems of refunding maturing obligations in the years immediately ahead.

With the economy still operating well below capacity levels, the Treasury has a continuing concern that its actions shall not reduce the availability of capital for constructive investment nor place upward pressures on long-term interest rates. Past experience with advance refundings which were

The Background of this Advance Refunding

This advance refunding is another part of a continuing debt management program designed to finance the Government's requirements at the lowest practicable cost, while also furthering the growth and expansion of the American economy, helping to restore balance of payments equilibrium, and developing a maturity structure of the debt itself that will contribute to flexible operations at minimum costs in the futur By offering holders of outstanding issues with coupons of 3-1/4% to 4-3/4% an opportunity to invest for longer periods at coupon yields of 3-7/8% to 4-1/8%, the Treasury will accomplish further needed restructuring of the outstanding debt as a coordinate part of its program for carrying out these inter-related objectives.

During the remainder of calendar 1963, the Treasury must raise a net amount of approximately $6 billion in cash. The present intention is that the great bulk of this cash financing will be accomplished through offerings of Treasury bills, possibly including tax anticipation bills. The Treasury will of course, adjust the timing and magnitude of these borrowing operations with a view not only to the pattern of its cash

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TREASURY DEPARTMENT

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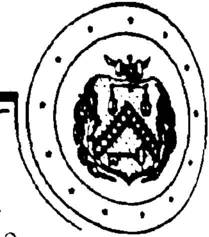


WASHINGTON, D.C.
September 4, 1963

FOR IMMEDIATE RELEASE

ADVANCE REFUNDING OFFER

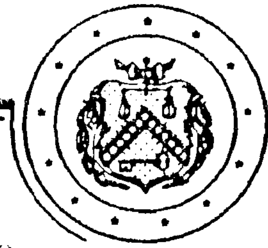
The Treasury today announced that it will offer holders of seven issues of outstanding Treasury securities an opportunity to extend their holdings at attractive yields. $23.0 billion of these securities are held by the public. Including $9.1 billion of holdings by official accounts, there are $32.1 billion of these issues outstanding.

The current offering combines a "junior" advance refunding of certain securities maturing in 1966 and 1967 with a "pre-refunding" of all securities maturing on May 15, 1964.

Holders of securities eligible for exchange will have the option through all of next week of exchanging them for three new issues as follows:

Securities eligible for exchange and their maturity dates		Securities offered in exchange and their maturity dates	
		Pre-refunding	
3-1/4% ctfs.,	5/15/64)	3-7/8% bonds, 1968 (new)	11/15/
3-3/4% notes,	5/15/64)	4% bonds, 1973 (new)	8/15/
4-3/4% notes,	5/15/64)	4-1/8% bonds, 1989-94 (addl. issue)	5/15/
		Junior Advance Refunding	
3-3/4% bonds,	5/15/66)	4% bonds, 1973 (new)	8/15/
4% notes,	8/15/66)	4-1/8% bonds, 1989-94 (addl. issue)	5/15
3-5/8% notes,	2/15/67)		
3-3/4% notes,	8/15/67)		

TREASURY DEPARTMENT



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notes,	5/15/64)	4-1/8% bonds, 1989-94 (addl. issue)	5/15/89-94
		Junior Advance Refunding	
bonds,	5/15/66)	4% bonds, 1973 (new)	8/15/73
notes,	8/15/66)	4-1/8% bonds, 1989-94 (addl. issue)	5/15/89-94
notes,	2/15/67)		
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(In dollars per $100 of face value)

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		For the 4% bond, August 15, 1973				
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Note, 5/15/64	2.100000	1.587636		1.587636	3.687636	
Note, 5/15/64	1.450000	1.253397		1.253397	2.703397	
		For the 4-1/8% bond, May 15, 1989-94				
Certificate, 5/15/64.	1.350000	1.086277	1.686402	-.600125	.749875	
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Note, 5/15/64	1.650000	1.253397	1.686402	-.433005	1.216995	
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		For the 4% bond, August 15, 1973				
Bond, 5/15/66	1.150000	1.253397		1.253397	2.403397	
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Note, 8/15/67	.700000	.315897		.315897	1.015897	
		For the 4-1/8% bond, August 15, 1973				
:ond, 5/15/66	1.350000	1.253397	1.686402	-.433005	.916995	
8/15/66	2.000000	.336957	1.686402	-1.349445	.650555	
'ote, 2/15/67	.600000	.305367	1.686402	-1.381035		.781035
'ote, 8/15/67	.900000	.315897	1.686402	-1.370505		.470505

the Secretary of the Treasury
fice of Debt Analysis

September 4, 1963

sign indicates net accrued interest payable by the subscriber.

Securities eligible for exchange		Approximate investment yield from 9/15/63 to maturity[1]			Approximate reinvestment rate for extension period[2]		
		3-7/8% Bond 11/15/68	4% Bond 8/15/73	4-1/8% Bond 5/15/89-94 3/	3-7/8% Bond 11/15/68	4% Bond 8/15/73	4-1/8% Bond 5/15/89-94 3/
"Prerefunding":							
3-1/4% Certificate	5/15/64....	4.02%	4.15%	4.21%	4.14%	4.22%	4.24%
4-3/4% Note	5/15/64....	4.02	4.14	4.20	4.13	4.22	4.24
3-3/4% Note	5/15/64....	4.02	4.14	4.20	4.13	4.22	4.24
"Junior" refunding:							
3-3/4% Bond	5/15/66....	Not eligible	4.15	4.21	Not eligible	4.32	4.28
4% Note	8/15/66....	"	4.15	4.21	"	4.34	4.29
3-5/8% Note	2/15/67....	"	4.15	4.21	"	4.32	4.28
3-3/4% Note	8/15/67....	"	4.14	4.20	"	4.36	4.29

Office of the Secretary of the Treasury
Office of Debt Analysis

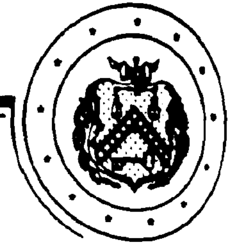
September 4, 1963

1/ Yields to nontaxable holders (or before tax) on issues offered in exchange based on prices of eligible issues (adjusted for payments on account of issue price). Prices are the mean of bid and ask quotations at noon on September 3, 1963.

2/ Rate for nontaxable holders (or before tax).

3/ Reopening of an existing security.

TREASURY DEPARTMENT



WASHINGTON, D.C.

September 5, 1963

FOR IMMEDIATE RELEASE

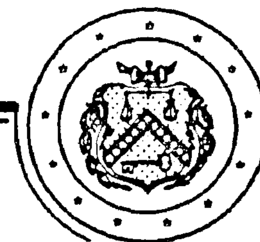
WITHHOLDING OF APPRAISEMENT ON
COPPER SHEETS

The Treasury Department is instructing customs field officers to withhold appraisement of copper sheets from Yugoslavia pending a determination as to whether this merchandise is being sold in the United States at less than fair value. Notice to this effect is being published in the Federal Register. This merchandise is used for roofing.

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 March 1, 1963. The dollar value of imports received during the first 6 months of 1963 was approximately $460,000.

TREASURY DEPARTMENT



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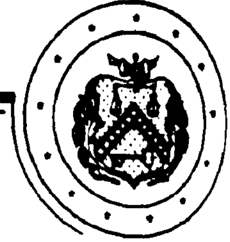

WASHINGTON, D.C.

September 9, 1963

FOR IMMEDIATE RELEASE

TREASURY DECISION ON 12-OUNCE CANNED LUNCHEON
MEATS UNDER THE ANTIDUMPING ACT

The Treasury Department has determined that 12-ounce canned luncheon meats from Denmark are not being, nor likely to be, sold in the United States at less than fair value within the meaning of the Antidumping Act. Notice of the determination will be published in the Federal Register.

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

The dollar value of imports of the involved merchandise received in the 1962 - 1963 period was approximately $2,500,000.

oOo

TREASURY DEPARTMENT

WASHINGTON, D.C.

September 9, 1963

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The dollar value of imports of the involved merchandise received in the 1962 - 1963 period was approximately $2,500,000.

oOo

FOR RELEASE A.M. NEWSPAPERS, Tuesday, September 10, 1963. | September 9, 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 June 13, 196[3], and the other series to be dated September 12, 1963, which were offered on September [...], were opened at the Federal Reserve Banks on September 9. 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 December 12, 1963		:	182-day Treasury bills maturing March 12, 1964	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.161	3.319%	:	98.262	3.438%
Low	99.150	3.363%	:	98.238	3.485%
Average	99.155	3.343% 1/	:	98.251	3.460% 1/

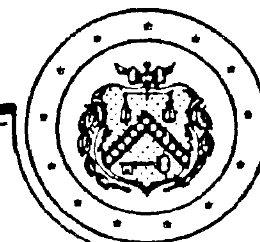
49 percent of the amount of 91-day bills bid for at the low price was accepted
46 percent of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 36,011,000	$ 23,461,000	:	$ 9,156,000	$ 8,076,[...]
New York	1,437,042,000	874,842,000	:	939,997,000	656,497,[...]
Philadelphia	36,797,000	21,797,000	:	7,927,000	2,927,[...]
Cleveland	31,108,000	31,108,000	:	15,537,000	15,537,[...]
Richmond	16,117,000	14,117,000	:	2,574,000	2,574,[...]
Atlanta	30,219,000	30,219,000	:	14,670,000	14,470,[...]
Chicago	244,147,000	185,617,000	:	95,711,000	52,711,[...]
St. Louis	33,835,000	27,835,000	:	15,462,000	14,462,[...]
Minneapolis	23,904,000	23,904,000	:	8,562,000	8,562,[...]
Kansas City	31,242,000	31,242,000	:	10,881,000	10,881,[...]
Dallas	19,781,000	18,731,000	:	6,334,000	6,234,[...]
San Francisco	17,649,000	17,139,000	:	7,093,000	7,093,[...]
Totals	$1,957,852,000	$1,300,012,000 a/	:	$1,133,904,000	$800,024,[...]

a/ Includes $267,011,000 noncompetitive tenders accepted at the average price of 9[...]
b/ Includes $65,279,000 noncompetitive tenders accepted at the average price of 9[...]
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 3.43%, for the 91-day bills, and 3.5[...]% 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, September 10, 1963.

September 9, 1963

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Average	99.155	3.343% 1/	98.251	3.460% 1/

percent of the amount of 91-day bills bid for at the low price was accepted
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veland	31,108,000	31,108,000	15,537,000	15,537,000
mond	16,117,000	14,117,000	2,574,000	2,574,000
nta	30,219,000	30,219,000	14,670,000	14,470,000
ago	244,147,000	185,617,000	95,711,000	52,711,000
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Totals	$1,957,852,000	$1,300,012,000 a/	$1,133,904,000	$800,024,000 b/

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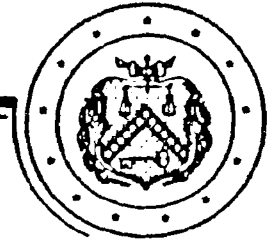
TREASURY DEPARTMENT



WASHINGTON, D.C.

September 10, 1963

FOR IMMEDIATE RELEASE

TREASURY MARKET TRANSACTIONS IN AUGUST

During August 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 $33,534,000.00.

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D-963

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and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

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

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

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

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less for the additional bills dated June 20, 1963, (91 days remaining until maturity date on December 19, 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 September 19, 1963, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 19, 1963. Cash

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, September 11, 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 September 19, 1963, in the amount of $ 2,102,297,000 , as follows:

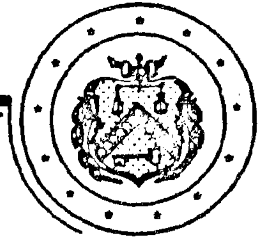
91 -day bills (to maturity date) to be issued September 19, 1963 , in the amount of $ 1,300,000,000 , or thereabouts, representing an additional amount of bills dated June 20, 1963 , and to mature December 19, 1963 , originally issued in the amount of $ 800,700,000 , the additional and original bills to be freely interchangeable.

182 -day bills, for $ 800,000,000 , or thereabouts, to be dated September 19, 1963 , and to mature March 19, 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, September 16, 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



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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-964

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less for the additional bills dated June 20, 1963, (91-days remaining until maturity date on December 19,1963) 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 September 19, 196 in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 19,1963. 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 exclude from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereund 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 th return is made, as ordinary gain or loss.

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oOo

Associate of the Planning Research Corporation of Los Angeles. He served in the United States Air Force from 1942 to 1945.

Mr. Stockfisch, 41, resides at 4705 Kellogg Drive, McLean, Virginia, with his wife, the former Claire Bondello, and their daughter Suzanne, age 9.

JACOB A. STOCKFISCH NAMED
DEPUTY ASSISTANT SECRETARY

DRAFT 2/7/62

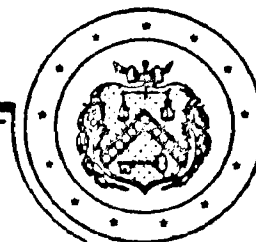
Treasury Secretary Douglas Dillon today announced the appointment of Jacob A. Stockfisch (of McLean, Virginia) as Deputy Assistant Secretary for Tax Policy and as Director of the Treasury's Office of Tax Analysis.

Mr. Stockfisch has been the Director of Special Studies, Office of Assistant Secretary of Defense (Comptroller), Washington, D.C., since September, 1961.

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

A native of Los Angeles, Mr. Stockfisch received his B.A. degree from Pomona College, Claremont, California, and his Ph.D. degree from the University of California in Berkeley. From 1957 to 1961, he was Associate Professor of Business Administration at the University of California. Prior to that time, he was an

TREASURY DEPARTMENT



WASHINGTON, D.C.

September 11, 1963

FOR IMMEDIATE RELEASE

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Mr. Stockfisch, 41, resides at 4705 Kellogg Drive, McLean, Virginia, with his wife, the former Claire Bondello, and their daughter Suzanne, age 9.

D-965

oOo

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 September 9, 1963	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1962, to September 9, 1963
United Kingdom	4,323,457	1,603,706	1,441,152	1,111,486
Canada	239,690	239,690	-	-
France	227,420	162,778	75,807	75,183
India and Pakistan	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	58,025	25,443	-
Italy	21,263	-	7,088	-
	5,482,509	2,210,491	1,599,886	1,208,505

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
FRIDAY, SEPTEMBER 13,1963

D-966

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, as modified by the Tariff Schedules of the United States which became effective August 31, 1963.

COTTON (other than linters) (in pounds)
Cotton under 1-1/8 inches other than rough or harsh under 3/4"
Imports September 20, 1962 - September 9, 1963

Country of Origin	Established Quota	Imports	Country of Origin	Established Quota	Imports
Egypt and Sudan	783,816	782,857	Honduras	752	-
Peru	247,952	35,995	Paraguay	871	-
India and Pakistan	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	Indonesia and Netherlands New Guinea	71,388	-
Union of Soviet Socialist Republics	475,124	-	1/British W. Indies	21,321	-
Argentina	5,203	-	Nigeria	5,377	-
Haiti	237	-	2/British W. Africa	16,004	-
Ecuador	9,333	-	Other, including the U. S.	-	-

1/ Except Barbados, Bermuda, Jamaica, Trinidad, and Tobago.
2/ Except Nigeria and Ghana.

Cotton 1-1/8" or more
Established Yearly Quota - 45,656,420 lbs.

Imports August 1, 1963 to September 9, 1963

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	81,759
1-1/8" or more and under		

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
FRIDAY, SEPTEMBER 13,1963

D-966

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, as modified by the Tariff Schedules of the United States which became effective August 31, 1963.

COTTON (other than linters) (in pounds)
Cotton under 1-1/8 inches other than rough or harsh under 3/4"
Imports September 20, 1962 - September 9, 1963

Country of Origin	Established Quota	Imports	Country of Origin	Established Quota	Imports
Egypt and Sudan	783,816	782,857	Honduras	752	-
Peru	247,952	35,995	Paraguay	871	-
India and Pakistan	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	Indonesia and Netherlands New Guinea	71,388	-
Union of Soviet Socialist Republics	475,124	-	1/British W. Indies	21,321	-
Argentina	5,203	-	Nigeria	5,377	-
Haiti	237	-	2/British W. Africa	16,004	-
Ecuador	9,333	-	Other, including the U. S.	-	-

1/ Except Barbados, Bermuda, Jamaica, Trinidad, and Tobago.
2/ Except Nigeria and Ghana.

Cotton 1-1/8" or more
Established Yearly Quota - 45,656,420 lbs.

