U.S. Treasury Dept.
Press Release

United States Savings Bonds Issued and Redeemed Through January 31, 1964
(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	4,991	13	.26
Series F & G-1941 - 1951	29,308	29,137	171	.58
UNMATURED 3/				
Series E:				
1941	1,832	1,549	283	15.45
1942	8,089	6,868	1,222	15.11
1943	13,020	11,067	1,954	15.01
1944	15,167	12,720	2,447	16.13
1945	11,875	9,757	2,118	17.84
1946	5,338	4,166	1,172	21.96
1947	5,031	3,746	1,285	25.54
1948	5,184	3,754	1,431	27.60
1949	5,100	3,606	1,494	29.29
1950	4,449	3,062	1,387	31.18
1951	3,852	2,640	1,212	31.46
1952	4,031	2,704	1,327	32.92
1953	4,587	2,906	1,681	36.65
1954	4,644	2,767	1,878	40.44
1955	4,801	2,821	1,980	41.24
1956	4,608	2,718	1,890	41.02
1957	4,329	2,477	1,852	42.78
1958	4,186	2,231	1,956	46.73
1959	3,913	2,047	1,867	47.71
1960	3,893	1,881	2,012	51.68
1961	3,905	1,684	2,221	56.88
1962	3,755	1,443	2,312	61.57
1963	3,670	794	2,876	78.37
Unclassified	533	586	- 53	-
Total Series E	129,794	89,992	39,801	30.66
Series H (1952 - Jan. 1957) 3/....	3,670	1,432	2,239	61.01
H (Feb. 1957 - 1963)	5,920	730	5,191	87.69
Total Series H	9,590	2,162	7,430	77.48
Total Series E and H	139,384	92,154	47,231	33.89
Series F and G (1952)	213	168	4/ 45	21.13
Series J and K (1952 - 1957)	3,708	2,058	1,650	44.50
Total Series F, G, J and K	3,921	2,226	1,695	43.23
All Series: Total matured	34,311	34,128	184	.54
All Series: Total unmatured	143,305	94,379	48,925	34.14
All Series: Grand Total	177,616	128,507	49,109	27.65

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 redemptions.

BUREAU OF THE PUBLIC DEBT

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	Amount Issued 1/	Amount Redeemed 1/	Amount Outstanding 2/	% Outstan of Amt. Is
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Series F and G (1952)	213	168	4/ 45	21.13
Series J and K (1952 - 1957)	3,708	2,058	1,650	44.50
Total Series F G, J and K	3,921	2,226	1,695	43.23
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BUREAU OF THE PUBLIC DEBT

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(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	$ 4,991	$ 12	.24
Series F & G-1941 - 1951	29,308	29,155	152	.52
UNMATURED				
Series E: 3/				
1941	1,832	1,550	282	15.39
1942	8,092	6,871	1,221	15.09
1943	13,024	11,074	1,950	14.97
1944	15,176	12,728	2,448	16.13
1945	11,879	9,763	2,117	17.82
1946	5,341	4,169	1,172	21.94
1947	5,034	3,749	1,286	25.55
1948	5,188	3,757	1,431	27.58
1949	5,105	3,610	1,495	29.29
1950	4,453	3,066	1,387	31.15
1951	3,856	2,643	1,212	31.43
1952	4,037	2,709	1,329	32.92
1953	4,592	2,914	1,678	36.54
1954	4,650	2,771	1,879	40.41
1955	4,807	2,824	1,983	41.25
1956	4,614	2,722	1,892	41.01
1957	4,335	2,481	1,854	42.77
1958	4,192	2,235	1,958	46.71
1959	3,919	2,051	1,868	47.67
1960	3,899	1,886	2,013	51.63
1961	3,911	1,690	2,221	56.79
1962	3,761	1,455	2,306	61.31
1963	3,830	853	2,977	77.73
Unclassified	748	804	-56	
Total Series E	130,277	90,376	39,902	30.63
Series H (1952 - Jan. 1957) 3/	3,670	1,445	2,225	60.63
H (Feb. 1957 - 1964)	5,982	743	5,239	87.58
Total Series H	9,652	2,188	7,464	77.33
Total Series E and H	139,929	92,564	47,366	33.85
Series F and G (1952)	213	174	4/ 39	18.31
Series J and K (1952 - 1957)	3,709	2,068	1,641	44.24
Total Series F, G, J and K	3,922	2,242	1,680	42.84
All Series: Total matured	34,311	34,146	164	.48
All Series: Total unmatured	143,851	94,806	49,046	34.10
All Series: Grand Total	178,162	128,952	49,210	27.62

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

The report is in the form of a 53 page pamphlet.

A. E. Weatherbee, Administrative Assistant Secretary in a foreword to the report said it was published "to serve a dual purpose of providing means of interchange of management information and giving recognition to the participating bureaus and offices." It is also distributed to other government departments and agencies and to interested Congressional Committees.

returned to Treasury for redemption. This change allowed for the consolidation of offices which also contributed to the total savings. Savings: $180,000.

The Bureau of Accounts made improvements in central accounting, reports that are required from other departments and agencies, and the disbursement of Government funds. Savings: $150,000.

The Alcohol and Tobacco Tax Division of the Internal Revenue Service made a study of its manpower used to supervise distilleries in the U. S. Savings: $380,000.

The report, a 53 page pamphlet ~~entitled, Progress in Management Improvement,~~ is published by the Treasury Department provide a means of interchange of management information. It distributed to the Treasury's 12 participating bureaus and off ~~and~~ to other government departments and agencies, and to [illegible] ~~certain~~ Congressional Committees.

The continuing evaluation of Coast Guard shore units to provide the best possible service at minimum costs led to the closing or automating of a number of Light Stations. Savings: $246,000.

A study of commercial transportation systems used to move heavy Coast Guard equipment and supplies and subsequent negotiations produced lower rates for the transportation of such items as small boats, buoys, and household effects for transferred Coast Guard personnel. Savings: $735,000.

The Bureau of Public Debt, one of Government's major record-keeping organizations, converted its record of savings bonds sold and redeemed from manually maintained registers to recording such transactions on magnetic tape. This permits mechanical identification of bonds sold and identifying well in advance the manpower necessary to accomplish a predetermined workload. Savings $800,000.

The Bureau of Engraving and Printing, through refinements and improvements of equipment used in the production of rolls of stamps, has increased its rate of production to 125 percent of the originally planned output. Savings: $220,000

The Coast Guard has reported a number of money-saving improvements; among them are integration of two electronic navigation stations to permit simultaneous radio transmission of two systems from a single source. Savings: $100,000.

The installation of stainless steel propellers on three U. S. Coast Guard Ice Breakers to reduce maintenance costs from broken blades. Savings: $60,000.

Some of the principal achievements ~~during the year~~ listed i the report were these:

A review of the Internal Revenue Service field organization ~~during the fiscal year~~ produced certain mergers and consolidations which became effective January 1, 1964. Savings to result will total $3.5 million.

The Internal Revenue Service will save about $600,000 by using improved methods in the preparation of taxpayer directories, and ~~an additional~~ $250,000 in savings has been reported through the recent adoption of a new method of key punching cards used in the ~~Internal Revenue Service~~ automatic data processing system.

The Internal Revenue Service's Collection Division, one of the key units engaged in processing individual income tax returns, has developed a system for

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TREASURY DEPARTMENT
Washington

For Release, Newspapers
Monday, February 3, 1964

NEW MANAGEMENT IMPROVEMENTS SAVE TREASURY $16,000,000

Sixteen million dollars will be saved by improve~~d~~ ~~managemen~~ put into effect during fiscal year 1963, including the adoption of suggestions from employees under an incentive awards program, the Treasury reported today.