Imports August 1, 1963 to September 9, 1963

Staple Length	Allocation	Imports
1-3/8" or more	39,590,778	39,590,778
1-5/32" or more and under		

COTTON WASTES
(In pounds)

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

Country of Origin	Established TOTAL QUOTA	Total Imports Sept. 20, 1962, to September 9, 1963	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1962, to September 9, 1963
United Kingdom	4,323,457	1,603,706	1,441,152	1,111,486
Canada	239,690	239,690	-	-
France	227,420	162,778	75,807	75,183
India and Pakistan	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	58,025	25,443	-
Italy	21,263	-	7,083	-
	5,482,509	2,210,491	1,599,886	1,208,505

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
FRIDAY, SEPTEMBER 13, 1963

D-967

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 Aug. 30, 1963	Established Quota	Imports May 29, 1963 to Aug. 30,
	(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	210
United Kingdom	100	-	75,000	6,000
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	3,821

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
FRIDAY, SEPTEMBER 13,1963

D-967

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:

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	Established Quota	Imports May 29, 1963, to Aug. 30, 1963	Established Quota	Imports May 29, 1963, to Aug. 30, 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	210
United Kingdom	100	-	75,000	6,000
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	3,821,210

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE

FRIDAY, SEPTEMBER 13,1963 D-968

The Bureau of Customs has announced the following preliminary figures showing the imports for consumption from January 1, 1963, to August 31, 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 August 31, 1963
Buttons..........	680,000	Gross	176,610
Cigars...........	160,000,000	Number	8,705,660
Coconut oil......	358,400,000	Pound	277,074,439
Cordage..........	6,000,000	Pound	3,919,028
Tobacco..........	5,200,000	Pound	4,930,313

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
FRIDAY, SEPTEMBER 13,1963 D-968

The Bureau of Customs has announced the following preliminary figures showing the imports for consumption from January 1, 1963, to August 31, 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 August 31, 1963
Buttons..........	680,000	Gross	176,610
Cigars...........	160,000,000	Number	8,705,660
Coconut oil......	358,400,000	Pound	277,074,439
ordage..........	6,000,000	Pound	3,919,028
obacco..........	5,200,000	Pound	4,930,313

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
FRIDAY, SEPTEMBER 13,1963

D-969

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, AS MODIFIED BY THE TARIFF SCHEDULES OF THE UNITED STATES, WHICH BECAME EFFECTIVE AUGUST 31, 1963.

QUARTERLY QUOTA PERIOD - July 1 - September 30, 1963

IMPORTS - July 1 - September 6, 1963 (or as noted)

Country of Production	ITEM 925.01* Lead-bearing ores and materials		ITEM 925.03* Unwrought lead and lead waste and scrap		ITEM 925.02* Zinc-bearing ores and materials		ITEM 925.04* Unwrought zinc (except alloys of zinc and zinc dust) and zinc waste and scrap	
	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	11,220,000	11,220,000	22,540,000	20,623,574	-	-	-	-
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	7,520,000
Bolivia	5,040,000	4,329,889**	-	-	-	-	-	-
Canada	13,440,000	2,377,593**	15,920,000	12,684,847	66,480,000	66,480,000	37,840,000	29,206,572
Italy	-	-	-	-	-	-	3,600,000	-
Mexico	-	-	36,880,000	36,880,000	70,480,000	57,986,392	6,320,000	3,190,606
Peru	16,160,000	16,160,000	12,880,000	6,764,810	35,120,000	13,216,566	3,760,000	3,263,500**
Republic of the Congo (formerly Belgian Congo)	-	-	-	-	-	-	5,440,000	5,163,233**
Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	11,557,127**	-	-	-	-
All other foreign countries (total)	6,560,000	2,164,235**	6,080,000	6,080,000	17,840,000	17,840,000	6,080,000	6,080,000

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
FRIDAY, SEPTEMBER 13, 1963

D-969

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, AS MODIFIED BY THE TARIFF SCHEDULES OF THE UNITED STATES, WHICH BECAME EFFECTIVE AUGUST 31, 1963.

QUARTERLY QUOTA PERIOD - July 1 - September 30, 1963

IMPORTS - July 1 - September 6, 1963 (or as noted)

Country of Production	ITEM 925.01* Lead-bearing ores and materials		ITEM 925.03* Unwrought lead and lead waste and scrap		ITEM 925.02* Zinc-bearing ores and materials		ITEM 925.04* Unwrought zinc (except alloys of zinc and zinc dust) and zinc waste and scrap	
	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	11,220,000	11,220,000	22,540,000	20,623,574	-	-	-	-
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	7,520,000
Bolivia	5,040,000	4,329,889**	-	-	-	-	-	-
Canada	13,440,000	2,377,593**	15,920,000	12,684,847	66,480,000	66,480,000	37,840,000	29,206,572
Italy	-	-	-	-	-	-	3,600,000	-
Mexico	-	-	36,880,000	36,880,000	70,480,000	57,986,392	6,320,000	3,190,606
Peru	16,160,000	16,160,000	12,880,000	6,764,810	35,120,000	13,216,566	3,760,000	3,263,500**
Republic of the Congo (formerly Belgian Congo)	-	-	-	-	-	-	5,440,000	5,163,233**
Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	11,557,127**	-	-		
All other foreign								

Commodity	Period and Quantity		Unit of Quantity	Imports as of August 31
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, 1963	1,709,000	Pound	354.

1/Imports through September 6, 1963.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
FRIDAY, SEPTEMBER 13,1963

D-970

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 August 31, 1963:

Commodity	Period and Quantity		Unit of Quantity	Imports as of August 31, 1963
Tariff-Rate Quotas:				
Cream, fresh or sour.............	Calendar Year	1,500,000	Gallon	497,008
Whole Milk, fresh or sour........	Calendar Year	3,000,000	Gallon	95
Cattle, 700 lbs. or more each (other than dairy cows)........	July 1, 1963- Sept. 30, 1963	120,000	Head	5,433
Cattle less than 200 lbs. each...	12 mos. from April 1, 1963	200,000	Head	45,448
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	33,425,128
White or Irish potatoes:				
Certified seed.................	12 mos. from	114,000,000	Pound	58,990,542
Other..........................	Sept. 15, 1962	36,000,000	Pound	29,926,633
Walnuts.........................	Calendar Year	5,000,000	Pound	3,710,551
Stainless steel table flatware (table knives, table forks, table spoons)................	Nov. 1, 1962- Oct. 31, 1963	69,000,000	Pieces	Quota Filled

1/ Imports for consumption at the quota rate are limited to 18,656,154 pounds during first nine months of the calendar year.

2/ Imports through August 30; quota discontinued under new Tariff Schedules of the United States, which became effective August 31, 1963.

TREASURY DEPARTMENT
Washington

EDIATE RELEASE
DAY, SEPTEMBER 13,1963

D-970

The Bureau of Customs announced today preliminary figures on imports for consump-
of the following commodities from the beginning of the respective quota periods
ugh August 31, 1963:

Commodity	Period and Quantity		Unit of Quantity	Imports as of August 31, 1963
ff-Rate Quotas:				
n, fresh or sour.............	Calendar Year	1,500,000	Gallon	497,008
e Milk, fresh or sour........	Calendar Year	3,000,000	Gallon	95
e, 700 lbs. or more each her than dairy cows)........	July 1, 1963- Sept. 30, 1963	120,000	Head	5,433
e less than 200 lbs. each...	12 mos. from April 1, 1963	200,000	Head	45,448
fresh or frozen, filleted, ., cod, haddock, hake, pol- k, cusk, and rosefish.......	Calendar Year	24,874,871	Pound	Quota Filled 1/
Fish......................	Calendar Year	63,130,642	Pound	33,425,128
or Irish potatoes:				
tified seed................	12 mos. from	114,000,000	Pound	58,990,542
er........................	Sept. 15, 1962	36,000,000	Pound	29,926,633
s.........................	Calendar Year	5,000,000	Pound	3,710,551 2/
ess steel table flatware le knives, table forks, le spoons)..................	Nov. 1, 1962- Oct. 31, 1963	69,000,000	Pieces	Quota Filled

rts for consumption at the quota rate are limited to 18,656,154 pounds during the nine months of the calendar year.

rts through August 30; quota discontinued under new Tariff Schedules of the States, which became effective August 31, 1963.

Commodity	Period and Quantity		Unit of Quantity	Imports as of August 31,
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, 1963	1,709,000	Pound	354,

1/Imports through September 6, 1963.

STATUTORY DEBT LIMITATION

As of August 31, 1963

TREASURY DEPARTMENT
Fiscal Service

Washington, Sept.13, 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 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			$309,000,000,000
Outstanding -			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$47,219,314,000		
Certificates of indebtedness	16,988,433,000		
Treasury notes	58,562,211,000	$122,769,958,000	
Bonds -			
Treasury	80,463,017,950		
* Savings (Current redemption value)	48,548,942,475		
United States Retirement Plan bonds	260,779		
Depositary	102,072,500		
R. E. A. series	26,368,000		
Investment series	3,882,440,000	133,023,101,704	
Certificates of Indebtedness -			
Foreign series	342,000,000		
Foreign Currency series	-		
Treasury notes -			
Foreign series	163,118,257		
Treasury bonds-			
Foreign Currency series	705,155,461	1,210,273,718	
Treasury Certificates	2,500,000	2,500,000	
Special Funds -			
Certificates of indebtedness	7,824,858,576		
Treasury notes	4,749,936,000		
Treasury bonds	32,944,238,000	45,519,032,576	
Total interest-bearing		302,524,865,998	
Matured, interest-ceased		307,764,400	
Bearing no interest:			
United States Savings Stamps	52,280,796		
Excess profits tax refund bonds	695,191		
Special notes of the United States:			
Internat'l Monetary Fund series	3,028,000,000		
Internat'l Develop. Ass'n. series	128,956,600		
Inter-American Develop. Bank series	125,000,000	3,334,932,587	
Total		306,167,562,985	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F. H. A. & DC Stad. Bds.	672,604,250		
Matured, interest-ceased	1,527,250	674,131,500	
Grand total outstanding			306,841,694,4[illegible]
Balance face amount of obligations issuable under above authority			2,158,305,5[illegible]

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

(Daily Statement of the United States Treasury, August 30, 1963)
(Date)

Outstanding -	
Total gross public debt	306,534,617,9[illegible]
Guaranteed obligations not owned by the Treasury	674,131,5[illegible]
Total gross public debt and guaranteed obligations	307,208,749,4[illegible]
Deduct - other outstanding public debt obligations not subject to debt limitation	367,054,9[illegible]
	306,841,694,4[illegible]

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STATUTORY DEBT LIMITATION

As of August 31, 1963

TREASURY DEPARTMENT
Fiscal Service

Washington, Sept.13, 1963

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

otal face amount that may be outstanding at any one time			$309,000,000,000
Outstanding -			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$47,219,314,000		
Certificates of indebtedness	16,988,433,000		
Treasury notes	58,562,211,000	$122,769,958,000	
Bonds -			
Treasury	80,463,017,950		
Savings (Current redemption value)	48,548,942,475		
United States Retirement Plan bonds	260,779		
Depositary	102,072,500		
R. E. A. series	26,368,000		
Investment series	3,882,440,000	133,023,101,704	
Certificates of Indebtedness -			
Foreign series	342,000,000		
Foreign Currency series	-		
Treasury notes -			
Foreign series	163,118,257		
Treasury bonds-			
Foreign Currency series	705,155,461	1,210,273,718	
Treasury Certificates	2,500,000	2,500,000	
Special Funds -			
Certificates of indebtedness	7,824,858,576		
Treasury notes	4,749,936,000		
Treasury bonds	32,944,238,000	45,519,032,576	
Total interest-bearing		302,524,865,998	
Matured, interest-ceased		307,764,400	
Bearing no interest:			
United States Savings Stamps	52,280,796		
Excess profits tax refund bonds	695,191		
Special notes of the United States:			
Internat'l Monetary Fund series	3,028,000,000		
Internat'l Develop. Ass'n. series	128,956,600		
Inter-American Develop. Bank series	125,000,000	3,334,932,587	
Total		306,167,562,985	
uaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F. H. A. & DC Stad. Bds.	672,604,250		
Matured, interest-ceased	1,527,250	674,131,500	
Grand total outstanding			306,841,694,485
ance face amount of obligations issuable under above authority			2,158,305,515

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

(Daily Statement of the United States Treasury, August 30, 1963)
(Date)

tanding -	
otal gross public debt	306,534,617,950
uaranteed obligations not owned by the Treasury	674,131,500
otal gross public debt and guaranteed obligations	307,208,749,450
ict - other outstanding public debt obligations not subject to debt limitation	367,054,965
	306,841,694,485

D-971

study given to this one matter, should the Ways and Means Committee bill pass the House, the Treasury will limit its presentation before the Senate Finance Committee to urging the early enactment of the House Committee bill and commenting on any matters raised by members of the Finance Committee.

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"A knowledge of this position may be helpful to taxpayers and organizations whose appearances before the Senate Finance Committee or the nature of their presentations may be influenced by the Treasury position -- specifically whether it intends to support the House bill or recommend modifications in its key provisions."

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enacted this year. Although the bill rejected some of the President original proposals and substantially modified others, we must subordinate differences to the broad consensus on basic principles and the need for prompt enactment of the bill.

To facilitate the achievement of these objectives, I urge passage of the Ways and Means Committee bill by the House. I also pledge the cooperation of the Treasury Department to minimize controversy over details that are not consequential when measured agai the need for prompt enactment of this legislation. Therefore, the Treasury Department will not renew in the Senate those of last February's recommendations which have been debated and rejected by the Ways and Means Committee. In fact, the only aspect of the bill to which the Treasury is giving further study is the problem posed by the non-taxation of before-death appreciation of capital assets of a decedent when actually sold by the heirs, a matter not resolv by the Ways and Means Committee. Subject only to the results of t

number of the areas of tax law revision dealt with in the President's Message. It provides a balanced over-all reduction in the rate structure for individuals and corporations which will permit an increase in economic growth through release of purchasing power and greater profitability of new investment. The revisions which the bill makes are well suited to carry out many of the objectives the President sought in making his proposals, and the reduction proposed is limited to an amount consistent with fiscal responsibility. Passage of the bill is a matter of vital national interest which deserves the support of every American regardless of party affiliation.

The bill is a product of careful study of many difficult matters by the Ways and Means Committee. Some may wish further structural changes and some may prefer other solutions in this or that provision. It is most important, however, that the bill be

DRAFT 9/13/63

For Release: AM Newspapers
~~To AM's of~~ Monday,
September 16, 1963

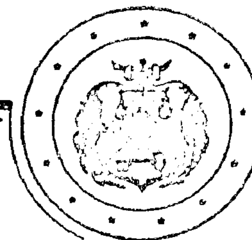
Treasury Statement on Tax Bill

Secretary of the Treasury Douglas Dillon today issued the following statement on the tax bill reported out of the House Way and Means Committee:

"I am very pleased at the action of the House Ways and Means Committee in reporting out the proposed Revenue Act of 1963. Its enactment this year will give the nation a new tax policy that wi spur our economic growth, leading to higher employment and fuller utilization of our national resources. The increased revenues resulting from that growth will provide the best and earliest assurance of budgetary balance.

The bill reported by the Ways and Means Committee carries on the tax reduction proposals of the President and covers a large

TREASURY DEPARTMENT



WASHINGTON, D.C.

September 13, 1963

FOR RELEASE: A.M. NEWSPAPERS
MONDAY, SEPTEMBER 16, 1963

TREASURY STATEMENT ON TAX BILL

Secretary of the Treasury Douglas Dillon today issued the following statement on the tax bill reported out of the House Ways and Means Committee:

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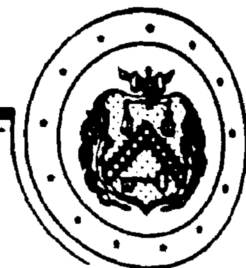

WASHINGTON, D.C.

September 16,1963

FOR IMMEDIATE RELEASE

WITHHOLDING OF APPRAISEMENT ON
WHITE PORTLAND CEMENT

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

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

The complaint in this case was received on February 5, 1963, and was made by O'Melveny & Myers, Los Angeles, California, on behalf of the Riverside Cement Company. The dollar value of imports received during the first 6 months of 1963 was approximately $95,000.

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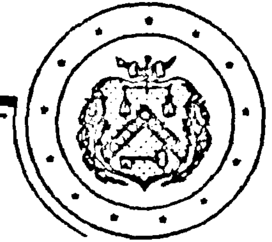
TREASURY DEPARTMENT



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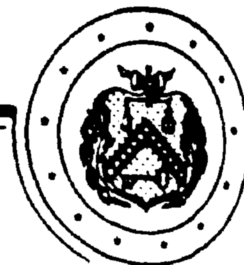

WASHINGTON, D.C.

September 16, 1963

FOR IMMEDIATE RELEASE

WITHHOLDING OF APPRAISEMENT ON
CHROMIC ACID

The Treasury Department is instructing customs field officers to withhold appraisement of chromic acid 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. Chromic acid is a commercial inorganic chemical with several industrial uses, the most important being that of chromium plating.

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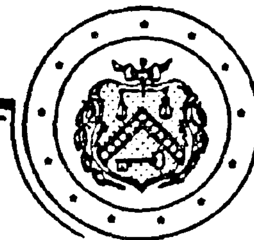
TREASURY DEPARTMENT



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FOR RELEASE A. M. NEWSPAPERS,
Tuesday, September 17, 1963.