Treasury Secretary Douglas Dillon commended bureau heads and individuals for their efforts in achieving the second highe annual amount of savings during the 17-year history of the Treasury's program.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

January 31, 1964

FOR RELEASE: A.M. NEWSPAPERS
MONDAY, FEBRUARY 3, 1964

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OR RELEASE A. M. NEWSPAPERS,
uesday, February 4, 1964.

February 3, 1964

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 November 7, 19 and the other series to be dated February 6, 1964, which were offered on January 29, w opened at the Federal Reserve Banks on February 3. Tenders were invited for $1,300,000 or thereabouts, of 91-day bills and for $900,000,000, 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 May 7, 1964		:	182-day Treasury bills maturing August 6, 1964	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equi Annual Rate
High	99.120	3.481%	:	98.180	3.600%
Low	99.112	3.513%	:	98.168	3.624%
Average	99.114	3.505% 1/	:	98.173	3.615% 1/

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

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 24,111,000	$ 14,111,000	:	$ 1,862,000	$ 1,862,00
New York	1,480,628,000	897,838,000	:	1,293,584,000	676,284,00
Philadelphia	29,895,000	14,895,000	:	7,382,000	2,382,00
Cleveland	23,970,000	23,870,000	:	16,454,000	15,454,00
Richmond	12,884,000	12,757,000	:	7,962,000	5,532,00
Atlanta	30,464,000	29,128,000	:	7,825,000	7,504,00
Chicago	205,826,000	134,636,000	:	139,062,000	74,552,00
St. Louis	41,606,000	35,202,000	:	29,805,000	23,590,00
Minneapolis	20,849,000	16,509,000	:	6,121,000	4,121,00
Kansas City	31,132,000	27,862,000	:	12,502,000	10,502,00
Dallas	30,423,000	22,253,000	:	11,641,000	9,211,00
San Francisco	152,566,000	71,627,000	:	124,376,000	62,086,00
TOTALS	$2,084,354,000	$1,300,688,000 a/		$1,658,576,000	$900,380,00

a/ Includes $242,982,000 noncompetitive tenders accepted at the average price of 99.1
b/ Includes $60,517,000 noncompetitive tenders accepted at the average price of 98.1
1/ On a coupon issue of the same length and for the same amount invested, the retur these bills would provide yields of 3.59%, for the 91-day bills, and 3.74%, for t 182-day bills. Interest rates on bills are quoted in terms of bank discount wit return related to the face amount of the bills payable at maturity rather than t amount invested and their length in actual number of days related to a 360-day y 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 semian compounding if more than one coupon period is involved.

TREASURY DEPARTMENT

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WASHINGTON, D.C.

ELEASE A. M. NEWSPAPERS,
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February 3, 1964

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OF ACCEPTED ITITIVE BIDS:	91-day Treasury bills maturing May 7, 1964		:	182-day Treasury bills maturing August 6, 1964	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
igh	99.120	3.481%	:	98.180	3.600%
ow	99.112	3.513%	:	98.168	3.624%
verage	99.114	3.505% 1/	:	98.173	3.615% 1/

3 percent of the amount of 91-day bills bid for at the low price was accepted
7 percent 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	$ 24,111,000	$ 14,111,000	:	$ 1,862,000	$ 1,862,000
York	1,480,628,000	897,838,000	:	1,293,584,000	676,284,000
adelphia	29,895,000	14,895,000	:	7,382,000	2,382,000
eland	23,970,000	23,870,000	:	16,454,000	16,454,000
mond	12,884,000	12,757,000	:	7,962,000	6,532,000
nta	30,464,000	29,128,000	:	7,825,000	7,804,000
ago	205,826,000	134,636,000	:	139,062,000	74,552,000
Louis	41,606,000	35,202,000	:	29,805,000	28,590,000
eapolis	20,849,000	16,509,000	:	6,121,000	4,121,000
as City	31,132,000	27,862,000	:	12,502,000	10,502,000
as	30,423,000	22,253,000	:	11,641,000	9,211,000
Francisco	152,566,000	71,627,000	:	124,376,000	62,086,000
TOTALS	$2,084,354,000	$1,300,688,000 a/		$1,658,576,000	$900,380,000 b/

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

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

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

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

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less for the additional bills dated November 14, 1963, (91 days remaining until maturity date on May 14, 1964) 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 February 13, 1964 , in cash or other immediately available funds or in a like face amount of Treasury bills maturing February 13, 1964 . Cash

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, February 5, 1964

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 $ 2,200,000,000 , or thereabouts, for cash and in exchange for Treasury bills maturing February 13, 1964 , in the amount of $ 2,202,268,000 , as follows:

91 -day bills (to maturity date) to be issued February 13, 1964 , in the amount of $ 1,300,000,000 , or thereabouts, representing an additional amount of bills dated November 14, 1963 , and to mature May 14, 1964 , originally issued in the amount of $ 800,631,000 , the additional and original bills to be freely interchangeable.

182 -day bills, for $ 900,000,000 , or thereabouts, to be dated February 13, 1964 , and to mature August 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 Standard time, Monday, February 10, 1964 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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182-day bills, for $900,000,000, or thereabouts, to be dated February 13,1964, and to mature August 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 Standard time, Monday, February 10, 1964. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury 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 November 14,1963, (91-days remaining until maturity date on May 14, 1964) 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 February 13, 1964, in cash or other immediately available funds or in a like face amount of Treasury bills maturing February 13,1964. 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.

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

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TREASURY DEPARTMENT

WASHINGTON, D.C.

February 7, 1964

FOR IMMEDIATE RELEASE

TREASURY DECISION ON WELDED STANDARD STEEL PIPE
UNDER THE ANTIDUMPING ACT

With regard to welded standard steel pipe from West Germany, the Treasury Department has determined that the case be closed on the basis of no sales at less than fair value within the meaning of the Antidumping Act. Notice of the determination will be published in the Federal Register.

The dollar value of imports of the involved merchandise received during the 12-month period beginning July 1, 1962, was approximately $10,000,000.

TREASURY DEPARTMENT

WASHINGTON, D.C.

February 7, 1964

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TREASURY DECISION ON WELDED STANDARD STEEL PIPE
UNDER THE ANTIDUMPING ACT

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The dollar value of imports of the involved merchandise received during the 12-month period beginning July 1, 1962, was approximately $10,000,000.

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	[illegible]

Office of the Secretary of the Treasury
Office of Tax Analysis

TABLE C

1965

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

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 B

1965

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

'ABLE 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

ffice of the Secretary of the Treasury
Office of Tax Analysis

Table A

1965

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
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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

1964

Married Couple with Two Dependents, with Typical Average Itemized Deductions

Income (Wages & Salaries)	Present tax	1964 Tax	Tax cut	% Tax cut
$ 5,000	$ 300	$ 245	$ 55	18%
6,000	456	377	79	17
7,500	720	618	102	14
10,000	1,196	1,051	145	12
12,500	1,664	1,477	187	11
15,000	2,213	1,976	237	11
17,500	2,772	2,483	289	10
20,000	3,410	3,057	353	10
25,000	4,821	4,332	489	10
30,000	6,420	5,769	651	10
40,000	10,188	9,078	1,110	11
50,000	14,576	13,013	1,563	11
75,000	24,952	22,484	2,468	10
100,000	36,720	33,107	3,613	10

1/ Some of the irregularity in progression of percentages is due to round:

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	$ 129	$ 51	28%
6,000	336	245	91	27
7,500	600	459	141	24
10,000	1,064	859	205	19
12,500	1,531	1,263	268	18
15,000	2,057	1,712	345	17
17,500	2,610	2,179	431	17
20,000	3,230	2,700	530	16
25,000	4,617	3,856	761	16
30,000	6,192	5,175	1,017	16
40,000	9,906	8,291	1,615	16
50,000	14,255	11,971	2,284	16
75,000	24,580	20,850	3,730	15
100,000	36,330	30,840	5,490	15

Office of the Secretary of the Treasury
Office of Tax Analysis

TABLE D

1965

Married Couple with Two Dependents, with Typical Average Itemized Deductions

Income (Wages & salaries)	Present Tax	New Tax	Tax Cut	% Tax Cut
$ 5,000	$ 300	$ 218	$ 82	27%
6,000	456	338	118	26
7,500	720	561	159	22
10,000	1,196	973	223	19
12,500	1,664	1,377	287	17
15,000	2,213	1,844	369	17
17,500	2,772	2,318	454	16
20,000	3,410	2,850	560	16
25,000	4,821	4,024	797	16
30,000	6,420	5,367	1,053	16
40,000	10,188	8,525	1,663	16
50,000	14,576	12,248	2,328	16
75,000	24,952	21,168	3,784	15
100,000	36,720	31,178	5,542	15

1964

Married Couple with Two Dependents, with Standard Deduction

Income (Wages & Salaries)	Present tax	1964 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	$ 160	80	33
5,000	420	325	95	23
6,000	600	500	100	17
7,500	877	750	127	14
10,000	1,372	1,200	172	13
12,500	1,966	1,739	227	12
15,000	2,616	2,326	290	11
17,500	3,350	2,987	363	11
20,000	4,124	3,683	441	11

1964

Married Couple with No Dependents
with Standard Deduction

Income (Wages & Salaries)	Present tax	1964 Tax	Tax cut	% Tax cut
$ 1,000	0	0	--	--
1,500	$ 30	0	$ 30	100%
2,000	120	$ 64	56	47
3,000	300	226	74	25
4,000	480	395	85	18
5,000	660	554	106	16
6,000	844	720	124	15
7,500	1,141	990	151	13
10,000	1,636	1,440	196	12
12,500	2,278	2,021	257	11
15,000	2,960	2,636	324	11
17,500	3,710	3,311	399	11
20,000	4,532	4,049	483	11

1964

Single Taxpayer,
with Standard Deduction

Income (Wages & Salaries)	Present tax	1964 Tax	Tax cut	% Tax cut
$ 1,000	$ 60	$ 16	$ 44	73%
1,500	150	97	53	35
2,000	240	180	60	25
3,000	422	360	62	15
4,000	620	540	80	13
5,000	818	720	98	12
6,000	1,048	928	120	11
7,500	1,405	1,251	154	11
10,000	2,096	1,872	224	11
12,500	2,982	2,666	316	11
15,000	4,002	3,565	437	11
17,500	5,153	4,569	584	11
20,000	6,412	5,690	722	11

TREASURY DEPARTMENT

2

WASHINGTON, D.C.

February 7, 1964

IMMEDIATE RELEASE

1964-1965 TAX REDUCTION SCHEDULES FOR INDIVIDUALS

The Treasury released today the attached tables showing the income tax cuts which individuals would receive as a result of the tax bill.

Tables 1 through 4 show the tax reductions that would be effective in 1964.

Table A through D show the tax reductions that would become effective in 1965.

The tables compare the lower taxes with present taxes at various income levels and show the dollar and percentage tax reduction for: single taxpayers with standard deduction, married couple with no dependents with standard deduction, married couple with two dependents with standard deduction and married couple with two dependents with typical average itemized deduction.

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D-1125

TREASURY DEPARTMENT

WASHINGTON, D.C.

February 7, 1964

IMMEDIATE RELEASE

1964-1965 TAX REDUCTION SCHEDULES FOR INDIVIDUALS

The Treasury released today the attached tables showing the income tax cuts which individuals would receive as a result of the tax bill.

Tables 1 through 4 show the tax reductions that would be effective in 1964.

Table A through D show the tax reductions that would become effective in 1965.

The tables compare the lower taxes with present taxes at various income levels and show the dollar and percentage tax reduction for: single taxpayers with standard deduction, married couple with no dependents with standard deduction, married couple with two dependents with standard deduction and married couple with two dependents with typical average itemized deduction.

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D-1125

Table 1

1964

Single Taxpayer, with Standard Deduction

Income (Wages & Salaries)	Present tax	1964 Tax	Tax cut	% Tax cut
$ 1,000	$ 60	$ 16	$ 44	73%
1,500	150	97	53	35
2,000	240	180	60	25
3,000	422	360	62	15
4,000	620	540	80	13
5,000	818	720	98	12
6,000	1,048	928	120	11
7,500	1,405	1,251	154	11
10,000	2,096	1,872	224	11
12,500	2,982	2,666	316	11
15,000	4,002	3,565	437	11
17,500	5,153	4,569	584	11
20,000	6,412	5,690	722	11

Table 2

1964

Married Couple with No Dependents
with Standard Deduction

Income (Wages & Salaries)	Present tax	1964 Tax	Tax cut	% Tax cut
$ 1,000	0	0	--	--
1,500	$ 30	0	$ 30	100%
2,000	120	$ 64	56	47
3,000	300	226	74	25
4,000	480	395	85	18
5,000	660	554	106	16
6,000	844	720	124	15
7,500	1,141	990	151	13
10,000	1,636	1,440	196	12
12,500	2,278	2,021	257	11
15,000	2,960	2,636	324	11
17,500	3,710	3,311	399	11
20,000	4,532	4,049	483	11

1964

Married Couple with Two Dependents, with Standard Deduction

Income (Wages & Salaries)	Present tax	1964 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	$ 160	80	33
5,000	420	325	95	23
6,000	600	500	100	17
7,500	877	750	127	14
10,000	1,372	1,200	172	13
12,500	1,966	1,739	227	12
15,000	2,616	2,326	290	11
17,500	3,350	2,987	363	11
20,000	4,124	3,683	441	11

Table 4

1964

Married Couple with Two Dependents,
with Typical Average Itemized Deductions

Income (Wages & Salaries)	Present tax	1964 Tax	Tax cut	% Tax cut
$ 5,000	$ 300	$ 245	$ 55	18%
6,000	456	377	79	17
7,500	720	618	102	14
10,000	1,196	1,051	145	12
12,500	1,664	1,477	187	11
15,000	2,213	1,976	237	11
17,500	2,772	2,483	289	10
20,000	3,410	3,057	353	10
25,000	4,821	4,332	489	10
30,000	6,420	5,769	651	10
40,000	10,188	9,078	1,110	11
50,000	14,576	13,013	1,563	11
75,000	24,952	22,484	2,468	10
100,000	36,720	33,107	3,613	10

1/ Some of the irregularity in progression of percentages is due to rounding.

Table A

1965

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

TABLE B

1965

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

TABLE :C

1965

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

TABLE D

1965

Married Couple with Two Dependents, with Typical Average Itemized Deductions

Income (Wages & salaries)	Present Tax	New Tax	Tax Cut	% Tax Cut
$ 5,000	$ 300	$ 218	$ 82	27%
6,000	456	338	118	26
7,500	720	561	159	22
10,000	1,196	973	223	19
12,500	1,664	1,377	287	17
15,000	2,213	1,844	369	17
17,500	2,772	2,318	454	16
20,000	3,410	2,850	560	16
25,000	4,821	4,024	797	16
30,000	6,420	5,367	1,053	16
40,000	10,188	8,525	1,663	16
50,000	14,576	12,248	2,328	16
75,000	24,952	21,168	3,784	15
100,000	36,720	31,178	5,542	15

TREASURY DEPARTMENT
Washington

33

REMARKS BY MISS EVA ADAMS
DIRECTOR OF THE MINT
PHILADELPHIA, PENNSYLVANIA
TUESDAY, FEBRUARY 11, 1964
11:00 A.M.