September 16, 1963

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced last evening that the tenders fo two series Treasury bills, one series to be an additional issue of the bills dated June 20, 19 and the other series to be dated September 19, 1963, which were offered on Septembe were opened at the Federal Reserve Banks on September 16. Tenders were invited for $1,300,000,000, or thereabouts, of 91-day bills and for $800,000,000, o thereabouts of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing December 19, 1963		:	182-day Treasury bills maturing March 19, 1964	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.146 a/	3.378%	:	98.230	3.501%
Low	99.136	3.418%	:	98.216	3.529%
Average	99.138	3.409% 1/	:	98.220	3.521% 1/

a/ Excepting two tenders totaling $500,000
39 percent of the amount of 91-day bills bid for at the low price was accepted
85 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	$ 48,944,000	$ 35,894,000	:	$ 11,259,000	$ 6,959,
New York	1,487,272,000	824,720,000	:	934,451,000	575,202,
Philadelphia	30,028,000	15,028,000	:	8,334,000	5,034,
Cleveland	31,757,000	31,757,000	:	23,372,000	23,372,
Richmond	20,264,000	19,264,000	:	4,083,000	4,083,
Atlanta	31,550,000	28,940,000	:	5,378,000	5,378,
Chicago	223,405,000	146,973,000	:	133,788,000	72,413,
St. Louis	39,202,000	31,880,000	:	9,509,000	7,509,
Minneapolis	26,749,000	20,029,000	:	6,841,000	4,766,
Kansas City	32,411,000	28,971,000	:	11,777,000	8,677,
Dallas	29,837,000	20,227,000	:	11,831,000	6,831,
San Francisco	116,655,000	96,555,000	:	96,807,000	80,401,
TOTAL	$2,118,074,000	$1,300,238,000 b/		$1,257,430,000	$800,630,

b/ Includes $282,446,000 noncompetitive tenders accepted at the average price of 9
c/ Includes $63,814,000 noncompetitive tenders accepted at the average price of 9
1/ On a coupon issue of the same length and for the same amount invested, the retu these bills would provide yields of 3.50%, for the 91-day bills, and 3.64%, 182-day bills. Interest rates on bills are quoted in terms of bank discount 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 3 year. In contrast, yields on certificates, notes, and bonds are computed in 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 annual compounding if more than one coupon period is involved.

TREASURY DEPARTMENT

WASHINGTON, D.C.

September 16, 1963

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ichmond	20,264,000	19,264,000	:	4,083,000	4,083,000
lanta	31,550,000	28,940,000	:	5,378,000	5,378,000
icago	223,405,000	146,973,000	:	133,788,000	72,413,000
t. Louis	39,202,000	31,880,000	:	9,509,000	7,509,000
inneapolis	26,749,000	20,029,000	:	6,841,000	4,766,000
nsas City	32,411,000	28,971,000	:	11,777,000	8,677,000
llas	29,837,000	20,227,000	:	11,831,000	6,831,000
an Francisco	116,655,000	96,555,000	:	96,807,000	80,407,000
TOTAL	$2,118,074,000	$1,300,238,000 b/		$1,257,430,000	$800,630,000 c/

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-973

TREASURY DEPARTMENT
Washington

FOR RELEASE: ON DELIVERY

REMARKS BY THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
AT
THE WHITE HOUSE CONFERENCE ON EXPORT EXPANSION
THE MAYFLOWER HOTEL, WASHINGTON, D. C.
TUESDAY, SEPTEMBER 17, 1963, 11:00 A.M., EDT

I do not need to speak to you today about the importance of achieving balance in our international accounts. You well know that the dollar is at the base of the free world's payments system, which in turn finances the flow of international trade. The dollar must and will stay firm -- but this requires that we balance our international accounts in the near future even though it may call for heroic measures.

We have been working at this job for the past 2-1/2 years, but progress has been slow and difficult. In the first place, we are faced with a unique situation in which balance of payments deficits exist side by side with an underemployed economy. The classic situation -- for which the remedy is well known -- is one in which inflation and over consumption create a balance of payments deficit. The remedy is to restrict domestic consumption and restrain inflation by tightening credit, thereby diverting into the export market production that the home market can no longer absorb. But this would be exactly the wrong remedy in our present state of excessive unemployment, underutilized manufacturing capacity, and stable price levels. To sharply restrict credit in these circumstances would only lead to increased unemployment, lower profits, and less investment, when we need more of all three. It would produce hardship at home and would not help our balance of payments.

So we have had to try and find a different solution -- a solution hat can at one and the same time bring prosperity at home and balance broad. This has involved a many-sided attack which has resulted in ignificant improvement in many areas. But new problems have arisen s old ones have moved toward solution, and even greater efforts are ow necessary.

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Let us see first of all what has been done. In 1960, the overall balance of payments deficit was $3.9 billion. This fell to $2.4 billion in 1961 and $2.2 billion last year. In the first half of 1963, however, our deficit once again increased. The biggest adverse factor was the sharp increase in recorded outflows of U. S. capital -- outflows amounting to over $2.5 billion, as compared with $1.7 billion in the first half of 1962 and $3.3 billion for all of 1962. The largest share of that increase resulted from American purchases of new foreign securities. At $1 billion, they were more than double the rate of the first half of 1962 and almost equal to the $1.1 billion recorded for all of 1962.

Other items changed but little and, as a result, during the first half of 1963 our deficit on an annual basis ran at a rate of either $3.2 or $4.2 billion, depending on how one prefers to account for the medium-term convertible bonds which, this year, we have old to foreign central banks for the first time.

We have good grounds for hope that, when the results are in for ll of 1963, the actual deficit will be less than the annual rate ndicated by the first half figures. While many of the additional easures announced in the President's July 18th Balance of Payments essage will not be fully effective until next year, we nevertheless xpect that the exceptionally large private capital outflows in the irst half of this year will fall markedly in the second half. The ncrease in short-term interest rates resulting from the higher ediscount rate and the proposed Interest Equalization Tax should elp to reduce these outflows.

Thus, the record shows that, while we have made progress, we ve a great deal yet to accomplish. But before I consider what can do for the future, let me touch very quickly upon some of e efforts we have already made -- efforts we will continue to gment.

We have worked vigorously to cut overseas cash dollar expenditures r defense and aid, and as much as possible to tie the expenditures do make to procurement in this country. In our foreign economic sistance, the Agency for International Development during the last scal year tied fully 80 percent of its commitments to the export U. S. goods and services, and that percentage is scheduled to se still further in this fiscal year. This means lower dollar tflows as expenditures begin to reflect these new commitments. By scal 1965 the annual dollar outflow for the AID agency will be cut half from the billion dollar level of 1960 and 1961 to not more an $500 million.

And in our military programs, the Defense Department has held its gross dollar expenditures abroad below 1960 levels, despite the build-up in overseas force levels due to the Berlin crisis of 1961. At the same time, net military expenditures abroad have been reduced by nearly $850 million between 1960 and 1962 -- largely because of our success in negotiating agreements with some of our allies for sharply increased purchases of American military equipment.

It is, in fact, in the area of net United States Defense expenditures overseas that our efforts to improve our balance of payments position have brought some of the most encouraging results to date. The Department of Defense is seeking all possible means to cut expenditures without impairing our capabilities to carry out our military commitments. It has made particularly good progress in its efforts to expand the sales of U. S. military equipment abroad. We have increased our receipts from those sales from under $400 million in calendar 1961 to well over $1 billion in 1962 -- and we are striving to maintain a similarly high level in the future. It is worth noting as well that our success thus far in this area has stemmed, in large measure, from constant and close cooperation between government and industry.

We are going to continue this progress in the military area. As the President announced last July, we intend to reduce the annual dollar outlay of our military forces overseas by a further $300 million a year while at the same time reducing our purchases of foreign strategic materials by another $200 million. Thus, by January 1, 1965, reductions in defense expenditures abroad will be contributing another $500 million a year to the improvement in our balance of payments.

Special inter-governmental arrangements -- such as debt prepayments and medium-term borrowings -- with some of our friends overseas have also helped reduce our gold outflow and narrow the gap in our payments. These "special transactions" amounted to $1.4 billion in 1962 -- including substantial advance military payments -- and to about $600 million in the first half of 1963.

We have acted to stem the outflow of short-term capital by a series of carefully managed increases in short-term money rates -- while at the same time we have maintained ample credit availability, and long-term rates and bank loan rates have remained low or even declining due to the flood of liquid savings accumulated by the American people. The recent increase in short-term interest rates should serve -- not only to stem the outflow of short-term capital but also to make it much more attractive for foreigners to hold their assets in dollars, thus helping to reduce our gold outflow.

Insert page 4, following par. 4 of Secretary Dillon's Export Expansion Speech, Tuesday, September 17, 1963.

A word of explanation may be in order here. I am talking about commercial exports, the exports you sell on a commercial basis. These are not the same thing as the figures for merchandise exports released on a monthly basis by the Department of Commerce. These monthly figures include agricultural exports financed under PL 480 as well as exports financed by the Aid agency. These tied exports financed by American taxpayers have been growing rapidly during the past two years as tied aid policies have taken effect. Thus, the monthly figures have not been a true indication of our competitive performance.

The true figure is the total of commercial exports which omits aid and PL 480 shipments. This figure is published quarterly by the Department of Commerce. The figures for the first half of '63, which will soon be available, show that our commercial trade surplus has actually declined from last year's total. This is why we must redouble our efforss to increase commercial exports and not be satisfied with merely increasing our government financed exports.

We have proposed the Interest Equalization Tax as a temporary
ιeasure to help turn the tide of foreign security sales in our
ιarkets while slower-acting but more basic measures are taking
ffect.

We have adopted these measures and many others to keep our
ayments imbalance and the resulting gold flow to a minimum and to
asten our progress toward achieving lasting balance in our payments.
e will continue to implement these measures. But helpful as they
re, these measures only deal with part of the problem. By and
arge, they help reduce our payments rather than increase our
eceipts. We must also and increasingly concentrate our efforts
pon expanding our international receipts. More than anything else,
hat means expanding our exports.

I do not need to detail before this audience how vital exports
re to our balance of payments -- indeed, to our entire economy.
do not need to describe the many steps we have already taken to
elp increase our exports.

In 1962, our commercial exports -- those not financed by
overnment capital -- ran at about $18 billion. If these exports
ıd been 12 percent greater they would have offset our overall
.2 billion payments deficit, and if they had been 20 percent
eater they would have offset our $3.6 billion deficit in regular
ansactions (those excluding special government transactions).

These comparisons should help define the large task ahead of
-- particularly when we consider that, since 1960, our commercial
ports have been increasing at an annual rate of about one percent.
r task is to boost this rate dramatically over a fairly short
riod of time.

This is not an easy task. But I am convinced we can do it --
we set our minds to it. The markets are there. For in the
ve years from 1957 to 1962, our share of the major industrial
tions' exports of manufactured goods -- excluding exports to the
ited States -- decreased steadily from almost 29 percent to less
an 23 percent. This means we have been losing markets that we
ed.

If we are to regain these markets and more, if we are to
crease our exports to the levels we need -- if we are in fact to
ieve long-range solutions to our major economic problems --
en we must enact into law this year a substantial tax reduction
ogram.

Tax reduction is absolutely essential if we are to attain the two main long-term goals of our balance of payments efforts; First, to expand our trade surplus, and second, to make the United States a more attractive place to invest long-term capital, both foreign and domestic.

Already the two tax measures adopted last year -- the investment credit and depreciation reform -- have given a strong boost to the international competitive position of American industry. They reduced business taxes by almost $2.5 billion a year -- and, as one recent survey showed, businessmen credit their tax savings from these measures for 43 percent of their planned increase in capital spending for this year. The proposed corporate tax reduction would provide a comparable spur to investment and -- together with the 1962 measures -- would increase the profitability of new investment by almost 30 percent.

The direct stimulus of these measures -- and the overall stimulus of more rapid and sustained economic growth -- would greatly intensify the incentives for increased investment in new tools, new techniques and for exploration and development of new markets and new products. This would sharpen the competitive edge of American business, not only in foreign markets, but also in our own home market.

Equally important, as our economy expands in response to the tax ut and employment and productive efficiency climb, the United States ill become continually more attractive to investment capital, both oreign and domestic. It is also likely that a more rapidly growing conomy would soak up current savings and bring with it a natural ncrease in longer-term interest rates that would in turn help to low the outflow of capital. For all these reasons, the American ankers Association last July stated that substantial tax reduction as a vital element in any program to achieve balance in our payments.

In no sense, however, does this mean that the tax bill will utomatically solve our payments imbalance or allow any of us to elax our efforts. While the tax bill will provide the climate and he extra leverage to spur us on to greater efforts and to help make hose efforts continually more productive, it will still be nperative that we step-up our drive to expand our exports and widen ır access to foreign markets -- and that we maintain the kind of age and price stability we have enjoyed over recent years. Above ll, you in private industry must work ever harder to seek out, xplore and develop export opportunities. For the tax bill will give the more dynamic and growing economy in which any measures that u adopt can have maximum impact -- and in which you will have the ightened incentives you must have if you are to mount an export ive of the scope and intensity we need.

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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 intere Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amoun 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 i come 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 eith upon sale or redemption at maturity during the taxable year for which the return i 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.

of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

agreements with respect to the purchase or sale or other disposition of any bills of this issue, until after one-thirty p.m., Eastern Standard time, (7)

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 without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Banks in cash or other immediately available funds on October 1, 1963 . be permitted to make payment by credit in its Treasury tax and loan account for Treasury bills allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits when so notified by the Federal Reserve Bank of its district.

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

(Notwithstanding the fact that these bill will run for 365 days, the discount rate will be computed on a bank discount basi of 360 days, as is currently the practic on all issues of Treasury bills.)

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, September 17, 1963

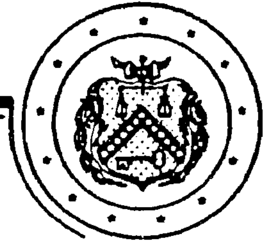
TREASURY OFFERS $1 BILLION ONE-YEAR BILLS

The Treasury Department, by this public notice, invites tenders for $1,000,000 or thereabouts, of 365 -day Treasury bills, to be issued on a discount basis und competitive and noncompetitive bidding as hereinafter provided. The bills of this series will be dated October 1, 1963, and will mature September 30, 1964 when the face amount will be payable without interest. They will be issued in bear form only, and in denominations of $1,000, $5,000, $10,000, $50,000, $100,000, $500, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closi hour, one-thirty p.m., Eastern Daylight Saving time, Wednesday, September 25, 1963. Tend will not be received at the Treasury Department, Washington. Each tender must be f an even multiple of $1,000, and in the case of competitive tenders the price offere must be expressed on the basis of 100, with not more than three decimals, e. g., 99 Fractions may not be used. It is urged that tenders be made on the printed forms a forwarded in the special envelopes which will be supplied by Federal Reserve Banks Branches on application therefor.

Banking institutions generally may submit tenders for account of customers pro vided the names of the customers are set forth in such tenders. Others than bankin institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companie and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount

TREASURY DEPARTMENT



WASHINGTON, D.C.

September 17, 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.

D-975

Immediately after the closing hour, tenders will be opened at t Federal Reserve Banks and Branches, following which public announcem will be made by the Treasury Department of the amount and price rang 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 without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepte competitive bids. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Banks in cash or other immediately available funds on October 1, 1963.

The income derived from Treasury bills, whether interest or gai 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 Reven 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 subsequen 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 thi 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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AMOUNTS OF SECURITIES ELIGIBLE FOR EXCHANGE AND AMOUNTS OF NEW SECURITIES TO BE ISSUED

ELIGIBLE FOR EXCHANGE		NEW SECURITIES TO BE ISSUED (millions)				%	Total
Securities	Amounts (millions)	3-7/8% Bonds 1968	4% Bonds 1973	4-1/8% Bonds 1989-94	Total	Ex-changed	unex-change (milli
PUBLIC HOLDINGS							
3-1/4% Ctfs., B-1964	$ 2,375	$ 619	$ 500	$ 365	$1,484	62.5	$ 891
4-3/4% Notes, A-1964	2,073	193	197	122	512	24.7	1,561
3-3/4% Notes, D-1964	3,591	756	789	320	1,865	51.9	1,726
3-3/4% Bonds of 1966	3,254	---	586	114	700	21.5	2,554
4% Notes, A-1966	2,703	---	276	106	382	14.1	2,321
3-5/8% Notes, B-1967	4,122	---	695	91	786	19.1	3,336
3-3/4% Notes, A-1967	4,926	---	655	142	797	16.2	4,129
Total Public Holdings	$23,044	1,568	3,698	$1,260	$6,526	28.3	$16,518
GOVT. ACCOUNTS AND FEDERAL RESERVE BANKS							
3-1/4% Ctfs., B-1964	$ 3,318	$ 2	-	---	$ 2	0.1	$ 3,3
4-3/4% Notes, A-1964	2,860	-	$ 15	---	15	0.5	2,8
3-3/4% Notes, D-1964	302	21	0	---	21	7.0	2
3-3/4% Bonds of 1966	343	-	31	---	31	9.0	3
4% Notes, A-1966	1,751	-	68	---	68	3.9	1,6
3-5/8% Notes, B-1967	165	-	14	---	14	8.5	1
3-3/4% Notes, A-1967	356	-	43	---	43	12.1	3
Total Govt. Accounts and Fed. Res. Banks	$ 9,095	$ 23	$ 171	---	$ 194	2.1	$ 8,9
Grand Totals	$32,139	$1,591	$3,869	$ 1,260	$6,720	20.9	$25,4

Details by Federal Reserve Districts as to subscriptions will be announced later this week.

A breakdown follows of the subscriptions received from Government accounts and from Federal Reserve Banks and from all other subscribers and a breakdown of the securities exchange into the securities offered in this advance refunding, together with the total amounts eligible for exchange (all amounts are in millions of dollars):

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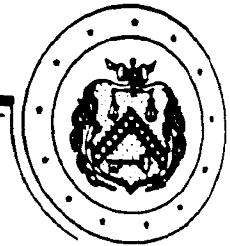
SUBSCRIPTIONS BY GOVERNMENT ACCOUNTS, FEDERAL RESERVE BANKS, AND OTHERS

Subscriber	3-7/8% Bonds 1968	4% Bonds 1973	4-1/8% Bonds 1989-94	Total
Government Accounts and Federal Reserve Banks	$ 23	$ 171	$ -	$ 194
Others	1,568	3,698	1,260	6,526
Totals	$1,591	$3,869	$1,260	$6,720

TREASURY DEPARTMENT



WASHINGTON, D.C.