After President Kennedy's tragic death, thousands of Americans wrote to President Johnson, to the Secretary of the Treasury, and to the Director of the Mint, recommending that the portrait of John F. Kennedy be placed on a United States coin. President Johnson subsequently asked Congress for legislation authorizing the Treasury Department to mint new fifty-cent pieces with the likeness of the late President. Congress gave its approval and President Johnson signed the bill on December 30, 1963.

Today, we strike the first of the John Fitzgerald Kennedy half-dollars to be used for general circulation purposes. Thus, the late President joins the list of his illustrious predecessors whose portraits appear on our coins for regular use -- Washington, Jefferson, Lincoln, and Franklin Roosevelt.

No higher honor could come to me than this opportunity to preside over the first striking of the John Fitzgerald Kennedy half-dollar, for I know that in history he will take his place with the other great presidents who appear on our coins.

With me in Philadelphia are Mr. Robert W. Wallace, Assistant Secretary of the Treasury, Mr. Michael Sura, Superintendent of the Philadelphia Mint, and Mr. Gilroy Roberts, Chief Sculptor of the Mint, and Mr. Frank Gasparro, his Assistant. Mr. Roberts and Mr. Gasparro designed the new half-dollar.

Standing by at the Denver Mint we are honored to have the Honorable Byron G. Rogers, Congressman from the first district of Colorado, Mr. Frederick W. Tate, Assistant Director of the Mint, and Mrs. Fern Miller, the Superintendent there.

Now we are ready to strike the first coins and I would like to ask Secretary Wallace and Congressman Rogers to start the stamping presses on my signal.

Are you ready gentlemen? ----- Please press the button and start the presses.

- - - - - -

The first coins struck in Philadelphia and Denver will be sent to the White House, and President Johnson will present them to Mrs. Jacqueline Kennedy and to Caroline and John Kennedy.

During 1964 the Mint will produce 90,000,000 of the Kennedy half-dollars. When 26,000,000 of that number have been made, they will be distributed to banks throughout the country and released to the public at face value in late March or early April. Thereafter, the new coins will be placed in circulation on a continuous basis as they are produced at the Mints. By the end of the year, almost all of the 90,000,000 will be in circulation.

Congressman Rogers, I want to thank you for being present at the Denver Mint and for participating in the ceremony today. I am also grateful to Mrs. Miller and Mr. Tate for their assistance.

Mr. Wallace, as the Assistant Secretary of the Treasury who has general supervision over the Mint we appreciate your coming to Philadelphia for this occasion. And my thanks to Superintendent Sura and Mr. Roberts and Mr. Gasparro.

Goodbye from Philadelphia.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE	February 7, 1964

PRELIMINARY RESULTS OF TREASURY'S CURRENT EXCHANGE OFFERING

Preliminary figures show that about $7,989 million, or 95.4%, of Treasury ·tificates of indebtedness and bonds maturing February 15, 1964, aggregating ,375 million, were exchanged for the two new issues included in the current ex-ınge offering. About $386 million, or 4.6%, of the two maturing issues remain · cash redemption.

Of the maturing securities held outside the Federal Reserve Banks and Govern-ıt accounts, 8.4% were not exchanged.

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

[GIBLE FOR EXCHANGE		EXCHANGED FOR			UNEXCHANGED
:urity	Amount	3-7/8% Notes due 8/13/65	4% Notes due 8/15/66	Total	Amount
./4% Ctfs.	$6,741	$5,529	$1,073	$6,602	$139
Bonds	1,634	666	721	1,387	247
Total	$8,375	$6,195	$1,794	$7,989	$386

3SCRIBERS	3-7/8% Notes due 8/13/65	4% Notes due 8/15/66	Total
leral Reserve Banks ınd Govt. accounts	$4,014	$ -	$4,014
. others	2,181	1,794	3,975
Total	$6,195	$1,794	$7,989

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

D-1126

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, February 11, 1964.

February 10, 1964

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 November 14, and the other series to be dated February 13, 1964, which were offered on February 5, were opened at the Federal Reserve Banks on February 10. Tenders were invited for $1,300,000,000, or thereabouts, of 91-day bills and for $900,000,000, 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 May 14, 1964		:	182-day Treasury bills maturing August 13, 1964	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.115	3.501%	:	98.166	3.628%
Low	99.104	3.545%	:	98.146	3.667%
Average	99.105	3.540% 1/	:	98.150	3.660% 1/

43% of the amount of 91-day bills bid for at the low price was accepted
99% 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	$ 64,968,000	$ 38,268,000	:	$ 10,593,000	$ [illegible],593,000
New York	1,617,710,000	657,490,000	:	1,247,100,000	606,500,000
Philadelphia	29,864,000	14,864,000	:	8,001,000	3,001,000
Cleveland	33,431,000	32,047,000	:	39,614,000	34,564,000
Richmond	14,039,000	14,039,000	:	2,831,000	2,831,000
Atlanta	37,590,000	33,535,000	:	16,683,000	16,683,000
Chicago	225,510,000	144,520,000	:	178,592,000	82,522,000
St. Louis	34,925,000	28,611,000	:	9,799,000	8,294,000
Minneapolis	25,742,000	16,572,000	:	7,155,000	5,645,000
Kansas City	34,099,000	31,879,000	:	12,257,000	12,257,000
Dallas	45,791,000	36,221,000	:	10,606,000	8,606,000
San Francisco	300,731,000	254,326,000	:	183,717,000	114,427,000
TOTALS	$2,464,400,000	$1,302,372,000 a/		$1,726,948,000	$900,923,000 b/

a/ Includes $266,311,000 noncompetitive tenders accepted at the average price of 99.1[illegible]
b/ Includes $66,177,000 noncompetitive tenders accepted at the average price of 98.1[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 3.63%, for the 91-day bills, and 3.79%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

TREASURY DEPARTMENT

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:LEASE A. M. NEWSPAPERS,
y, February 11, 1964.

WASHINGTON, D.C.
February 10, 1964

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

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ton	$ 64,968,000	$ 38,268,000	:	$ 10,593,000	$ 5,593,000
York	1,617,710,000	657,490,000	:	1,247,100,000	606,500,000
ladelphia	29,864,000	14,864,000	:	8,001,000	3,001,000
reland	33,431,000	32,047,000	:	39,614,000	34,564,000
ımond	14,039,000	14,039,000	:	2,831,000	2,831,000
ınta	37,590,000	33,535,000	:	16,683,000	16,683,000
:ago	225,510,000	144,520,000	:	178,592,000	82,522,000
Louis	34,925,000	28,611,000	:	9,799,000	8,294,000
ıeapolis	25,742,000	16,572,000	:	7,155,000	5,645,000
;as City	34,099,000	31,879,000	:	12,257,000	12,257,000
,as	45,791,000	36,221,000	:	10,606,000	8,606,000
Francisco	300,731,000	254,326,000	:	183,717,000	114,427,000
TOTALS	$2,464,400,000	$1,302,372,000 a/		$1,726,948,000	$900,923,000 b/

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D-1127

TREASURY DEPARTMENT
Washington

'R RELEASE: ON DELIVERY

REMARKS OF THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
BEFORE A JOINT CONFERENCE OF INTERNAL REVENUE SERVICE
FIELD AND NATIONAL OFFICE OFFICIALS,
AUDITORIUM, NATURAL HISTORY BUILDING, SMITHSONIAN INSTITUTION,
WASHINGTON, D.C., TUESDAY, FEBRUARY 11, 1964,
9:00 A.M., EST

I'm happy to join you once again during the Internal Revenue rvice's annual conference in Washington.