FOR IMMEDIATE RELEASE

September 18, 1963

PRELIMINARY RESULTS OF TREASURY'S ADVANCE REFUNDING

The Treasury Department announced today that it is well pleased with the results of the recently completed advance refunding. More than $6.5 billion of public holdings were exchanged for the new issues, 28.3% of the total of eligible issues held by the public.

Public holders subscribed for $1,568 million of the new 3-7/8% bonds of November 1968, $3,698 million of the new 4% bonds of August 1973 and $1,260 million of the 4-1/8% bonds of May 1989-94 (which had been originally issued through competitive bidding earlier in the year). The large subscriptions for the longer-term issues reflect the continued strength of the long-term bond market and the confidence of the investing public in the prevailing level of long-term interest rates.

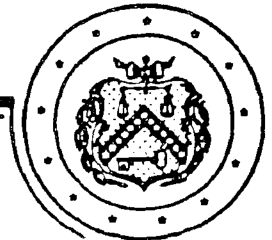
This advance refunding will greatly facilitate the Treasury's 1964 financing operations. In the pre-refunding portion of the operation, investors exchanged 48.0% of the issues eligible for subscription, thereby reducing the amount of securities maturing on May 15, 1964 from a publicly-held total of about $8.0 billion to a total of about $4.2 billion. This will not only facilitate the Treasury's refunding of the remaining May 1964 maturities, but it will enable the market to accommodate readily the substantial additional quantities of Treasury bills which will be sold to meet cash requirements.

The junior advance refunding, in reducing the total amount of debt held by the public maturing in 1966-67 by some $2.7 billion, will also facilitate the orderly refunding of maturing issues during the years immediately ahead. Some 17.8% of the eligible issues held by the public were exchanged.

The advance refunding has had the effect of increasing the average length of the debt by more than four months. At the end of September, the average length of the debt will be more than 5 years and 3 months, the highest level since July 1956.

D-976

TREASURY DEPARTMENT



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D-976

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SUBSCRIPTIONS BY GOVERNMENT ACCOUNTS, FEDERAL RESERVE BANKS, AND OTHERS

Subscriber	3-7/8% Bonds 1968	4% Bonds 1973	4-1/8% Bonds 1989-94	Total
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Totals	$1,591	$3,869	$1,260	$6,720

AMOUNTS OF SECURITIES ELIGIBLE FOR EXCHANGE AND
AMOUNTS OF NEW SECURITIES TO BE ISSUED

:GIBLE FOR EXCHANGE		NEW SECURITIES TO BE ISSUED (millions)					
:urities	Amounts (millions)	3-7/8% Bonds 1968	4% Bonds 1973	4-1/8% Bonds 1989-94	Total	% Ex-changed	Total unex-changed (millions)
PUBLIC HOLDINGS							
4% Ctfs., B-1964	$ 2,375	$ 619	$ 500	$ 365	$1,484	62.5	$ 891
4% Notes, A-1964	2,073	193	197	122	512	24.7	1,561
4% Notes, D-1964	3,591	756	789	320	1,865	51.9	1,726
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Public Holdings	$23,044	1,568	3,698	$1,260	$6,526	28.3	$16,518
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% Notes, D-1964	302	21	0	---	21	7.0	281
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Govt. Accounts d. Res. Banks	$ 9,095	$ 23	$ 171	---	$ 194	2.1	$ 8,901
Grand Totals	$32,139	$1,591	$3,869	$ 1,260	$6,720	20.9	$25,419

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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.

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $ 200,000 or less for the additional bills dated June 27, 1963, (91 days remaining until maturity date on December 26, 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 September 26, 1963, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 26, 1963 . Cash

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, September 18, 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 September 26, 1963, in the amount of $ 2,101,881,000 , as follows:

91 -day bills (to maturity date) to be issued September 26, 1963 , in the amount of $ 1,300,000,000 , or thereabouts, representing an additional amount of bills dated June 27, 1963 , and to mature December 26, 1963 , originally issued in the amount of $798,837,000 , the additional and original bills to be freely interchangeable.

182 -day bills, for $ 800,000,000 , or thereabouts, to be dated September 26, 1963 , and to mature March 26, 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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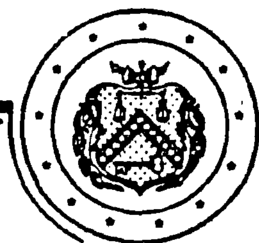
TREASURY DEPARTMENT



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D-977

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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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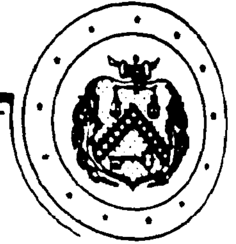
TREASURY DEPARTMENT



WASHINGTON, D.C.
September 18, 1963

FOR IMMEDIATE RELEASE

Robert A. Wallace Takes Oath As
Assistant Secretary of the Treasury

Supreme Court Justice Byron R. White today administered the oath office to Robert A. Wallace as Assistant Secretary of the Treasury, a new position recently established by the Congress.

The ceremony was witnessed by Treasury Secretary Douglas Dillon, Senator Paul H. Douglas and other Congressional and Administration leaders. Mr. Wallace has served in the Treasury since January, 1961 as an Assistant to the Secretary.

Secretary Dillon cited Mr. Wallace for his efforts in the formul and execution of Treasury policies in the economic, fiscal, and emplo ment fields. A former staff director of the U. S. Senate Committee o Banking and Currency, Mr. Wallace will continue policy supervision ov the Bureau of the Mint and the United States Secret Service. He will also continue to represent the Treasury in matters pertaining to the formulation of the national budget.

As the Treasury's Employment Policy Officer, Mr. Wallace is give much of the credit for the Treasury's record in fair employment pract during recent years. Secretary Dillon said that the Treasury's achievement of tripling the number of Negroes in the highest regular classified positions and increasing their number in the middle profes levels were the results of Mr. Wallace's "quiet determination" in tapping "hitherto unused human resources in this Nation in the intere of better public service."

Prior to his association with the Treasury, Mr. Wallace was a consultant to Senator Kennedy, and during the Presidential campaign 1960, was responsible for research on economic policies.

Born in Oklahoma, Mr. Wallace studied at Oklahoma State Univers He received his A.B. degree from the University of Washington, and h Ph.D. degree from the University of Chicago. In 1949 he came to Washington as legislative assistant to Senator Paul H. Douglas of Illinois, later serving with the Committee on Banking and Currency.

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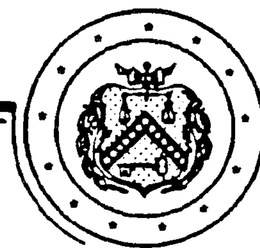
D-978

TREASURY DEPARTMENT



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Assistant Secretary of the Treasury

Supreme Court Justice Byron R. White today administered the oath of fice to Robert A. Wallace as Assistant Secretary of the Treasury, a w position recently established by the Congress.

The ceremony was witnessed by Treasury Secretary Douglas Dillon, nator Paul H. Douglas and other Congressional and Administration aders. Mr. Wallace has served in the Treasury since January, 1961, an Assistant to the Secretary.

Secretary Dillon cited Mr. Wallace for his efforts in the formulation l execution of Treasury policies in the economic, fiscal, and employ- nt fields. A former staff director of the U. S. Senate Committee on nking and Currency, Mr. Wallace will continue policy supervision over e Bureau of the Mint and the United States Secret Service. He will so continue to represent the Treasury in matters pertaining to the rmulation of the national budget.

As the Treasury's Employment Policy Officer, Mr. Wallace is given h of the credit for the Treasury's record in fair employment practices ing recent years. Secretary Dillon said that the Treasury's ievement of tripling the number of Negroes in the highest regular ssified positions and increasing their number in the middle professional els were the results of Mr. Wallace's "quiet determination" in ping "hitherto unused human resources in this Nation in the interest better public service."

Prior to his association with the Treasury, Mr. Wallace was a sultant to Senator Kennedy, and during the Presidential campaign in 0, was responsible for research on economic policies.

Born in Oklahoma, Mr. Wallace studied at Oklahoma State University. received his A.B. degree from the University of Washington, and his D. degree from the University of Chicago. In 1949 he came to hington as legislative assistant to Senator Paul H. Douglas of inois, later serving with the Committee on Banking and Currency.

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SUMMARY OF AMOUNT AND NUMBER OF SUBSCRIPTIONS RECEIVED
IN SEPTEMBER 1963 ADVANCE REFUNDING
(Dollar Amounts in Millions)

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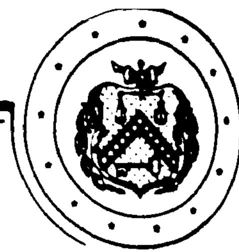
	Amount	No.Sub.	Amount	No.Sub.	Amount	No.Sub.	Amount	No. Sub.
Individuals 1/	$ 27	1,410	$ 100	5,921	$ 15	509	$ 142	7,840
Commercial Banks (Own account)	987	2,384	1,997	4,622	378	201	3,362	7,207
All Others 2/	554	922	1,622	3,976	866	395	3,042	5,293
Totals	$1,568	4,716	$3,719	14,519	$1,259	1,105	$6,546	20,340
Government Accounts	$ 23		$ 171		$ ---		$ 194	
Grand Totals	$1,591		$3,890		$1,259		$6,740	

1/ Includes partnerships and personal trust accounts.

2/ Includes insurance companies, mutual savings banks, corporations exclusive of commercial banks, private pension and retirement funds, pension, retirement and other funds of State and local governments, and dealers and brokers.

TREASURY DEPARTMENT



WASHINGTON, D.C.

FOR IMMEDIATE RELEASE September 19, 1963

REPORTS BY FEDERAL RESERVE DISTRICTS
OF SUBSCRIPTIONS TO CURRENT ADVANCE REFUNDING

The Treasury Department announced today the results of the current advance refun ing offer of:

3-7/8% Treasury Bonds of 1968, due November 15, 1968, in exchange for the following securities due May 15, 1964:

3-1/4% Treasury Certificates of Indebtedness of Series B-1964,
4-3/4% Treasury Notes of Series A-1964, and
3-3/4% Treasury Notes of Series D-1964; and

4% Treasury Bonds of 1973, due August 15, 1973, and
4-1/8% Treasury Bonds of 1989-94 (additional issue), due May 15, 1989-94, in exchan for:

3-1/4% Treasury Certificates of Indebtedness of Series B-1964, due May 15, 1964,
4-3/4% Treasury Notes of Series A-1964, due May 15, 1964,
3-3/4% Treasury Notes of Series D-1964, due May 15, 1964,
3-3/4% Treasury Bonds of 1966, due May 15, 1966,
4% Treasury Notes of Series A-1966, due August 15, 1966,
3-5/8% Treasury Notes of Series B-1967, due February 15, 1967, and
3-3/4% Treasury Notes of Series A-1967, due August 15, 1967.

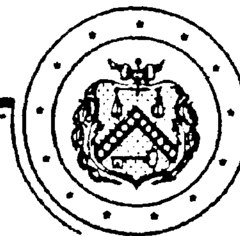
Total subscriptions amount to $6,740.6 million, which includes $6,546.3 million exchanged by public holders and $194.3 million exchanged by Government Investment Accounts.

FEDERAL RESERVE DISTRICT	3-7/8% BONDS OF 1968	4% BONDS OF 1973	4-1/8% BONDS OF 1989-94 (Additional Issue)	Total
Boston	$ 77,902,000	$ 205,377,500	$ 16,067,000	$ 299,346
New York	745,371,000	1,913,982,000	982,768,000	3,642,121
Philadelphia	33,251,000	50,277,500	58,863,500	142,392
Cleveland	96,193,000	107,728,000	1,935,000	205,856
Richmond	42,291,000	44,543,000	2,539,000	89,373
Atlanta	39,082,000	65,974,000	4,243,000	109,299
Chicago	257,668,000	496,010,500	90,633,500	844,312
St. Louis	34,896,000	104,694,000	4,136,500	143,726
Minneapolis	41,320,000	103,719,000	1,982,500	147,021
Kansas City	38,958,000	97,980,500	2,281,000	139,219
Dallas	22,060,000	93,431,000	13,395,000	128,886
San Francisco	134,173,000	430,187,500	78,855,000	643,215
Treasury	4,852,000	5,139,500	1,331,000	11,32
Govt. Inv. Accts.	23,250,000	171,238,000	-----	194,48
Totals	$1,591,267,000	$3,890,282,000	$1,259,030,000	$6,740,57

There is attached a table showing an analysis of subscriptions by investor class

D-979

TREASURY DEPARTMENT



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and facilities. The adoption of this policy would be a giant step toward a tax structure better adapted to the economic challenges of the Sixties -- more job generation, full utilization of resources, higher rate of growth, balanced internal budgets and a balance in our international payments -- a tax structure which will interfere substantially less than the present one with the operation of the free market mechanism while supplying the revenues necessary to our national security and national public needs.

spending -- is one that the Administration has made by proposing tax reduction. Now the Congress must decide for the nation -- whether we will move forward, through the tax program, to a more productive tomorrow or whether, by closing the tax road, to invite an increased rate of government spending with the likelihood of additional budgetary deficits as the alternative route toward an economic expansion to make jobs, goods, and services for all our people.

The Administration's economic program, with tax reduction as its centerpiece, is designed to release and encourage the inherent expansionary forces in our great free market economy. It is designed to eliminate an unduly heavy tax drag on purchasing power and demand -- to provide new incentives for more investment and increased effort -- to encourage the utilization of new technology

sector of the economy for economic well-being.

He quite rightly stressed the point that tax reduction is far superior to increased Federal expenditures as a means of stimulating the economy because it bolsters the initiative of private individuals and business firms in making economic decisions. In other words, it enlarges the role of the private sector in the American economy rather than enlarging the role of Government.

President Kennedy himself has made it clear that this is exactly what the tax program involves. He praised the Mills' statement only two days ago, and added that he himself subscribed to it. This is one more instance where the President has voluntarily put himself on record as opposing excessive spending by the Federal government.

So the choice -- tax reduction rather than increased

tax reduction could deprive the economy of a strong stimulu at the very time it was critically needed.

-- Finally and perhaps most important, that tying conditions to tax reduction makes it less certain and damages the business and investor confidence so important to improving our economic performance.

Actually, of course, a period of rising economic activity offers a much better climate in which to practice expenditure control than a period of chronic slack or recession when heavy spending is likely. The relation between spending and tax reduction was put very well in a recent statement by Chairman Mills himself. In it he stressed the importance of the Administration's choice of tax reduction, instead of increased Federal spending, as a means of enlarging the responsibility of the private

fiscal 1965 the tax program would involve a reduction in revenue $5 billion greater than the reduction in 1964.

There has been a great deal of discussion about sugges tions that the tax cut be made contingent on some other factor, such as the debt level, or expenditure estimates. As the flaws in each of these suggestions have been made apparent substitutes have been produced. Basically the reasons such measures have failed to rally broad support were summarized only last week by President Kennedy. They are simply these:

-- That the tax cut is needed on its own merits, and should not be made conditional on other events.

-- That revenue, deficit, and debt estimates made before Congress votes on appropriations are necessarily uncertain.

-- That if any slowdown in economic activity should occur, revenues would drop, and conditions placed upon

will be kept proportionately lower than the increase in our Gross National Product and thus the real burden of the Federal debt will be steadily reduced.

The President has given specific assurances regarding both the fiscal 1964 budget and that of fiscal 1965. He stated in his August 19th letter to Chairman Wilbur Mills of the House Ways and Means Committee, that even taking into account the revenue loss from the tax cut, he expected, as long as no serious international contingency or unforeseen slowdown in the domestic economy intervened, to submit to the Congress in January a budget for fiscal 1965 involving an estimated deficit of less than the deficit of $9.2 billion forecast for 1964. In other words, the deficit estimate for fiscal 1965 would be smaller than that of fiscal 1964 despite the fact that in

-- President Kennedy himself only last month re-affirmed his determination that tax reduction will be accompanied by the exercise of an even tighter rein on Federal expenditures limiting outlays to only those expenditures which meet strict criteria of national need.

-- The President has repeatedly pledged that as the tax cut becomes fully effective and the economy climbs toward full employment a substantial part of the increased tax revenues will be applied toward a reduction in the transitional deficits which accompany the initial cut in tax rates.

-- Finally, the President has said that any increase in the Federal debt resulting from these transitional budget deficits

-- The current 1964 budget calls for a less total of expenditures for all the areas of the budget taken together excepting defense, space and interest on the public debt -- something attempted in only three out of the last fifteen years -- while state and local government expenditures in recent years have been increasing at about seven per cent a year.

-- In each of the three budgets submitted by President Kennedy, proposed expenditures -- other than those required for space, defense and interest on the public debt -- increased less than they did i the last three budgets of the preceding administrati

our present high tax rates. The natural vitality of our free enterprise economy will then be allowed to function more effectively, and greater levels of output, employment and tax revenue will follow.

A balanced budget, of course, requires firm expenditure control, and that is something this Administration considers to be important in and of itself and an essential accompaniment to a policy of tax reduction.

In appraising this problem of establishing a firm control of federal expenditures, there are some facts that you should know:

-- Budget expenditures for civilian agencies in the fiscal year just ended (1963) were $1.7 billi below the January estimates.

The impact of the tax program on the economy will come almost immediately. That impact, together with the natural growth of the economy, will prevent revenues from falling below 1963 levels. In fact, the total amount of revenue loss from the tax cut will be only $5 billion to $7 billion over the two or three years it will take for revenues to catch up and exceed what they would have been without a tax cut. This would mean that if we were to reach full employment by 1966 -- something we cannot, of course, predict -- our Federal Budget receipts would be $20 billion higher in fiscal 1967 than they will be in fiscal 1964.

In other words, one way to balance the budget is to balance the economy -- to remove the heavy drag of

only $1.8 billion of that amount is attributable to the tax cut. But the currently estimated deficit with the tax cut is actually lower than the deficit forecast last January for fiscal 1964 without a tax cut. Part of the improvement is the result of the pickup in the economy since then. This shows the close connection between deficits and the economy. For the truth is that much of our persistent large deficits is the result of a lagging economy. The present high tax rates tend to abort or hold back recoveries short of their full growth. But as the tax cut moves the economy to a higher plane of activity, tax revenues will increase sharply despite the lower rates, and will allow us to restore our budget to balance through a higher level of economic activity.

prospect as the rate reductions take effect and the withholding rate drops.

So much, then, for the impact of the tax program on the economy and upon your particular industry. I would now like to consider a topic on which there will be much discussion as the tax debate moves through the Congress -- the subject of the effect of the tax program on Federal finances.

You are all, of course, concerned with the implications the tax bill has for the Federal Budget, and rightly so. Certainly there will be some temporary increase in the deficit. The fiscal 1964 deficit, for instance, is expected to be just over $9 billion -- but

most serious problem facing the new home buyer -- finding the combination of down-payment and mortgage loan that is within his capacity and within the guidelines of prudent lenders. Of course, no feasible tax proposal can be expected to provide the lump sum of cash that younger families need to meet the down-payment. But it can have -- and the proposed tax program would have -- a direct impact upon the credit capability of many families, making home ownership for the first time a more practical proposition for some and a larger mortgage possible for other. All of you will, I am sure, agree that along with job stability, take-home pay is a key factor in any credit appraisal. The new tax program would turn many a marginal prospect into a profitable

boom of the first postwar decade is pretty well exhausted. The decision to buy a house now turns more than anything else upon a purchaser's confidence in his job, in his prospects for uninterrupted and higher income and in the assurance of a prosperous economy in which he can share. Today our schools and colleges are crowded with younger people who will soon move out into the labor force. How soon they find jobs and what kind of jobs they find will be instrumental in their decisions on whether or not to purchase a home.

Certainly individual tax reduction will provide middle and upper income taxpayers with increased abilitie and incentives for home ownership. The even larger tax reduction in the lower brackets can help overcome the

Inevitably there will be a substantial increase in the quantity and quality of home ownership. Home ownership has long been a primary goal of our citizens, and public policy has always supported it. The increase in after-tax income resulting from tax reduction would give more people the means to purchase and own homes. In addition, it would give those who already have homes the means to own better homes.

Equally important, the tax program would nourish the vital ingredient of confidence. The purchase of a house is the single largest commitment the average American ever undertakes. It is a long-term commitment that is closely related to his confidence in the future. Today the heavy backlog of demand that fed the housing

to point to the possibility of negative developments, I do so merely to emphasize that failing to act or postponing action is a course of conduct not without responsibilities of its own.

When the Congress passes the tax bill substantially in the form reported out by the House Ways and Means Committee, it will have enacted legislation that will play a decisive role in our economic development over the next decade and beyond.

The savings and loan industry has a tremendous stake in that decade of economic development -- in the growing expansion of our economy. Your industry, of course, will benefit from the overall pattern of rising employment, rising income and rising profits.

But the tax bill is the best possible measure we could adopt to minimize the possibility that a recession will occur in the near future or to lessen the harmful effects of such a recession if one did occur.

¶There is no need for "gloom" or "doom". There is, on the contrary, every reason for confidence in the basic vitality of our free enterprise economy. But the time has arrived when we can no longer tolerate the backward pull of high tax rates. It is imperative that we substantially reduce taxes and that we do it along the general lines proposed by the President and embodied in the tax bill, for the hard fact is that the present bill offers us our <u>only</u> real chance of reducing taxes at all for the foreseeable future. If I take the time

To those who would stand at the crossroads today and urge a "wait and see" attitude or suggest that we can really do without the tax cut, it may be observed that there is no way to judge how much longer the present expansion will continue. As President Kennedy pointed out just two days ago, the United States has had a recession on the average of every 42 months since the second World War -- every 44 months since the first World War. By November it will have been 42 months since the last recession began and by January, when the tax cut would go into effect, it will have been 44 months.

No present evidence suggests that a recession is imminent, nor do I expect one in the near future.

the gap between actual and potential output from $30 billion to something like $60 billion.

Furthermore, it is quite possible that the tax bill could actually avert a recession which otherwise might occur. It is generally accepted that the effectiveness of anti-recession measures depends a great deal upon how soon they are brought into play. It certainly stands to reason that the most effective time of all is before the recession begins. I think without question that the expectation of broad tax reduction has already played some part in the economic advance of 1963. Correspondingly, of course, any delay or postponement or threat to dilute or truncate the tax program could be expected to have a dampening effect on public confidence.

prevent an event from happening. What it can do is assure that if the damage occurs its economic effects will be less than they would have been without insurance. To put it bluntly, a recession which occurs when the economy itself is in a strong position will cause far less damage than a recession which falls upon an economy already weakened by persistent slack.

If employment and output are already below par before a recession begins, even a moderate downturn can carry us to lower levels of economic activity than would otherwise be likely. If, for example, right now we went into a downturn of the proportions of 1957-58, it has been estimated that unemployment could increase to something like 8 percent of the labor force, and wide

as an anti-recession measure. It was not recommended in order to meet a temporary condition or to provide an immediate antidote for a possible case of temporary cyclical anemia. It was designed as a long-range program to allow the basic and vital forces of our free market economy to come into fuller play. It was designed to allow our economy to break out of the disappointing pattern of recent years into a newer pattern of more rapid growth.

Nevertheless, the tax program also offers a very important sort of recession insurance. Like any form of insurance it cannot

today at this crossroads. We can choose to free our economy from the artificial brake of high tax rates and allow it once again to move forward under its own power. Or we can delay and postpone and increase the likelihood of repeating the disappointing and dreary round of recovery and recession which has marked the postwar period.

Please don't misunderstand me -- I do not wish to suggest that the tax bill carries some magic protection against the business cycle. It does not. What it does offer is the likelihood that, should a recession occur, it will be far less damaging than it would have been without a tax cut.

This is an important point and I would like to consider it further. The tax program was not designed

Congress has estimated that -- as a result of this so-called "multiplier" effect -- the tax cut would increase our total national output to some $30 to $40 billion.

Let me emphasize once again that this will be an increase in normal economic activity. In other words, releasing the drag which our high tax rates have imposed upon our economy will allow the natural vitality of our free enterprise system to make a maximum contribution to accelerated economic growth. As President Kennedy said last January: "The largest single barrier to full employment of our manpower and resources and to a higher rate of economic growth is the unrealistically heavy drag of Federal income taxes on private purchasing power, initiative and incentive."

That is the crux of the choice we face as we stand

Individual income tax liability will be lowered by $9 billion. More than 90% of this will be spent and re-spent circulating throughout the economy in such a fashion as to increase overall consumer spending by several times the amount of the initial tax cut. This sustained increase in the demand for consumer goods and services will in turn stimulate greater investment in plant and equipment. Meanwhile, corporate tax reductions will provide new investment incentives by increasing the net rate of return on capital investment and by making additional profits available for investment expenditures. As investment and demand increase, more jobs will be created and incomes will rise. Thus investment and demand will each serve to stimulate the other to create an upward spiral of economic activity. The Joint Economic Committee of the

reduction and more than one-half of the corporate rate reduction would go into effect less than four months from today, and the remaining reductions would be effective less than 16 months from today, on January 1, 1965. When you consider these figures, which already include the effects of proposed revisions in individual corporate and capital gains taxes, you can see that some $7 billion in net tax reduction will go into effect within a few months -- $5.6 billion for individuals and $1.4 billion for corporations.

More important, however, than the billions of dollars that will be turned back into the national spending stream and into new investment, will be what these dollars will do for the economy.

The impact on the economy will not be long in coming

The recommendations of President Kennedy to the Congress reflected that balance, and the bill recently voted by the House Ways and Means Committee reflects that balance.

The bill contains a number of revisions in the tax law, designed to promote growth or increase tax equity, but the major revision is the overall reduction in income tax rates. That reduction will reduce the taxes of virtua every taxpayer and every business in the United States. Essentially, here is what it involves.

First, the tax bill provides for total net tax reduc of $11 billion a year. Of this amount, individuals would get $8.7 billion and corporations $2.3 billion. The redu tion would be effective in two stages -- the first in 1964 and the second in 1965. Two-thirds of the individua

markets and higher profits and incomes. But without the stimulus of increased consumer purchasing power, investment stimulus alone would not develop the momentum required to break out of our pattern of slow growth.

In other words, a really major fiscal stimulus was required to break out of the pattern from 1957 to 1962. At our recent pace, even allowing for current improvement, if potential U.S. output continues to grow at 3.5 percent a year, it would take roughly 10 years for the U.S. econo to reach full employment. We simply can't wait that long.

Obviously a balanced bill was called for -- one not only balanced among taxpayers at different income levels, but also one balanced in terms of containing adequate stimulus both to investment and demand.

effect on productive investment.

In making plans for capital spending in 1963, for instance, businessmen, according to a recent survey, indica that the two tax changes accounted for 43 cents out of every additional dollar they planned to spend on plant and equipment this year.

Investment alone, however, is not enough -- increased demand is also essential to creating the economic push we need today.

For industry will not increase investment levels, particularly to expand capacity, without strong indication that markets will be available for the goods which that expanded investment will create. Certainly investment is the touchstone for translating education and technological advance into new products, new jobs, new

market processes by placing increased spending power in the hands of consumers and investors and offering more incentive to private investment interests.

Investment was particularly critical. Since 1957 gross private domestic investment was the one major component of economic activity which had shown no upward trend. For that reason President Kennedy as a first and urgent step recommended that Congress pass a new incentive to spur investment -- the 7 percent investment tax credit

The investment tax credit, of course, became the cen provision of the Revenue Act of 1962. To it was added a second measure -- the liberalization of the tax treatme of depreciable equipment, which was completed by the Secr of the Treasury under his own administrative authority. These measures together have reduced business taxes by some $2-1/2 billion, and have already had a significant

between achievement and potential. Obviously something must be done to lift the American economy to a higher normal performance. The question is, what means should be employed.

President Kennedy faced this question at the very outset. The use of monetary policy was seriously limited by our balance of payments problem. Therefore, a major reliance on fiscal policy was called for. The question was, should spending be increased or should taxes be reduced? President Kennedy announced his choice less than four months after he took office. In his April 1961 tax message to the Congress he proposed what was later to become the Revenue Act of 1962. At the same time he announced that he had ordered a thorough review of our income tax structure. That was the policy decision: to use tax policy to seek expansion through our free

Our economy has certainly made advances. Gross National Product has increased some $80 billion in the last 2-1/2 years over the $500 billion rate we had when President Kennedy took office. That gain is impressive but not impressive enough. For instance, if we had been able to reduce unemployment to 4 percent our GNP rate in the second quarter of this year would have been $610 or $620 billion instead of $580 billion.

By almost any measure you choose, our economic performance over the past five or six years has been far from adequate. With the exception of the Depression, no period in this century has witnessed such a persistent under-utilization of productive resources in the United States.

Obviously something must be done to close the gap

A fourth factor which provides a significant measure of economic performance is business fixed investment -- a major factor in determining growth, modernization and full employment. In 1956 and 1957 business fixed investment averaged 11 percent of total output. Since that time it has fallen to roughly nine percent. Since 1957 the rate of increase in our stock of business plant and equipment has risen by less than two percent a year, compared to four percent a year in the first postwar decade. Furthermore, there has been a disturbing rise in the proportion of our machinery and equipment which is more than ten years old.

Finally, our national growth rate of less than three percent since early 1955 compares unfavorably with regular rates in Western Europe of four to six percent, and even with our own four percent trend in much of the period before 1955.

element in any long-range solution of this problem. For a tax cut is needed both to sharpen American ability to compete with foreign goods in markets abroad and at home and to make the United States a more attractive place to invest -- the two means we should depend upon to bring our international payments into balance in the long run.

A third measure of our inadequate economic performan over the past five or six years is the deficit in the Federal budget. The Federal budget has had five deficits in the past six years -- deficits which averaged $6.3 billion a year. Those deficits were clearly the result of the failure of our economy to perform at its higher potential. Consequently, tax revenues failed to reach adequate levels, and a deficit occurred.

Association of Manufacturers, who estimated that if our economy keeps on producing jobs only at the level of recent years, by 1970 unemployment could rise to a staggering 12.7 percent. If there were no other consideration at all, the need to create these additional jobs would make the tax program a matter of compelling urgency.

But there are other considerations. For one thing, our international balance of payments has been a cause for concern ever since 1957. The persistent large deficits in our balance of payments have led to a marked drain on our national gold stocks. President Kennedy recently announced a new series of measures to cope with the balance of payments, but at the same time he made it abundantly clear that the tax program is the vital

back down to five and one-half. Five and a half percent is too high, and we must do substantially better. Today around four million Americans who are actively looking for work are unable to find it. During the year which ended last June 30 more than one million workers were added to the labor force, but one out of every six also joined the ranks of the unemployed. As the postwar baby boom hits the labor market, and it is just beginning to do so, the pressure to create new jobs will increase. In addition we need to provide at least a million jobs a year for those workers idled by technological advances. An additional million or more jobs will be required to bring unemployment down to our interim goal of four percent. The importance of this problem was underlined by a statement by W. B. Gullander, President of the National

Much more is at stake than a sudden temporary economic pickup which will peter out in a year or two. Instead our goal is a sustained economic expansion which will produce jobs, income, profits and tax revenue at a significantly higher level over the long-term future. What is at stake is a higher normal level of economic activity. That is our goal. I am convinced that the tax bill offers the best means of reaching it.

When we look at our recent economic record it becomes painfully evident that our economy has not been performing adequately.

At home unemployment has varied from five to seven percent of the labor force or higher for more than five years. Today unemployment has been reduced to five and one-half percent. But that happened earlier in this economic expansion, and we have had to work hard to get

recommendations of the President's tax reduction and revision program. Decisive action on that program before the end of this session of the Congress will vitally affect and should seriously concern every responsible citizen.

The choice we face is basically whether to continue in the pattern of unsatisfactory growth , high unemployment, unbalanced budgets and an unfavorable balance of payments, alternating with frequent recession, which has characterized the economy for the last five years -- along with the economic uncertainties involved in such a course -- or whether we will move boldly and forcefully to bring our economy to a new and more rapidly rising level of activity. And if we choose to move ahead, we must choose how we do it.

REMARKS OF THE HONORABLE HENRY H. FOWLER
UNDER SECRETARY OF THE TREASURY
BEFORE THE CALIFORNIA SAVINGS AND LOAN LEAGUE
HOTEL DEL CORONADO, CORONADO ISLE, CALIF.
FRIDAY, SEPTEMBER 20, 1963, 2:00 P.M. (PDT)

Next week the House of Representatives will vote up or down the most significant piece of economic legislation of the last fifteen years. The United States today stands at an economic crossroads. Our choice as to which way we turn will determine in good part what our capacities will be to meet challenges both at home and abroad not only next year or the year after but for many years to come. It will also determine whether by tax rate reduction we choose the private enterprise route to economic growth and full employment or rely for additional thrust on an expanding rate of government spending.

As you know, the House Ways and Means Committee has just voted approval of a bill embodying the principal

Treasury Department
Washington

FOR RELEASE ON DELIVERY

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At home unemployment has varied from five to seven percent of the labor force or higher for more than five years. Today unemployment has been reduced to five and one-half percent. But that happened earlier in this economic expansion, and we have had to work hard to get back down to five and one-half. Five and a half percent is too high, and we must do substantially better. Today around four million Americans who are actively looking for work are unable to find it. During the year which ended last June 30 more than one million workers were added to the labor force, but one out of every six also joined the ranks of the unemployed. As the postwar baby boom hits the labor market, and it is just beginning to do so, the pressure to create new jobs will increase. In addition we need to provide at least a million jobs a year for those workers idled by technological advances. An additional million or more jobs will be required to bring unemployment down to our interim goal of four percent. The importance of this problem was underlined by a statement by W. B. Gullander, President of the National Association of Manufacturers, who estimated that if our economy keeps on producing jobs only at the level of recent years, by 1970 unemployment could rise to a staggering 12.7 percent. If there were no other consideration at all, the need to create these additional jobs would make the tax program a matter of compelling urgency.

But there are other considerations. For one thing, our international balance of payments has been a cause for concern ever since 1957. The persistent large deficits in our balance of payments have led to a marked drain on our national gold stocks. President Kennedy recently announced a new series of measures to cope with the balance of payments, but at the same time he made it abundantly clear that the tax program is the vital element in any long-range solution of this problem. For a tax cut is needed both to sharpen American ability to compete with foreign goods in markets abroad and at home and to make the United States a more attractive place to invest -- the two means we should depend upon to bring our international payments into balance in the long run.

A third measure of our inadequate economic performance over the past five or six years is the deficit in the Federal budget. The Federal budget has had five deficits in the past six years -- deficits which averaged $6.3 billion a year. Those deficits were clearly the result of the failure of our economy to perform at its higher potential. Consequently, tax revenues failed to reach adequate levels, and a deficit occurred.