The 1962 Revenue Act included a number of improvements in tax uity and in closing loopholes that had a marked effect on your rk. Your capacity to adjust to change will be challenged even re strenuously this year by the major tax bill now before the ngress. That bill embodies far-reaching changes: elimination of e dividend credit; disallowance of deductions for certain state d local taxes; curtailment of the exclusion for sick pay, to ntion a few. But the major change is the substantial rate duction affecting all taxpayers and all segments of our economy.

The tax bill, as President Johnson has stressed, is the most portant single domestic economic measure of the last 15 years. on it hinges a good part of the solution to nearly every major onomic problem confronting this country, including the need to ovide greater opportunities for our less-privileged citizens.

Our concern for human rights goes back to the first days of is Administration. President Johnson has been in the forefront the drive for civil rights, and progress throughout the vernment has been significant. Progress in the Treasury has been ry heartening, and this has been due in no small measure to what s been happening in the Revenue Service.

Appointments in Revenue at the professional level have increased the South over the past year from 11 to 22. Albuquerque, Austin, lahoma City, Birmingham, Jacksonville, and Louisville, have been ded to the list of offices that have Negroes as Revenue Agents, venue Officers, and Tax Technicians. In Atlanta, where no Negro d previously been employed in the Service in a white collar job, Negro Tax Technicians and Punch Card Operators are on duty. In ·3, you increased Negro employment, in grades GS-5 through 11, m 1413 to 1612, or 14 percent; in grades 12 through 18, from to 106, or 51 percent.

You and I know that success in this area has been gained not pronouncements -- however well intentioned -- but by action. I I can assure you that Treasury has no policy of discrimination-in-'erse. Civil Service rules and regulations must be strictly erved, nor can there by any compromise with merit principles. : we do have an obligation to seek out qualified applicants, :ourage training in the skills we need, offer retraining ortunities, and use our minority group employees at their .lest capacities.

Another major administration program in which Internal Revenue an important role is the Alliance for Progress in Latin rica. We are deeply committed to that program and to the ective of raising the level of tax administration in Latin America.

Since June 1962, Internal Revenue has sent 48 key employees rseas to assist other governments. While principle emphasis been on Latin America, we have also rendered assistance to key, Korea, and the Philippines. We anticipate this need will w as additional requests are received from countries around the ld.

I regard the Foreign Tax Assistance Program as of great ortance to the United States. You have a small Foreign Tax istance Staff here, ably headed by Harold Moss. But, as directors the Service's field organizations, it is up to you to identify and ommend to the Staff people who might be useful in this critical gram. I know it will continue to have your support.

When I became Secretary in 1961, the Service had 53,000 loyees. Now it has 61,000. I believe this increase in staff been fully justified. We have, as we all know so well, a stant growth in population and in the economy -- with a responding growth in the tax workload.

On the other hand, it is important to recognize the fact that we not rely solely on additional manpower to answer the problems posed the Service's ever increasing workload. The Service must also find, hin itself, ways and means of meeting its growing responsibilities.

ıtinued and heavy stress must be placed on improvements in ɔductivity. I am well aware of the impressive gains you have le over the years in the utilization of your human resources. These ins must continue if we are to meet our responsibilities. In this ɔortant area we in Washington are particularly dependent on you ɔ carry the burden of operating our field offices throughout the ıntry. We look to each and every one of you to make every possible ɔnomy in the use of manpower and to give us your ideas so that vings developed in one district can promptly be made nationwide.

Commissioner Caplin intends to discuss with you a subject I ısider of critical importance to tax administration: the integrity d public image of the Internal Revenue Service.

Although the recent arrests of Revenue employees and practitioners New York points up the moral decay in certain elements of our ciety, it also forcefully drives home the necessity for an solute standard of morality in the public service.

Integrity in tax administration is something we tend to take for anted in this country. But the price of integrity is eternal gilance. We must, therefore, always insist on absolute honesty the part of our personnel. That is why I have given Commissioner plin my full support in this integrity program.

I think it's very fortunate that you uncovered and exposed e corruption in New York yourselves. This attests to the termination of your top officials and the efficiency of your spection Service.

I hope this lesson will not be lost on those who would subvert e tax system, nor on those who are responsible for directing the rk of others. This is a deadly serious matter. If venality or shonesty ever gets a foothold in the Revenue Service, the damage the country would be beyond calculation.

I'm sure you realize that the taxpayer's opinion is formed, r good or for ill, on the basis of his treatment at the hands individual Internal Revenue Service employees. What you or I , or what we prescribe, makes very little impression on the payer if it does not square with his experience.

Surely a taxpayer doesn't expect to be charmed or to be oled by the Service. But he does -- and should -- expect to treated with civility.

Unfortunately, he doesn't always receive it. I continue see editorials and letters to the editor in which taxpayers terly complain about lack of courtesy. This suggests to me that e of our people may be going out of their way to be antagonistic. now you are all sensitive to this problem, Commissioner Caplin ecially so, but I cannot overstress the damage this sort of ng does.

I do hope you will take a personal interest in making your ple aware of the importance of courtesy in taxpayer contacts. tax system just can't work smoothly if we permit abrasiveness get into the machinery.

With that, let me acknowledge your own courtesy in following remarks so closely, and let me wish you every success for the ır ahead.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

February 11,1964

FOR IMMEDIATE RELEASE

TREASURY MARKET TRANSACTIONS IN JANUARY

During January 1964, 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 $148,724,150.00.

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D-1129

TREASURY DEPARTMENT

WASHINGTON, D.C.

February 11,1964

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D-1129

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

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

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

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

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 ~~(16)~~ or less for the additional bills dated November 21, 1963 ~~(17)~~, (91 ~~(18)~~ days remaining until maturity date on May 21, 1964 ~~(19)~~) and noncompetitive tenders for $100,000 ~~(20)~~ or less for the 182 ~~(21)~~ -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Banks on February 20, 1964 ~~(22)~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing February 20, 1964 ~~(23)~~. Cash

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE

February 11, 1964

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 February 20, 1964, in the amount of $ 2,102,390,000 , as follows:

91 -day bills (to maturity date) to be issued February 20, 1964 , in the amount of $ 1,200,000,000 , or thereabouts, representing an additional amount of bills dated November 21, 1963 , and to mature May 21, 1964 , originally issued in the amount of $ 800,300,000 , the additional and original bills to be freely interchangeable.

182 -day bills, for $ 900,000,000 , or thereabouts, to be dated February 20, 1964 , and to mature August 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 Standard time, Monday, February 17, 1964. 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.

February 11, 1964

R IMMEDIATE RELEASE

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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 ıout deposit from incorporated banks and trust companies and from)onsible and recognized dealers in investment securities. Tenders n others must be accompanied by payment of 2 percent of the face ınt 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 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 November 21, 1963,(91-days remaining until maturity date on May 21, 1964) 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 February 20, 1964, in cash or other immediately available funds or in a like face amount of Treasury bills maturing February 20,1964. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

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

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

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STATUTORY DEBT LIMITATION

As of January 31, 1964 Washington, Feb. 12, 196[illegible]

Section 21 of Second Liberty Bond Act, as amended, provides that the face amount of obligations issued under authority of that Act, and the face amount of obligations guaranteed as to principal and interest by the United States (except such guaranteed obligations as may be held by the Secretary of the Treasury), "Shall not exceed in the aggregate $285,000,000,000 (Act of June 30, 1959; U.S.C., title 31, sec. 757b), outstanding at any one time. For purposes of this section the current redemption value of any obligation issued on a discount basis which is redeemable prior to maturity at the option of the holder shall be considered as its face amount." The Act of November 26, 1963 (P.L. 88-187 88th Congress) provides that during the period beginning on December 1, 1963, and ending on June 30, 1964, the above limitation shall be temporarily increased to $309,000,000,000. Because of variations in the timing of revenue receipts, the public debt limit as increased by the preceding sentence is further increased through June 29, 1964, by $6,000,000,000.