A fourth factor which provides a significant measure of economic performance is business fixed investment -- a major factor in determining growth, modernization and full employment. In 1956 and 1957 business fixed investment averaged 11 percent of total output. Since that time it has fallen to roughly nine percent. Since 1957 the rate of increase in our stock of business plant and equipment has risen by less than two percent a year, compared to four percent a year in the first postwar decade. Furthermore, there has been a disturbing rise in the proportion of our machinery and equipment which is more than ten years old.

Finally, our national growth rate of less than three percent since early 1955 compares unfavorably with regular rates in Western Europe of four to six percent, and even with our own four percent trend in much of the period before 1955.

Our economy has certainly made advances. Gross National Product has increased some $80 billion in the last 2-1/2 years over the $500 billion rate we had when President Kennedy took office. That gain is impressive but not impressive enough. For instance, if we had been able to reduce unemployment to 4 percent, our GNP rate in the second quarter of this year would have been $610 or $620 billion instead of $580 billion.

By almost any measure you choose, our economic performance over the past five or six years has been far from adequate. With the exception of the Depression, no period in this century has witnessed such a persistent under-utilization of productive resources in the United States.

Obviously something must be done to close the gap between achievement and potential. Obviously something must be done to lift the American economy to a higher normal performance. The question is, what means should be employed.

President Kennedy faced this question at the very outset. The use of monetary policy was seriously limited by our balance of payments problem. Therefore, a major reliance on fiscal policy was called for. The question was, should spending be increased or should taxes be reduced? President Kennedy announced his choice less than four months after he took office. In his April 1961 tax message to the Congress he proposed what was later to become the Revenue Act of 1962. At the same time he announced that he had ordered a thorough review of our income tax structure. That was the policy decision: to use tax policy to seek expansion through our free market processes by placing increased spending power in the hands of consumers and investors and offering more incentive to private investment interests.

Investment was particularly critical. Since 1957 gross private domestic investment was the one major component of economic activity which had shown no upward trend. For that reason President Kennedy a a first and urgent step recommended that Congress pass a new incentiv to spur investment -- the 7 percent investment tax credit.

The investment tax credit, of course, became the central provision of the Revenue Act of 1962. To it was added a second measure the liberalization of the tax treatment of depreciable equipment, which was completed by the Secretary of the Treasury under his own administrative authority. These measures together have reduced business taxes by some $2-1/2 billion, and have already had a significant effect on productive investment.

In making plans for capital spending in 1963, for instance, businessmen, according to a recent survey, indicated that the two tax changes accounted for 43 cents out of every additional dollar they planned to spend on plant and equipment this year.

Investment alone, however, is not enough -- increased demand is also essential to creating the economic push we need today.

For industry will not increase investment levels, particularly to expand capacity, without strong indication that markets will be available for the goods which that expanded investment will create. Certainly investment is the touchstone for translating education and technological advance into new products, new jobs, new markets and higher profits and incomes. But without the stimulus of increased consumer purchasing power, investment stimulus alone would not develop the momentum required to break out of our pattern of slow growth.

In other words, a really major fiscal stimulus was required to break out of the pattern from 1957 to 1962. At our recent pace, even allowing for current improvement, if potential U. S. output continues to grow at 3.5 percent a year, it would take roughly 10 years for the U. S. economy to reach full employment. We simply can't wait that long.

Obviously a balanced bill was called for -- one not only balanced among taxpayers at different income levels, but also one balanced in terms of containing adequate stimulus both to investment and demand.

The recommendations of President Kennedy to the Congress reflected that balance, and the bill recently voted by the House Ways and Means Committee reflects that balance.

The bill contains a number of revisions in the tax law, designed to promote growth or increase tax equity, but the major revision is the overall ~~reduction in in~~come tax rates. That reduction will reduce

the taxes of virtually every taxpayer and every business in the United States. Essentially, here is what it involves:

First, the tax bill provides for total net tax reduction of $11 billion a year. Of this amount, individuals would get $8.7 billion and corporations $2.3 billion. The reduction would be effective in two stages -- the first in 1964 and the second in 1965. Two-thirds of the individual reduction and more than one-half of the corporate rate reduction would go into effect less than four months from today, and the remaining reductions would be effective less than 16 months from today, on January 1, 1965. When you consider these figures, which already include the effects of proposed revisions in individual corporate and capital gains taxes, you can see that some $7 billion in net tax reduction will go into effect within a few months -- $5.6 billion for individuals and $1.4 billion for corporations.

More important, however, than the billions of dollars that will be turned back into the national spending stream, and into new investment, will be what these dollars will do for the economy.

The impact on the economy will not be long in coming. Individual income tax liability will be lowered by $9 billion. More than 90 percent of this will be spent and re-spent circulating throughout the economy in such a fashion as to increase overall consumer spending by several times the amount of the initial tax cut. This sustained increase in the demand for consumer goods and services will in turn stimulate greater investment in plant and equipment. Meanwhile, corporate tax reductions will provide new investment incentives by increasing the net rate of return on capital investment and by making additional profits available for investment expenditures. As investment and demand increase, more jobs will be created and incomes will rise. Thus investment and demand will each serve to stimulate the other to create an upward spiral of economic activity. The Joint Economic Committee of the Congress has estimated that -- as a result of this so-called "multiplier" effect -- the tax cut would increase our total national output to some $30 to $40 billion.

Let me emphasize once again that this will be an increase in <u>normal</u> economic activity. In other wrods, releasing the drag which our high tax rates have imposed upon our economy will allow the natural vitality of our free enterprise system to make a maximum contribution to accelerated economic growth. As President Kennedy said last January: "The largest single barrier to full employment of our manpower and resources and to a higher rate of economic growth is the unrealistically heavy drag of Federal income taxes on private purchasing power, initiative and incentive."

That is the crux of the choice we face as we stand today at this crossroads. We can choose to free our economy from the artificial brake of high tax rates and allow it once again to move forward under its own power. Or we can delay and postpone and increase the likelihood of repeating the disappointing and dreary round of recovery and recession which has marked the postwar period.

Please don't misunderstand me -- I do not wish to suggest that the tax bill carries some magic protection against the business cycle. It does not. What it does offer is the likelihood that, should a recession occur, it will be far less damaging than it would have been without a tax cut.

This is an important point and I would like to consider it further. The tax program was not designed as an anti-recession measure. It was not recommended in order to meet a temporary condition or to provide an immediate antidote for a possible case of temporary cyclical anemia. It was designed as a long-range program to allow the basic and vital forces of our free market economy to come into fuller play. It was designed to allow our economy to break out of the disappointing pattern of recent years into a newer pattern of more rapid growth.

Nevertheless, the tax program also offers a very important sort of recession insurance. Like any form of insurance it cannot prevent an event from happening. What it can do is assure that if the damage occurs its economic effects will be less than they would have been without insurance. To put it bluntly, a recession which occurs when the economy itself is in a strong position will cause far less damage than a recession which falls upon an economy already weakened by persistent slack.

If employment and output are already below par before a recession begins, even a moderate downturn can carry us to lower levels of economic activity than would otherwise be likely. If, for example, right now we went into a downturn of the proportions of 1957-58, it has been estimated that unemployment could increase to something like 8 percent of the labor force, and widen the gap between actual and potential output from $30 billion to something like $60 billion.

Furthermore, it is quite possible that the tax bill could actually avert a recession which otherwise might occur. It is generally accepted that the effectiveness of anti-recession measures depends a great deal upon how soon they are brought into play. It certainly stands to reason that the most effective time of all is before the recession begins. I think without question that the expectation of broad tax reduction has already played some part in the economic advance of 1963. Correspondingly, of course, any delay or postponement or threat to dilute or truncate the tax program could be expected to have a dampening effect on public confidence.

To those who would stand at the crossroads today and urge a "wait and see" attitude or suggest that we can really do without the tax cut, it may be observed that there is no way to judge how much longer the present expansion will continue. As President Kennedy pointed out just two days ago, the United States has had a recession on the average of every 42 months since the second World War -- every 44 months since the first World War. By November it will have been 42 months since the last recession began and by January, when the tax cut would go into effect, it will have been 44 months.

No present evidence suggests that a recession is imminent, nor do I expect one in the near future. But the tax bill is the best possible measure we could adopt to minimize the possibility that a recession will occur in the near future or to lessen the harmful effects of such a recession if one did occur.

There is no need for "gloom" or "doom". There is, on the contrary, every reason for confidence in the basic vitality of our free enterprise economy. But the time has arrived when we can no longer tolerate the backward pull of high tax rates. It is imperative that we substantially reduce taxes and that we do it along the general lines proposed by the President and embodied in the tax bill, for the hard fact is that the present bill offers us our <u>only</u> real chance of reducing taxes at all for the foreseeable future. If I take the time to point to the possibility of negative developments, I do so merely to emphasize that failing to act or postponing action is a course of conduct not without responsibilities of its own.

When the Congress passes the tax bill substantially in the form reported out by the House Ways and Means Committee, it will have enacted legislation that will play a decisive role in our economic development over the next decade and beyond.

The savings and loan industry has a tremendous stake in that decade of economic development -- in the growing expansion of our economy. Your industry, of course, will benefit from the overall pattern of rising employment, rising income and rising profits. Inevitably there will be a substantial increase in the quantity and quality of home ownership. Home ownership has long been a primary goal of our citizens, and public policy has always supported it. The increase in after-tax income resulting from tax reduction would give more people the means to purchase and own homes. In addition, it would give those who already have homes the means to own better homes.

Equally important, the tax program would nourish the vital ingredient of confidence. The purchase of a house is the single largest commitment the average American ever undertakes. It is a long-term commitment that is closely related to his confidence in the future. Today the heavy backlog of demand that fed the housing boom of the first postwar decade is pretty well exhausted. The decision to buy a house now turns more than anything else upon a purchaser's confidence in his job, in his prospects for uninterrupt-ed and higher income and in the assurance of a prosperous economy in which he can share. Today our schools and colleges are crowded with younger people who will soon move out into the labor force. How soon they find jobs and what kind of jobs they find will be instrumental in their decisions on whether or not to purchase a home.

Certainly individual tax reduction will provide middle and upper income taxpayers with increased abilities and incentives for home ownership. The even larger tax reduction in the lower brackets can help overcome the most serious problem facing the new home buyer -- finding the combination of down-payment and mortgage loan that is within his capacity and within the guidelines of prudent lenders. Of course, no feasible tax proposal can be expected to provide the lump sum of cash that younger families need to meet the downpay-ment. But it can have -- and the proposed tax program would have -- direct impact upon the credit capability of many families, making home ownership for the first time a more practical proposition for some and a larger mortgage possible for others. All of you will, I am sure, agree that along with job stability, take-home pay is key factor in any credit appraisal. The new tax program would turn many a marginal prospect into a profitable prospect as the rate reductions take effect and the withholding rate drops.

So much, then, for the impact of the tax program on the economy and upon your particular industry. I would now like to consider a topic on which there will be much discussion as the tax debate moves

through the Congress -- the subject of the effect of the tax program on Federal finances.

You are all, of course, concerned with the implications the tax bill has for the Federal Budget, and rightly so. Certainly there will be some temporary increase in the deficit. The fiscal 1964 deficit, for instance, is expected to be just over $9 billion -- but only $1.8 billion of that amount is attributable to the tax cut. But the currently estimated deficit with the tax cut is actually lower than the deficit forecast last January for fiscal 1964 without a tax cut. Part of the improvement is the result of the pickup in the economy since then. This shows the close connection between deficits and the economy. For the truth is that much of our persistent large deficits is the result of a lagging economy. The present high tax rates tend to abort or hold back recoveries short of their full growth. But as the tax cut moves the economy to a higher plane of activity, tax revenues will increase sharply despite the lower rates, and will allow us to restore our budget to balance through a higher level of economic activity.

The impact of the tax program on the economy will come almost immediately. That impact, together with the natural growth of the economy, will prevent revenues from falling below 1963 levels. In fact, the total amount of revenue loss from the tax cut will be only $5 billion to $7 billion over the two or three years it will take for revenues to catch up and exceed what they would have been without a tax cut. This would mean that if we were to reach full employment by 1966 -- something we cannot, of course, predict -- our Federal Budget receipts would be $20 billion higher in fiscal 1967 than they will be in fiscal 1964.

In other words, one way to balance the budget is to balance the economy -- to remove the heavy drag of our present high tax rates. The natural vitality of our free enterprise economy will then be allowed to function more effectively, and greater levels of output, employment and tax revenue will follow.

A balanced budget, of course, requires firm expenditure control, and that is something this Administration considers to be important in and of itself and an essential accompaniment to a policy of tax reduction.

In appraising this problem of establishing a firm control of federal expenditures, there are some facts that you should know:

-- Budget expenditures for civilian agencies in the fiscal year just ended (1963) were $1.7 billion below the January estimates.

-- The current 1964 budget calls for a less total of expenditures for all the areas of the budget taken together excepting defense, space and interest on the public debt -- something attempted in only three out of the last fifteen years -- while state and local government expenditures in recent years have been increasing at about seven per cent a year.

-- In each of the three budgets submitted by President Kennedy, proposed expenditures -- other than those required for space, defense and interest on the public debt -- increased less than they did in the last three budgets of the preceding administration.

-- President Kennedy himself only last month re-affirmed his determination that tax reduction will be accompanied by the exercise of an even tighter rein on Federal expenditures limiting outlays to only those expenditures which meet strict criteria of national need.

-- The President has repeatedly pledged that as the tax cut becomes fully effective and the economy climbs toward full employment a substantial part of the increased tax revenues will be applied toward a reduction in the transitional deficits which accompany the initial cut in tax rates.

-- Finally, the President has said that any increase in the Federal debt resulting from these transitional budget deficits will be kept proportionately lower than the increase in our Gross National Product and thus the real burden of the Federal debt will be steadily reduced.

The President has given specific assurances regarding both the fiscal 1964 budget and that of fiscal 1965. He stated in his August 19th letter to Chairman Wilbur Mills of the House Ways and Means Committee, that even taking into account the revenue loss from the tax cut, he expected, as long as no serious international contingency or unforeseen slowdown in the domestic economy intervened, to submit to the Congress in January a budget for fiscal 1965 involving an estimated deficit of less than the deficit of $9.2 billion forecast for 1964. In other words, the deficit estimate for fiscal 1965 would be smaller than that of fiscal 1964 despite the fact that in fiscal 1965 the tax program would involve a reduction in revenue $5 billion greater than the reduction in 1964.

There has been a great deal of discussion about suggestions that the tax cut be made contingent on some other factor, such as the debt level, or expenditure estimates. As the flaws in each of these suggestions have been made apparent, substitutes have been produced. Basically the reasons such measures have failed to rally broad support were summarized only last week by President Kennedy. They are simply these:

-- That the tax cut is needed on its own merits, and should not be made conditional on other events.

-- That revenue, deficit, and debt estimates made before Congress votes on appropriations are necessarily uncertain.

-- That if any slowdown in economic activity should occur, revenues would drop, and conditions placed upon tax reduction could deprive the economy of a strong stimulus at the very time it was critically needed.

-- Finally and perhaps most important, that tying conditions to tax reduction makes it less certain and damages the business and investor confidence so important to improving our economic performance.

Actually, of course, a period of rising economic activity offers a much better climate in which to practice expenditure control than a period of chronic slack or recession, when heavy spending is likely. The relation between spending and tax reduction was put very well in a recent statement by Chairman Mills himself. In it he stressed the importance of the Administration's choice of tax reduction, instead of increased Federal spending, as a means of enlarging the responsibility of the private sector of the economy for economic well-being.

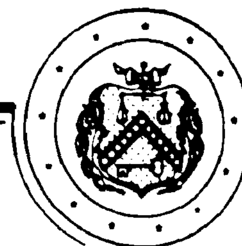
He quite rightly stressed the point that tax reduction is far superior to increased Federal expenditures as a means of stimulating the economy because it bolsters the initiative of private individuals and business firms in making economic decisions. In other words, it enlarges the role of the private sector in the American economy rather than enlarging the role of Government.

President Kennedy himself has made it clear that this is exactly what the tax program involves. He praised the Mills statement only two days ago, and added that he himself subscribed to it. This is one more instance where the President has voluntarily put himself on record as opposing excessive spending by the Federal Government.

So the choice -- tax reduction rather than increased spending -- is one that the Administration has made by proposing tax reduction. Now the Congress must decide for the nation -- whether to move forward, through the tax program, to a more productive tomorrow or whether, by closing the tax road, to invite an increased rate of government spending with the likelihood of additional budgetary deficits as the alternative route toward an economic expansion to make jobs, goods, and services for all our people.

The Administration's economic program, with tax reduction as its centerpiece, is designed to release and encourage the inherent expansionary forces in our great free market economy. It is designed to eliminate an unduly heavy tax drag on purchasing power and demand -- to provide new incentives for more investment and increased effort -- to encourage the utilization of new technology and facilities. The adoption of this policy would be a giant step toward a tax structure better adapted to the economic challenges of the Sixties -- more job generation, full utilization of resources, higher rate of growth, balanced internal budgets and a balance in our international payments -- a tax structure which will interfere substantially less than the present one with the operation of the free market mechanism while supplying the revenues necessary to our national security and national public needs.

TREASURY DEPARTMENT



WASHINGTON, D.C.

September 20, 1963

FOR IMMEDIATE RELEASE:

FRANK E. MORRIS RESIGNS FROM TREASURY
TO RE-ENTER PRIVATE BUSINESS

Treasury Secretary Douglas Dillon today announced the resignation Frank E. Morris, Assistant to the Secretary for Debt Management, effective September 25, 1963.

Mr. Morris leaves to become Vice President and Economist of Loomi Sayles & Company, investment counsel, of Boston, Massachusetts.

Secretary Dillon accepted Mr. Morris's resignation "with great regret." The Secretary said: "The Treasury's success in debt management during the past two years has to a considerable degree been due to your imaginative approach to our problems in this area, and to your comprehensive knowledge of the securities markets."

He credited Mr. Morris with playing a major role in initiating th auction of long bonds and in the re-cycling of Treasury bills, two of the innovations in debt financing developed during Mr. Morris's tenure of office.

Mr. Morris was appointed to the Treasury on September 25, 1961. For some years prior to joining the Treasury, he was director of rese for the Investment Bankers Association, with offices in Washington, D He had previously served as an economist in various capacities with th Federal Government.

Mr. Morris taught economics at the University of Michigan from September 1949 to June 1951, and served in the European Theatre with U. S. Army Air Force during World War II. He is the author of severa articles on finance, and is a member of the American Economic, Financ and Statistical Associations.

Mr. Morris is a native of Detroit, Michigan, and received a B.A. degree from Wayne University. He received his M.A. and Ph.D. degrees from the University of Michigan. Mr. Morris married the former Geral Coltharp of Detroit in 1944. They have two daughters, Susan 9, and I They will make their new home on Yorkshire Road in Dover, Massachuset

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non-income tax State, but the problem is particularly important in this area because of the large number of employees who commute daily across State lines.

Following meetings with tax officials of Maryland, Virginia, and the District of Columbia early this year, the Treasury requested the Civil Service Commission to obtain a ruling from the Comptroller General as to the legal authority to make payroll deductions for State income taxes from salaries of Federal employees on the basis of residence in situations where there is no withholding at the place of employment. Such a ruling was obtained and the Civil Service Commission has amended its regulations to authorize Federal agencies to institute a voluntary payroll deduction plan under which a Federal employee who lives in one State and works in another may make allotments for payment of State income taxes to his State of residence. The Treasury Department's regulations set forth the procedures to be followed in handling the deductions. The regulations are effective as of the date of issuance, September 19, and Federal agencies may institute their plans after that date.

The new program makes available to employees not now subject to withholding of State income taxes the convenience of paying their State income taxes by the payroll deduction method. Although the program is not mandatory, the interest expressed in the plan by such employees indicates that a large proportion of them desire to participate.

The new program will be helpful not only to employees in meeting their responsibilities and simplifying their tax compliance problem but will be of great assistance to the States in the administration of their tax laws.

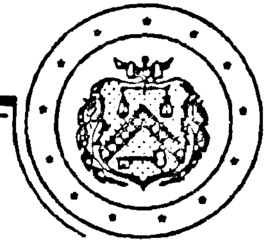
Draft News Release for <u>Friday A.M.</u> papers, September 20, 1963

(Under agreement with the Civil Service Commission which will also have a press release on this date, no prior release may be made.)

The Treasury Department announced today that it is issuing regulations to the heads of executive agencies with respect to the new program of payroll deductions for certain State income taxes. This program supplements the present withholding of State (and District of Columbia) income taxes on salaries of Federal employees. It is being instituted under the revised pay regulations of the Civil Service Commission which authorize Federal agencies to withhold the income tax of the State of residence of an employee who works in a different State and is not subject to withholding in the State of employment.

Heretofore, under withholding agreements between the Treasury and 27 of the 33 States (and the District of Columbia) imposing income taxes, Federal agencies followed the general practice of private employers and withheld State income taxes on salaries of Federal employees at the place of employment only. However, many employees live in one jurisdiction and work in another, and under reciprocity agreements some States do not require withholding on nonresidents. Such agreements are in effect between Maryland, Virginia, and the District of Columbia. As a result, thousands of Federal employees in this area have had no State income tax withheld. Similar situations exist in other States where reciprocity agreements are in effect or a resident of an income tax State works in a

TREASURY DEPARTMENT



WASHINGTON, D.C.

September 19, 1963

FOR RELEASE A.M. NEWSPAPERS
FRIDAY, SEPTEMBER 20, 1963

New Regulations Detail Withholding
of State Income Taxes on Federal Salaries

The Treasury Department announced today that it is issuing regulations effective today, September 19, to the heads of executive agencies with respect to the new program of payroll deductions for certain State income taxes. This program supplements the present withholding of State (and District of Columbia) income taxes on salaries of Federal employees. It is being instituted under the revised pay regulations of the Civil Service Commission which authorize Federal agencies to withhold the income tax of the State of residence of an employee who works in a different State and is not subject to withholding in the State of employment.

Under previous withholding agreements between the Treasury and 27 of the 33 States (and the District of Columbia) imposing income taxes, Federal agencies followed the general practice of private employers and withheld State income taxes on salaries of Federal employees at the place of employment only. However, many employees live in one jurisdiction and work in another, and under reciprocity agreements some States do not require withholding on nonresidents. Such reciprocity agreements are in effect between Maryland, Virginia, and the District of Columbia. As a result, thousands of Federal employees in this area have had no State income tax withheld. Similar situations exist in other States where reciprocity agreements are in effect and, also, where a resident of an income tax State works in a non-income tax State. The problem is particularly important in the Washington metropolitan area because a large number of employees commute daily across State lines.

Following meetings with tax officials of Maryland, Virginia, and the District of Columbia early this year, the Treasury requested the Civil Service Commission to obtain a ruling from the Comptroller General as to the legal authority to make payroll deductions for State income taxes from salaries of Federal employees on the basis of residence in situations where there is no withholding at the place of employment. Such a ruling was obtained and the Civil Service Commission has amended its regulations to authorize Federal agencies to institute a voluntary payroll deduction plan under which a Federal employee who lives in one State and works in another may

D-982

(MORE)

make allotments for payment of State income taxes to his State of residence. The Treasury Department's regulations set forth the procedures to be followed in handling the deductions. The regulat are effective as of the date of issuance, September 19, and Federa agencies may institute their plans after that date.

The new program makes available to employees not now subject to withholding of State income taxes the convenience of paying the State income taxes by the payroll deduction method. Although the program is not mandatory, the interest expressed in the plan by such employees indicates that a large proportion of them desire tc participate.

The new program will be helpful not only to employees in meet their responsibilities and simplifying their tax compliance proble but will be of great assistance to the States in the administratic of their tax laws.

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Despite the concern of increased counterfeiting and related criminal activity we feel that the results achieved by the Secret Service demonstrate a certain amount of proficiency -- but of even greater importance to us, it has underlined the growth and development of cooperation between all levels of law enforcement over the past several years. Our achievements in both investigative and protective phases have been possible because of the strong ties between the Secret Service and law enforcement agencies at all levels. I cannot too strongly emphasize the credit that is due to state and municipal police organizations and all other law enforcement agencies for their able assistance.

In closing I would like to repeat, it is our responsibility, yours and mine, to assure that we make the maximum contribution each day in the work we have chosen. In so doing we can take pride in the gains which law enforcement is making over crime everywhere and in all areas. It is with justifiable pride that we feel that we are playing a part in that progress which is vital to the development of a sound, modern society.

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Crime today continues to increase at a current rate of more than four times the population growth. The Secret Service as one of the oldest law enforcement agencies in the United States has witnessed the growth and development of crime for almost a century. It has also witnessed the unceasing efforts of often undermanned law enforcement agencies at all levels to meet this challenge.

The Secret Service, as many of you know, was established on July 5, 1865, as an arm of the Treasury Department for the express purpose of halting the widespread counterfeiting of this Nation's currency. At that time one-third of our currency was counterfeit. Meeting this challenge with an all-out effort the Secret Service was able within a short time to eliminate this potential threat and re-establish the stability of our currency. Counterfeiting continues to be active, as I will recount a bit later. Since that time our agents were assigned various other investigative responsibilities -- not only for the Treasury Department but for many other agencies of the Federal Government as well.

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We in law enforcement recognize the importance of presenting a proper image to the public and the necessity for obtaining the respect, trust and confidence of our people. This recognition we know must be earned but I believe we are gradually gaining it through all our efforts to become more professional in our work. Much, however, remains to be done to achieve our objectiv During the early stages of police development the officer did what he thought was best -- in some instances he became quite rigid and inflexible in the execution of his duties. Because of this the image of a law enforcement officer was placed in a bad perspective. The parochial view of early law enforcement was no different than that of other professions in their beginning, such as law, medicine and engineering. Yet we have observed the esteem with which these professions are held today throughout all countries of the world.

Lest my words be misunderstood or any misconceptions drawn --- I do not want to convey the impression that the law enforcement officer is alone responsible. To the contrary, as I mentioned earlier, law enforcement is faced with many complex problems

I would be remiss and unjust were I not to say that much of the excellent cooperation evidenced on all Presidential visits to your fine state and in connection with our criminal investigations was brought about by the close working relationships established with all of your departments by A. B. Wentz, our most able Special Agent in Charge at Atlanta. Truly, Barney Wentz is "Mr. Secret Service" to many Georgians.

While it is easy for me to praise your unselfish and competent cooperation in working closely with the Secret Service --- as you have demonstrated in the past, and continue to provide on all occasions --- I should like to confine myself to the greater picture: that is, the need for increased professionalism in law enforcement at all levels.

The law enforcement officer today faces many complex problems -- none of his own choosing. More and more it has become vital to establish sound recruitment policies and to submit our personnel to intensive training in order that we might properly fulfill our mission in law enforcement. As an example, my attention was directed to the report of a recent article condensed from the Atlanta Constitution which stated that your Governor, Carl C. Sanders, has proposed the establishment of a Georgia Police Academy to maintain and upgrade the high quality of local law enforcement. This is a step in the right direction and he and others who share this interest should be commended for vision and foresight in the recognition of this need. I hope in the interest of professional law enforcement that this training facility will be established.

Historically, all things must have a beginning. In the early stages of law enforcement there were no programs established to recruit and train our personnel. In most instances a recruit was issued a badge and gun and thus armed, asserted his authorit to enforce the law. Secret Service training, too, has grown from the on-the-job, do-it-yourself method to an extensive train ing and development program covering a wide range of specialized subjects. For instance, our Special Agent training now includes comprehensive courses in protection techniques, criminal law, criminal investigative procedures, use of scientific investigative devices, document and handwriting examination and analysis,

Remarks by James J. Rowley
Chief, United States Secret Service
Before
The Peace Officers Association of Georgia
At the Columbus City Auditorium
Columbus, Georgia
On Wednesday, September 25, 1963
At 11 a.m. EST

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In my quarter of a century with the United States Secret Service I have enjoyed a very close working relationship with the Peace Officers of Georgia. I have many warm recollections of working with your officers at Warm Springs where former President Roosevelt spent many pleasant peaceful days and again later at Augusta where former President Eisenhower enjoyed your hospitalit during his annual visits to this fine state. Indeed, it is always a pleasure to accompany our Presidents during visits to your state because your officers are efficient and most willing to assist the Secret Service in providing the necessary protection for our Chief Executives.

The Secret Service has been protecting Presidents of the United States since 1901 and we owe a great deal to the cooperation we have had over the years from the police and other law enforcemen organizations here in the United States as well as overseas. This assistance has been tremendous and without it our protectiv mission would be most difficult.

Before the Secret Service was charged with the responsibility of Presidential protection, three Presidents --- Lincoln, Garfield and McKinley --- had been assassinated within a period of 37 years. This was an alarming record. The public clamor at the time of President McKinley's death made it apparent that more secure steps must be taken to insure the lives of our Chief Executives. Congress responded by authorizing the Secret Servic to perform this protective function, and today our Special Agent maintain constant 24-hour daily protection for the Chief Executive and his family.

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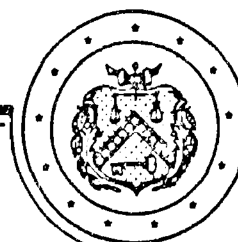

WASHINGTON, D.C.

September 23, 1963

EASURY'S WEEKLY BILL OFFERING

last evening that the tenders for two series of
litional issue of the bills dated June 27, 1963,
nber 26, 1963, which were offered on September 18,
cs on September 23. Tenders were invited for
day bills and for $800,000,000, or thereabouts, of
series are as follows:

ury bills ber 26, 1963	:	182-day Treasury bills maturing March 26, 1964	
pprox. Equiv. nnual Rate	:	Price	Approx. Equiv. Annual Rate
3.363%	:	98.234 a/	3.493%
3.386%	:	98.222	3.517%
3.379% 1/	:	98.227	3.507% 1/

y bills bid for at the low price was accepted
lay bills bid for at the low price was accepted

) BY FEDERAL RESERVE DISTRICTS:

Accepted	:	Applied For	Accepted
$ 27,802,000	:	$ 9,934,000	$ 3,934,000
890,347,000	:	1,019,246,000	632,826,000
13,509,000	:	7,351,000	2,351,000
36,683,000	:	8,417,000	8,417,000
17,195,000	:	3,497,000	3,497,000
31,743,000	:	9,183,000	9,183,000
112,894,000	:	92,504,000	42,204,000
25,830,000	:	28,662,000	25,462,000
16,857,000	:	6,824,000	5,824,000
27,959,000	:	14,806,000	11,806,000
19,104,000	:	8,530,000	4,900,000
80,760,000	:	64,086,000	49,625,000
$1,300,683,000 b/		$1,273,040,000	$800,029,000 c/

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o the actual number of days in the period, with semi-
one coupon period is involved.

I repeat that call to all of you here tonight -- to join in "wholehearted, active support" of the tax bill -- to make passage of the tax bill this year a matter of your personal and vital concern, for the tax bill personally and vitally concerns the welfare of ever businessman, of every citizen, and of our entire nation.

oOo

joined in forming The Business Committee for Tax Reduction in 1963. Henry Ford II, Chairman of the Board of Ford Motor Company, and Stua T. Saunders, soon to be Chairman of the Board of The Pennsylvania Ra road, serve as co-chairmen of the Executive Committee. Shortly aft the House Ways and Means Committee voted on the rate reductions to b included in the tax bill, the Executive Committee sent a letter to a Business Committee members. That letter recognized that some member of the Business Committee may not approve of all provisions in the tax bill. But it termed "heartening" the economies that have occur in Federal expenditures and "the prospects of a greatly improved fi position at the end of the current budget year." It called the net impact of the Ways and Means Committee action "a very real step tow restoring individual incentives and bolstering economic growth." A it urged all members of the Business Committee to join with the Executive Committee in "wholehearted, active support" of the tax bi

major economic problems and to the achievement of our major economic goals.

We may all have reservations about this or that provision in th tax bill. We may all wish that it did more in some areas than it do or less in others. But we must weigh these doubts, these reservatio these wishes, against the strong and invigorating impact that the ta bill as a whole will have upon our nation, upon every sector of our economy, and upon every single taxpayer. We must weight our hesitat against the fact that, if we do not act now -- this year -- we coul lose forever the opportunity to lighten the oppressive burden of hi tax rates, to reemphasize the importance of individual initiative a incentives, and to restore to our private enterprise system a more more vital role in the expansion of our economy.

As you know, more than 2,400 of our country's most distinguish businessmen -- including, I am sure, some of you here tonight -- h

of the House Committee on Appropriations, predicted in a recent maj speech that this year's appropriations will be held well below last year's total -- the first time that will have been done since the e of the Korean War. And they are unwise because they purport to con trol expenditures by placing the entire responsibility on a one-ti estimate of expenditures to be submitted by the President next Jan Neither later supplemental requests nor increases voted by the Congress would have any effect. This could only serve to mislead the American people. The responsibility for expenditure control i shared jointly by the President and the Congress. The Congress not the President has the power to appropriate moneys. And in the past few years Congress has often appropriated more than the Pres has suggested. The only way to control expenditures is for the Congress and the President to join in a continuing effort. That just what is provided for in Section I of the bill as reported by the Committee on Ways and Means.

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In his letter to Chairman Mills, President Kennedy has gone further. In an unprecedented move, he has voluntarily put himse

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exercise of an even tighter rein on Federal expenditures" -- that as the economy expands in response to the tax cut, "a substantial part the increased tax revenues will be applied" toward reducing the tra tional deficits -- and that "any increase in the Federal debt resu from these transitional budget deficits will be kept proportionatel lower than the increase in our Gross National Product, and thus the real burden of the Federal debt will be steadily reduced."

In his second letter, as in his nationwide address, the Presid again made it unmistakably clear that, by adopting the tax bill, th nation will be choosing "tax reduction instead of deliberate defic as the principal means of boosting our economy" -- that he consid these courses mutually exclusive and will not follow both at the s time -- that, in short, the tax bill offers us a choice between gr private spending or greater government spending as the prime fact in our economic growth.

Third, the President could make these commitments, not only

government revenues to bring us to our goal of a balanced budget. No aspect of the discussion on the tax bill thus far has produced as much misunderstanding -- even distortion -- as this relation between the tax bill and the budget. Let me, very briefly, try to make a few points clear.

First, the tax bill is by far our best means of reversing the deficit pattern of recent years. Even at lower tax rates, a more rapidly expanding economy will very quickly produce the greater government revenues that can provide for our national needs without risking large deficits.