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			$315,000,000,000
Outstanding obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$52,547,142,000		
Certificates of indebtedness	10,939,435,000		
Treasury notes	56,443,694,000	$119,930,271,000	
Bonds —			
Treasury	88,658,359,650		
*Savings (Current redemption value)	48,925,252,887		
United States Retirement Plan bonds	4,964,815		
Depositary	97,205,000		
R. E. A. series	25,619,000		
Investment series	3,649,088,000	141,360,489,352	
Certificates of Indebtedness –			
Foreign series	345,000,000		
Foreign Currency series	30,120,482		
Treasury notes —			
Foreign series	160,233,423		
Treasury bonds –			
Foreign Currency series	730,215,226	1,265,569,131	
Treasury certificates	5,012,568	5,012,568	
Treasury bonds	20,000,000	20,000,000	
Special Funds –			
Certificates of indebtedness	5,820,630,539		
Treasury notes	2,191,682,000		
Treasury bonds	33,904,919,000	41,917,231,539	
Total interest-bearing		304,498,573,590	
Matured, interest-ceased		292,002,061	
Bearing no interest:			
United States Savings Stamps	52,954,589		
Excess profits tax refund bonds	690,293		
Internat'l Monetary Fund notes	3,036,000,000		
Internat'l Develop. Ass'n. notes	164,261,000		
Inter-American Develop. Bank notes	125,000,000		
United Nations Children's Fund bonds	6,000,000		
United Nations Special Fund bonds	37,189,267	3,422,095,149	
Total		308,212,670,800	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A. & DC Stad. Bds.	755,442,150		
Matured, interest-ceased	6,494,325	761,936,475	
Grand total outstanding			308,974,607,2[illegible]
Balance face amount of obligations issuable under above authority			6,025,392,7[illegible]

RECONCILEMENT WITH TABLE III OF THE DAILY STATEMENT OF THE UNITED STATES TREASURY

As of January 31, 1964

Gross public debt this date	308,577,064,[illegible]
Guaranteed obligations not owned by Treasury	761,936,4[illegible]
Total gross public debt and guaranteed obligations	309,339,001,2[illegible]
Deduct debt not subject to statutory limitation	364,394,[illegible]
Total debt subject to limitation	308,974,607,2[illegible]

D-1131

STATUTORY DEBT LIMITATION

As of January 31, 1964 Washington, Feb. 12, 1964

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Bonds -			
Treasury	88,658,359,650		
*Savings (Current redemption value)	48,925,252,887		
United States Retirement Plan bonds	4,964,815		
Depositary	97,205,000		
R. E. A. series	25,619,000		
Investment series	3,649,088,000	141,360,489,352	
Certificates of Indebtedness -			
Foreign series	345,000,000		
Foreign Currency series	30,120,482		
Treasury notes -			
Foreign series	160,233,423		
Treasury bonds -			
Foreign Currency series	730,215,226	1,265,569,131	
Treasury certificates	5,012,568	5,012,568	
Treasury bonds	20,000,000	20,000,000	
Special Funds -			
Certificates of indebtedness	5,820,630,539		
Treasury notes	2,191,682,000		
Treasury bonds	33,904,919,000	41,917,231,539	
Total interest-bearing		304,498,573,590	
Matured, interest-ceased		292,002,061	
Bearing no interest:			
United States Savings Stamps	52,954,589		
Excess profits tax refund bonds	690,293		
Internat'l Monetary Fund notes	3,036,000,000		
Internat'l Develop. Ass'n. notes	164,261,000		
Inter-American Develop. Bank notes	125,000,000		
United Nations Children's Fund bonds	6,000,000		
United Nations Special Fund bonds	37,189,267	3,422,095,149	
Total		308,212,670,800	
aranteed obligations (not held by Treasury):			
nterest-bearing:			
Debentures: F.H.A. & DC Stad. Bds.	755,442,150		
Matured, interest-ceased	6,494,325	761,936,475	
Grand total outstanding			308,974,607,275
ance face amount of obligations issuable under above authority			6,025,392,725

RECONCILEMENT WITH TABLE III OF THE DAILY STATEMENT OF THE UNITED STATES TREASURY

As of January 31, 1964

public debt this date	308,577,064,810
nteed obligations not owned by Treasury	761,936,475
gross public debt and guaranteed obligations	309,339,001,285
t debt not subject to statutory limitation	364,394,010
t to limitation	308,974,607,275

currencies of which the Fund holds less than ~~its~~ the normal quota. The United States will draw such currencies from the Fund and sell them for dollars to other members for their use in making repayments to the Fund. In this way, other members will be able to continue, in effect, to use their dollar holdings to settle their obligations to the Fund.

The United States drawing will be made primarily in Deutschemarks and French francs -- in equal amounts. A small portion, equivalent to $5.5 million, will, however, be in Italian lire to replace lire sold from existing Treasury stocks in January to enable Fund members to make several small repayments to the Fund in lire at that time. The present drawing does not relate to any single repayment by another country but is designed to cover a number of transactions which are expected to take place in the coming weeks

FOR RELEASE: A.M. NEWSPAPERS
FRIDAY, FEBRUARY 14, 1964

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TREASURY ANNOUNCES FIRST U. S. DRAWING FROM IMF

Secretary of the Treasury Douglas Dillon announced today that the United States has made its first drawing of foreign currencies from the International Monetary Fund. The drawing is being made under the standby agreement for $500 million which was announced by President Kennedy in his Balance of Payments Message last July 18. The value of the currencies drawn is equivalent to $125 million.

The Secretary ~~explained~~ said that the drawing was designed to meet a special situation in the Fund's operations ~~[illegible]~~ anticipated last July, and is intended to facilitate repayments by other members. ~~Explaining the need for the drawing,~~ The Secretary ~~noted~~ explained that foreign the countries over the past several years have been repaying more dollars to the International Monetary Fund than the Fund has been paying out in new drawings. As a result, the Fund's holdings of dollars now equal the amount which the United States has paid into the Fund in dollars as part of its quota. At this point, the Fund under its rules can no longer accept dollars in repayment. Repayment must instead be either in gold or in other ~~foreign~~ convertible

TREASURY DEPARTMENT

WASHINGTON, D.C.

February 13, 1964

FOR RELEASE: A.M. NEWSPAPERS
FRIDAY, FEBRUARY 14,1964

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The United States drawing will be made primarily in Deutschemarks and French francs -- in equal amounts. A small portion, equivalent to $5.5 million, will, however, be in Italian lire to replace lire sold from existing Treasury stocks in January to enable Fund members to make several small repayments to the Fund in lire at that time. The present drawing does not relate to any single repayment by another country but is designed to cover a number of transactions which are expected to take place in the coming weeks.

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EXCERPT FROM INTERNATIONAL MONETARY FUND, PRESS RELEASE, WASHINGTON, D.C., JULY 18, 1963

"The International Monetary Fund has entered into a stand-by arrangement that authorizes the United States to draw the currencies of other members of the Fund up to an amount equal to $500 million during the next 12 months. The quota of the United States in the Fund is $4,125 million, of which $1,031 million has been paid in gold. The amount of the stand-by arrangement represents a little less than half the amount the United States could draw on a virtually automatic basis under Fund practice.

"The United States has not previously made use of the Fund's resources. Drawings of U. S. dollars from the Fund by other members have amounted to approximately $4.2 billion since the Fund's operations began in 1947. In recent years, Fund policy has encouraged drawings in non-dollar currencies and repayments to the Fund in U. S. dollars. This policy has provided assistance in financing the U. S. balance of payments deficit. As a result of repayments, the Fund's dollar holdings are now almost at the subscription level, which is 75 per cent of quota or about $3 billion, and the Articles of Agreement prevent repayment to the Fund with U. S. dollars beyond that level. In these circumstances the stand-by arrangement, which is available for general balance of payments needs, is intended to facilitate repayments by other members. This would be accomplished through U. S. drawings of other convertible currencies, which would be sold to Fund members for dollars and used by them to make repayments to the Fund."

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TREASURY DEPARTMENT

WASHINGTON, D.C.

Background

July 17, 1963

U.S. Stand-by Arrangement with the International Monetary Fund

The United States has just obtained agreement of the International Monetary Fund (IMF) to a stand-by arrangement in the amount of $500 million for a period of one year, beginning July 22, 1963. Since the amount requested is well within the U.S gold tranche (of $1,031.25 million) at the IMF, the proposed arrangement does not raise any problems in relation to IMF policies on drawings.

The principal use of the stand-by arrangement foreseen by the United States is for operations to facilitate solution of a technical problem jointly faced by the Fund, many of its members with drawings outstanding, and the United States. This is the problem of repurchases at the Fund by countries which hold their official foreign exchange balances largely or exclusively in U.S. dollars.

The Articles of Agreement of the Fund prevent the Fund from accepting holdings of any currency above 75 per cent of that country's quota except through the initiative of that country to make a drawing of other currencies. From the time the IMF first began operations until quite recently, the U.S. dollar holdings of the Fund were well below 75 per cent of the U.S. quota, because most drawings (as well as repurchases) at the Fund were in U.S. dollars and cumulative repurchases did not reach the level of cumulative drawings. In the past four years, the previous situation for Fund holdings of U.S. dollars has been substantially changed, especially since the IMF drawing of the equivalent of $1.5 billion by the United Kingdom in August-September 1961. First, the volume of repurchases at the Fund, while never reaching the cumulative amount of drawings, has been much higher since 1958 than at any time before; a relatively large proportion of these higher repurchases has continued to be made with U.S. dollars. Second, with the achievement of convertibility by the main European currencies, a significant portion of new drawings from the Fund have utilized these currencies. As a result, the Fund's holdings of U.S. dollars have been fairly close to 75 per cent of the U.S. quota since July 1962 and since the end of April 1963 those holdings have been practically at 75 per cent.

For countries holding official reserves in U.S. dollars, this situation presents a difficulty when they wish to make repurchases at the Fund. The Fund's ability to accept U.S. dollars in repurchase is practically nil owing to the 75 per cent of quota constraint. Countries wishing to repay the Fund can offer other convertible currencies or gold to discharge their repurchase obligations. It is very doubtful that a net transfer of gold to the Fund is desirable at present from the viewpoint of the international payments mechanism as a whole. Also, in order to offer other convertible currencies in repurchase, the countries concerned often need to undertake administrative arrangements that are unusual and unfamiliar to them, and such currencies must usually be purchased (against dollars) at prices above par.

(OVER)

Under the stand-by arrangement, the United States will be able to make available to countries wishing to make repurchases from the Fund, using dollars, a simple and effective facility for obtaining other convertible currencies which the Fund can accept in repurchase. In outline, the mechanism will be as follows:

1. Upon learning that a given Fund member wishes to make a repurchase, would otherwise use U.S. dollars for the purpose, and would like to avail itself of this facility, the Fund staff will contact the U.S. authorities.

2. For value on the date of the repurchase transaction, the U.S. will draw other convertible currencies (pursuant to appropriate consultations through the Fund) equivalent to the value of the repurchase.

3. The U.S. will sell for U.S. dollars, the currencies drawn from the Fund to the repurchasing member, which will execute the repurchase by transferring them to the Fund and taking back the appropriate amount of its own currency. The sale of other convertible currencies by the U.S. to the repurchasing member is envisaged as being at par.

4. The net result of the transaction will be that the Fund's holdings of the other convertible currencies drawn by the U.S. will be the same as before, since they will leave the Fund and immediately be returned by the repurchasing member. The Fund's holdings of the repurchasing member's currency will be reduced and those holdings of U.S. dollars will be increased by the amount of the transaction.

The stand-by amount of $500 million is calculated to be sufficient to cover presently foreseeable repurchases, using U.S. dollars as the starting point, over the coming year. At the same time, the mechanism described above is to be only a facility to be available to interested Fund members at their option. Countries will, of course, continue to have the option, if they choose, to purchase gold from the United States for making repurchases from the Fund or for any other monetary purpose. Countries will also continue to have the option of obtaining other convertible currencies for making repurchases from the Fund by purchasing those currencies in the market against dollars or through arrangements with the central banks concerned, with or without the assistance of the Federal Reserve Bank of New York.

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, 1963, to February 10, 1964	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1963, to February 10, 1964
United Kingdom	4,323,457	719,270	1,441,152	102,245
Canada	239,690	239,690	-	-
France	227,420	187,675	75,807	55,151
India and Pakistan	69,627	19,284	-	-
Netherlands	68,240	11,249	22,747	-
Switzerland	44,388	34,147	14,796	-
Belgium	38,559	33,022	12,853	-
Japan	341,535	59,000	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany	76,329	23,957	25,443	-
Italy	21,263	-	7,088	-
Other, including the U. S.	-	-	-	-
	5,482,509	1,327,294	1,599,886	157,396

1/ Included in total imports, column 2.

The country designations listed in this press release are those specified in Presidential Proclamation No. 2351 of September 5, 1939, as modified by the Tariff Schedules of the United States. Since that date the names of certain countries have been changed. The outmoded names are being retained becuae

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
FRIDAY, FEBRUARY 14,1964

D-1133

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, 1963 - February 10, 1964

Country of Origin	Established Quota	Imports	Country of Origin	Established Quota	Imports
Egypt and Sudan.............	783,816	628,215	Honduras....................	752	
Peru........................	247,952	11,294	Paraguay....................	871	
India and Pakistan..........	2,003,483	157,300	Colombia....................	124	
China.......................	1,370,791	-	Iraq........................	195	
Mexico......................	8,883,259	8,883,259	British East Africa.........	2,240	
Brazil......................	618,723	500,000	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 - February 10, 1964

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

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
FRIDAY, FEBRUARY 14,1964

D-1133

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Mexico.....................	8,883,259	8,883,259	British East Africa.........	2,240	-
Brazil.....................	618,723	600,000	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....	-	-

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(In pounds)

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Other, including the U. S.	-	-	-	-
	5,482,509	1,327,294	1,599,886	157,396

1/ Included in total imports, column 2.

The country designations listed in this press release are those specified in Presidential Proclamation No. 2351 of September 5, 1939, as modified by the Tariff Schedules of the United States. Since that date the names of certain countries have been changed. The outmoded names are being retained because of their geographical coverage and have no political connotation.
Prepared in the Bureau of Customs.