Second, The President has repeatedly linked the tax cut to a program of strict expenditure contwol. Most recently he has made that quite clear in two important letters to Chairman Wilbur Mills of the House Ways and Means Committee -- as well as in his nationwide address last Wednesday. In his first letter to Chairman Mills the President pledged that "tax reduction must...be accompanied by a

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$4 billion more in durable goods such as automobiles, furniture and

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While no one can forecast precisely what the overall impact of the $11 billion tax cut would be, the Joint Economic Committee of the Congress has estimated that a $10 billion tax cut could, as it is spent and respent throughout the economy, increase our total Gross National product by $30 to $40 billion annually over what it would otherwise be -- enough of an increase to create between two and three million new jobs. That is, of course, merely an estimate -- although an educated one -- but it does indicate that both investment and consumer demand will rise by far larger dollar amounts than the tax cut itself. It is sometimes hard to bring home to ourselves -- when it is put in such general terms -- exactly what that aggregate rise would mean to different segments of our economy.

But take, for example, the lower rung of the Joint Economic Committee estimate -- the $30 billion -- and assume it applied to a

would drop from 52 to 50 percent in 1964, and from 50 to 48 percent in 1965.

Two-thirds of the individual reduction and more than one-half of the corporate rate reduction would become effective only three months and several days from now, and the remaining reductions in about 15 months. In other words, some $7 billion in net tax reduction would into effect only a few short months from now -- $5.6 billion for individuals and $1.4 billion for corporations. Almost immediately, therefore, a large share of the tax cut would begin to make itself felt within the economy. That impact would grow as consumers and investors, individuals and businesses, fed more and more of that tax reduction into the economy. The increased economic activity that would result would in turn generate higher incomes and profits, more consumption and investment, and the final stage of the tax cut would add even further impetus to the entire process.

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the onslaught of recession and its unhappy side effects.

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House is entirely capable of doing the job we want when we want it

done. I will not go into the details of the bill or even the abun

benefits it offers individual taxpayers and business concerns in e

income group. It will, of course, substantially reduce the taxes

individuals in every income bracket, provide tax relief for busine

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But important as these benefits are, what is far more importa

is the overall impact the tax bill will have upon our economy --

upon consumer demand, upon investment incentives, and thus upon

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thousand new jobs every day of the week including Sundays, to reduce

unemployment to our modest interim goal of 4 percent.

If we are to provide those millions of new jobs and reach that

4 percent goal within the next few years, then it has been estimate

that our economy will have to grow by some $15 to $25 billion more

each year than it is now doing. That is the large task that faces

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For while they show that our economy has real and essential

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This year, under the leadership of a distinguished volunteer committee, some 28 major industries have conducted intensive industry wide campaigns on behalf of the Payroll Savings Plan. To date more than one million new savers have been added to the rolls, and the final results are yet to be tabulated. Among the many companies here in the West that have contributed to this impressive success is the Pacific Telephone Company, which led the entire telephone industry in the number of new savers. In tribute to the efforts of his company and symbolically, to the efforts of industry in general -- I am happ to award this Treasury Minute Man flag to Mr. C. O. Lind[illegible], Presi of the Pacific Telephone Company. Mr. Lind[illegible].

(PRESENTS THE FLAG)

Thank you -- and congratulations.

One could hardly ask for a better environment -- than here in t virile and growing West, in this city, in this gathering -- in which

honor just one of the great contributions that you, along with American business generally, have made to the economic strength of our country a contribution of which we in the Treasury Department are especially and gratefully aware. I speak of your efforts on behalf of the Payroll Savings Plan.

REMARKS BY THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
AT THE ADVERTISING COUNCIL DINNER
ST. FRANCIS HOTEL, SAN FRANCISCO, CALIFORNIA
TUESDAY, SEPTEMBER 24. 1963, 6:30 P.M., PDT

(As Delivered by The Honorable G. d'Andelot Belin,
General Counsel, Treasury Department)

Secretary Dillon has asked me to convey to you his warm greetings and his very great regret that he is unable to be with you tonight. As you know, the President's tax bill is now being debated on the floor of the House of Representatives and the Secretary's presence is theref urgently required in Washington. It is my privilege to appear in his place.

On behalf of the Treasury, I would like to thank the members of the Advertising Council for the splendid work they have done for many years on behalf of United States Savings Bonds, and so many other important national goals. I am also glad to see here tonight so many distinguished leaders. Your presence gives me the opportunity to

TREASURY DEPARTMENT
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FOR RELEASE: ON DELIVERY

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D-984

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It is now eight months to the day since the President submitted his Tax Message to the Congress. They have been months of intensive public discussion, of voluminous testimony and careful deliberation in the House Ways and Means Committee. They have been months in which the economy has continued to rise, recording moderate but solid gains on all major fronts -- in total Gross National Product, in industrial production, in personal income and consumption expenditures, in corporate profits. These gains have been both helpful and heartening, but not helpful or heartening enough.

For while they show that our economy has real and essential strengths, they also argue with irrefutable logic that unless we take action now our economy will simply not advance fast enough to cover the ground it must cover in the years ahead. If, therefore, in the short view we are advancing, in the long view we are little more than standing still.

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Not once for 70 consecutive months has unemployment fallen below 5 percent. Even during the past 8 months of economic upturn unemployment has averaged five and three-quarters percent. And if during this period of relative expansion we cannot gain enough ground on unemloyment, then -- even should we continue our present pace unbroken and unaided -- we will clearly lose ground when faced with the tide of new and displaced workers that will inundate our labor market in the next few years. Each year during the mid-Sixties an average of about 2 million 700 thousand young people will enter our labor market -- some 40 percent more than in the mid-Fifties -- and

as many as two million workers will be displaced by advances in technology and productivity. Taking into account the normal reductions in the labor market by retirement, death and other causes, this means that over the next three years we must provide an average of more than three million new jobs annually just to keep our present unemployment rate from rising, and an average of more than four million new jobs annually or eleven thousand new jobs every day of the week including Sundays, to reduce unemployment to our modest interim goal of 4 percent.

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But important as these benefits are, what is far more important is the overall impact the tax bill will have upon our economy -- upon consumer demand, upon investment incentives, and thus upon the national economic growth which is easily the most vital factor in the economic well-being of each one of us -- in our opportunities for jobs, job security and advancement, in our profits and our investment, in our markets and our productivity.

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Third, the President could make these commitments, not only because the economy will expand and revenues increase as a result of the tax cut, but because his Administration has already put into effect a thorough and effective program of expenditure control. While our budget has, of course, increased over the past three years, fully 72 percent of the total increase from 1961 through 1964 has been in the areas of defense, space and inescapable interest on the public debt. 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 $339 million less than the similar increase during the preceding three years from 1958 to 1961.

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Fourth, and last, the fiscal 1963 deficit dropped from an estimated $8.8 billion to an actual $6.2 billion, largely as a result of the economic upturn and a tight rein upon expenditures. Including the effect of the tax cut, we now expect the 1964 deficit to be less than the $9.2 billion forecast last January without allowing for the tax cut -- and far less than the $11.9 billion originally forecast after allowing for the tax cut.

In his letter to Chairman Mills, President Kennedy has gone even further. In an unprecedented move, he has voluntarily put himself on record as intending -- in the absence of any unforeseen economic downturn or international crisis over the next four months -- to submit a fiscal 1965 budget with an even smaller deficit than the $9.2 billion originally forecast for this year without a tax cut. In other words, despite the fact that fiscal 1965 tax revenues will reflect the major part of the tax cut -- over $5 billion more of that cut than will fiscal 1964, or well over $7 billion in all -- the projected fiscal 1965 budget will still involve a lower deficit than that originally projected for fiscal 1964 before any allowance for tax reduction.

Actually, of course, because of the economic stimulus from the tax cut, tax revenues will fall short of what they would otherwise be for only two or three years -- a total revenue shortfall of about $5 to $7 billion. We expect that, at the end of that time, revenues will have equalled or exceeded the levels they would have reached without a tax cut.

I could say a great deal more on this subject. But I hope I have said enough to make it clear that, by any appropriate yardstick, the temporary strain the tax cut places upon our budget is small indeed. It is the small price that we must pay if we are to have any real hope of moving out of a period of substantial budget deficits toward the time when we can reasonably expect to balance the budget.

Despite these facts, however, we have seen paraded before us several proposals -- and one of these is now being made on the floor of the House -- to tie the tax cut to some arbitrary limit on our national debt or our national expenditures. No sooner does one proposal appear but its weaknesses become rather noticeably exposed, and another emerges to take its place. But no matter how many of these proposals may appear, no matter what guise they may assume, they have two fatal defects in common -- they are both unnecessary and unwise.

They are unnecessary because the expenditure control they purport to offer us is already being achieved. Clarence Cannon, the Chairman of the House Committee on Appropriations, predicted in a recent major speech that this year's appropriations will be held well below last year's total -- the first time that will have been done since the end of the Korean War. And they are unwise because they purport to control expenditures by placing the entire responsibility on a one-time estimate of expenditures to be submitted by the President next January. Neither later supplemental requests nor increases voted by the Congress would have any effect. This could only serve to mislead the American people. The responsibility for expenditure control is shared jointly by the President and the Congress. The Congress not the President has the power to appropriate moneys. And in the past few years Congress has often appropriated more than the President has suggested. The only way to control expenditures is for the Congress and the President to join in a continuing effort. That is just what is provided for in Section I of the bill as reported by the Committee on Ways and Means.

I have already spoken of what the tax cut will mean to our economy, to jobs, and to the Federal budget. It will also mean a great deal to our balance of payments as lower marginal tax rates -- both individual and corporate -- increase both economic activity and investment demand. Higher domestic investment will result in

increased productivity, which will sharpen the competitive edge of U. S. producers in world markets, and expanded economic activity will make the United States more attractive to both domestic and foreign investors. No group is in closer touch with our payments problems than our bankers. It is therefore doubly significant that the American Banker's Association has listed a prompt and substantial tax cut as one of the main prerequisites for reaching balance in our payments. In every respect, therefore, the tax cut is essential to the solution of our major economic problems and to the achievement of our major economic goals.

We may all have reservations about this or that provision in the tax bill. We may all wish that it did more in some areas than it does, or less in others. But we must weigh these doubts, these reservations, these wishes, against the strong and invigorating impact that the tax bill as a whole will have upon our nation, upon every sector of our economy, and upon every single taxpayer. We must weigh our hesitations against the fact that, if we do not act now -- this year -- we could lose the opportunity to lighten the oppressive burden of high tax rates, to reemphasize the importance of individual initiative and incentives, and to restore to our private enterprise system a more and more vital role in the expansion of our economy.

As you know, more than 2,400 of our country's most distinguished businessmen -- including, I am sure, some of you here tonight -- have joined in forming The Business Committee for Tax Reduction in 1963. Henry Ford II, Chairman of the Board of Ford Motor Company, and Stuart T. Saunders, soon to be Chairman of the Board of The Pennsylvania Railroad, serve as co-chairmen of the Executive Committee. Shortly after the House Ways and Means Committee voted on the rate reductions to be included in the tax bill, the Executive Committee sent a letter to all Business Committee members. That letter recognized that some members of the Business Committee may not approve of all provisions in the tax bill. But it termed "heartening" the economies that have occurred in Federal expenditures and "the prospects of a greatly improved fiscal position at the end of the current budget year." It called the net impact of the Ways and Means Committee action "a very real step towards restoring individual incentives and bolstering economic growth." And it urged all members of the Business Committee to join with the Executive Committee in "wholehearted, active support" of the tax bill.

I repeat that call to all of you here tonight -- to join in "wholehearted, active support" of the tax bill -- to make passage of the tax bill this year a matter of your personal and vital concern, for the tax bill personally and vitally concerns the welfare of every businessman, of every citizen, and of our entire nation.

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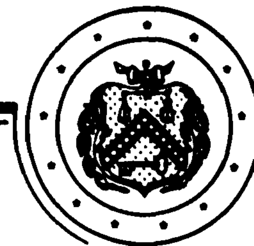
TREASURY DEPARTMENT



WASHINGTON, D.C.

September 24,1963

FOR IMMEDIATE RELEASE

WITHHOLDING OF APPRAISEMENT ON
STEEL REINFORCING BARS

Press release dated July 16, 1963, is hereby corrected by limiting the instructions to withhold appraisement to steel reinforcing bars manufactured by Western Canada Steel Limited through its subsidiary, the Vancouver Rolling Mills Limited of Vancouver, Canada.

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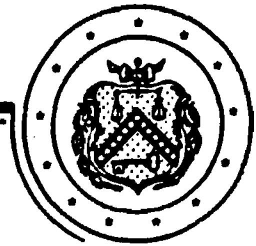
TREASURY DEPARTMENT



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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.

XXXXXXMODIFIED

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 (XX16X) or less for the additional bills dated July 5, 1963 (XX17X), (91 (XX18X) days remaining until maturity date on January 2, 1964 (XX19X)) and noncompetitive tenders for $ 100,000 (X20X) or less for the 182 (X21X) -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Banks on October 3, 1963 (X22X), in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 3, 1963 (23). Cash

~~Exhibit 2-A~~

~~BETA - MODIFIED~~

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, September 25, 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 October 3, 1963, in the amount of $2,190,584,000, as follows:

91-day bills (to maturity date) to be issued October 3, 1963, in the amount of $1,300,000,000, or thereabouts, representing an additional amount of bills dated July 5, 1963, and to mature January 2, 1964, originally issued in the amount of $800,050,000, the additional and original bills to be freely interchangeable.

182-day bills, for $800,000,000, or thereabouts, to be dated October 3, 1963, and to mature April 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 time, Monday, September 30, 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.

September 25, 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.

D-985

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Treasury Department Circular No. 418 (
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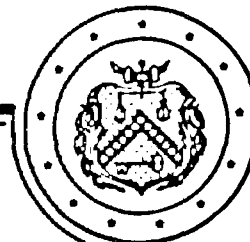


WASHINGTON, D.C.

September 25, 1963

ASURY'S ONE-YEAR BILL OFFERING

ced last evening that the tenders for $1,000,000,000, bills to be dated October 1, 1963, and to mature red on September 17, were opened at the Federal

as follows:

;0,000
75,000 (includes $46,261,000 entered on a noncompetitive basis and accepted in full at the average price shown below)

1 for at the low price was accepted)

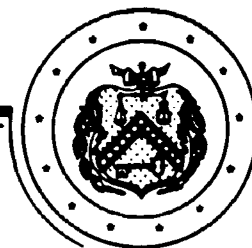
bids:

quivalent rate of discount approx. 3.570% per annum
" " " " " 3.592% " "
" " " " " 3.586% " " 1/

Total Applied for	Total Accepted
$ 46,250,000	$ 7,450,000
1,741,109,000	775,449,000
26,447,000	1,447,000
114,524,000	66,224,000
3,273,000	2,083,000
30,170,000	13,500,000
244,520,000	72,465,000
11,420,000	4,620,000
28,810,000	3,810,000
24,747,000	10,347,000
16,797,000	1,797,000
106,593,000	41,983,000
$2,394,660,000	$1,001,175,000

ngth and for the same amount invested, the return on ld of 3.75%. Interest rates on bills are quoted in return related to the face amount of the bills payable unt invested and their length in actual number of days contrast, yields on certificates, notes, and bonds are n the amount invested, and relate the number of days t period to the actual number of days in the period, more than one coupon period is involved.

TREASURY DEPARTMENT



WASHINGTON, D.C.

September 25, 1963

FOR IMMEDIATE RELEASE:

NEW TREASURY AIDE NAMED

Treasury Secretary Douglas Dillon today designated Donald I. Lamont, an attorney in the Office of the Chief Counsel of the Internal Revenue Service, as a Special Assistant to the Secretary. Mr. Lamont will serve as Director of the Executive Secretariat, succeeding Edward L. Killham, a State Department Forei Service Officer on temporary assignment to the Treasury, who has been assigned to the American Embassy in Brussels, Belgium.

Mr. Lamont has been with Internal Revenue Service since 1961, has received a Special Service Award from Commissioner Caplin in recognition of his work there. From 1957 to 1961, he was associate with the legal firm of Ballard, Spahr, Andrews & Ingersoll in Philadelphia.

Mr. Lamont was born in Port Washington, L.I., New York, in 1930. He was graduated from the University of Virginia and the University of Virginia Law School. He is married to the former Betty Banner. They have two children and reside at 2031 Crossley Place, Alexandria, Virginia.

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D-987

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D-987

COMMENT BY SECRETARY DILLON AFTER HOUSE PASSAGE OF THE TAX BILL

In passing the tax bill as reported by the Committee on Ways and Means, the House of Representatives has taken a major step toward freeing our economy from the heavy drag of high wartime tax rates and encouraging the growth of our free enterprise system.

I would particularly like to congratulate the Honorable Wilbur Mills, Chairman of the House Ways and Means Committee, for his brilliant work and his inspiring leadership. I want to commend him and the members of his Committee for their efforts in fashioning the tax bill. The nation is in their debt.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

September 25, 1963

IMMEDIATE RELEASE

STATEMENT BY TREASURY SECRETARY DOUGLAS DILLON
ON HOUSE PASSAGE OF THE TAX BILL

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D-988

September 26, 1963

MEMORANDUM TO THE PRESS:

Secretary Dillon has designated J. Dewey Daane, Deputy Under Secretary for Monetary Affairs, as Acting Assistant to the Secretary for Debt Management, effective today.

Mr. Daane will also continue to serve in his present capacity.

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TREASURY DEPARTMENT

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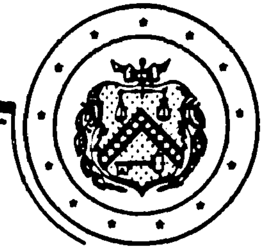

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