Commodity	Period and Quantity		Unit of Quantity	Imports as of Feb. 1, 1964
Absolute Quotas:				
Butter substitutes containing over 45% of butterfat, and butter oil......................	Calendar Year	1,200,000	Pound	Quota Filled
Fibers of cotton processed but not spun....................	12 mos. from Sept. 11, 1963	1,000	Pound	538
Peanuts, shelled or not shelled, blanched, or otherwise prepared or preserved (except peanut butter)........................	12 mos. from August 1, 1963	1,709,000	Pound	Quota Filled

1/ Imports through February 10, 1964.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
FRIDAY, FEBRUARY 14, 1964

D-1134

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 February 1, 1964:

Commodity	Period and Quantity		Unit of Quantity	Imports as of Feb. 1, 1964
Tariff-Rate Quotas:				
Cream, fresh or sour.............	Calendar Year	1,500,000	Gallon	150,861
Whole Milk, fresh or sour........	Calendar Year	3,000,000	Gallon	
Cattle, 700 lbs. or more each (other than dairy cows)........	Jan. 1, 1964-March 31, 1964	120,000	Head	3,604
Cattle less than 200 lbs. each...	12 mos. from April 1, 1963	200,000	Head	52,200
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish.......	Calendar Year	24,861,670	Pound	Quota Filled
Tuna Fish........................	Calendar Year	To be announced	Pound	2,706,826
White or Irish potatoes:				
Certified seed.................	12 mos. from Sept. 15, 1963	114,000,000	Pound	34,062,000
Other..........................		45,000,000	Pound	6,776,605
Knives, forks, and spoons with stainless steel handles...	Nov. 1, 1963-Oct. 31, 1964	69,000,000	Pieces	41,739,817

1/Imports for consumption at the quota rate are limited to 6,215,417 pounds during the first three months of the calendar year.

TREASURY DEPARTMENT
Washington

MEDIATE RELEASE
RIDAY, FEBRUARY 14,1964

D-1134

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Commodity	Period and Quantity		Unit of Quantity	Imports as of Feb. 1, 1964
Absolute Quotas:				
Butter substitutes containing over 45% of butterfat, and butter oil......................	Calendar Year	1,200,000	Pound	Quota Filled
Fibers of cotton processed but not spun....................	12 mos. from Sept. 11, 1963	1,000	Pound	53
Peanuts, shelled or not shelled, blanched, or otherwise prepared or preserved (except peanut butter).........................	12 mos. from August 1, 1963	1,709,000	Pound	Quota Filled

1/ Imports through February 10, 1964.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE

FRIDAY, FEBRUARY 14,1964 D-1135

The Bureau of Customs has announced the following preliminary figures showing the imports for consumption from January 1, 1964, to February 1, 1964, 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 February 1, 1964
Buttons.............	680,000	Gross	24,076
Cigars..............	160,000,000	Number	902,148
Coconut oil.........	358,400,000	Pound	69,907,120
Cordage.............	6,000,000	Pound	404,709
Tobacco.............	5,200,000	Pound	199,647

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE

FRIDAY, FEBRUARY 14, 1964 D-1135

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Cigars..............	160,000,000	Number	902,148
Coconut oil.........	358,400,000	Pound	69,907,120
Cordage.............	6,000,000	Pound	404,709
Tobacco.............	5,200,000	Pound	199,647

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TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
FRIDAY, FEBRUARY 14, 1964

D-1136

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 - January 1 - March 31, 1964

IMPORTS - January 1 - February 7, 1964 (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 (Pounds)	Imports	Quarterly Quota Dutiable lead (Pounds)	Imports	Quarterly Quota Zinc Content (Pounds)	Imports	Quarterly Quota By Weight (Pounds)	Imports
Australia	11,220,000	11,220,000	22,540,000	10,356,896	-	-	-	-
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	7,520,000
Bolivia	5,040,000	4,736,205**	-	-	-	-	-	-
Canada	13,440,000	4,511,025**	15,920,000	7,387,103	66,480,000	66,480,000	37,840,000	14,046,275
Italy	-	-	-	-	-	-	3,600,000	-
Mexico	-	-	36,880,000	17,124,555	70,480,000	23,613,079	6,320,000	1,800,497
Peru	16,160,000	16,160,000	12,880,000	4,718,422	35,120,000	10,768,445	3,760,000	2,622,026
Republic of the Congo (formerly Belgian Congo)	-	-	-	-	-	-	5,440,000	3,251,844**
***Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	1,763,346**	-	-	-	-
All other countries (total)	6,560,000	1,574,551**	6,080,000	6,080,000	17,840,000	14,928,460**	6,080,000	6,080,000

*See Part 2, Appendix to Tariff Schedules.

**Imports as of February 10, 1964.

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
FRIDAY, FEBRUARY 14, 1964

D-1136

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 - January 1 - March 31, 1964

IMPORTS - January 1 - February 7, 1964 (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 (Pounds)	Imports	Quarterly Quota Dutiable lead (Pounds)	Imports	Quarterly Quota Zinc Content (Pounds)	Imports	Quarterly Quota By Weight (Pounds)	Imports
Australia	11,220,000	11,220,000	22,540,000	10,356,896	-	-	-	-
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	7,520,000
Bolivia	5,040,000	4,736,205**	-	-	-	-	-	-
Canada	13,440,000	4,511,025**	15,920,000	7,387,103	66,480,000	66,480,000	37,840,000	14,046,275
Italy	-	-	-	-	-	-	3,600,000	-
Mexico	-	-	36,880,000	17,124,555	70,480,000	23,613,079	6,320,000	1,800,497
Peru	16,160,000	16,160,000	12,880,000	4,718,422	35,120,000	10,768,445	3,760,000	2,622,026
Republic of the Congo (formerly Belgian Congo)	-	-	-	-	-	-	5,440,000	3,251,844**
***Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	1,763,346**	-	-	-	-
All other countries (total)	6,560,000	1,574,551**	6,080,000	6,080,000	17,840,000	14,928,460**	6,080,000	6,080,000

*See Part 2, Appendix to Tariff Schedules.

**Imports as of February 10, 1964.

February 14, 1964

FOR IMMEDIATE RELEASE:

The Minister of Finance of Canada, Walter L. Gordon, conferred today with Secretary of the Treasury Douglas Dillon. The Minister came to Washington to review with the Secretary the various economic questions which are of special ~~concern~~ interest to the two governments whose financial relationships are uniquely inter-related. The subjects discussed included the balance of payments of the two countries; the Canada-U.S. tax convention; and the Canadian policy regarding automobiles and parts. These talks were part of a continuing series of U.S.-Canadian Cabinet level contacts in the spirit of President Johnson's meeting with Prime Minister Pearson last month.

(Note: Run and hold for distribution at 2:45 p.m. when the British distribute)

2-1137

2:45 pm

TREASURY DEPARTMENT

WASHINGTON, D.C.

February 14, 1964

FOR IMMEDIATE RELEASE

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D-1137

Exchanges for 4% Notes of Series A-1966

Federal Reserve District	3-1/4% Ctfs., Series A-1964	3% Bonds of 1964	Total
Boston	$ 60,865,000	$ 10,331,000	$ 71,196,000
New York	482,703,000	219,026,000	701,729,000
Philadelphia	11,764,000	20,093,000	31,857,000
Cleveland	78,550,000	40,164,000	118,714,000
Richmond	22,302,000	16,082,000	38,384,000
Atlanta	63,253,000	33,381,000	96,634,000
Chicago	194,335,000	170,742,000	365,077,000
St. Louis	53,360,000	37,048,000	90,408,000
Minneapolis	27,351,000	26,161,000	53,512,000
Kansas City	38,505,000	36,217,000	74,722,000
Dallas	12,745,000	24,142,000	36,887,000
San Francisco	35,425,000	92,430,000	127,855,000
Treasury	1,664,000	965,000	2,629,000
TOTAL	$1,082,822,000	$726,782,000	$1,809,604,000

Maturing 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)			
3-1/4% Ctfs., A-1964	$2,816	$3,925	1.8	4.3
3% Bonds, 1964	1,522	112	14.6	14.3
Total	$4,338	$4,038	4.3	7.8

FOR IMMEDIATE RELEASE February 17, 1964

SUBSCRIPTION FIGURES FOR CURRENT EXCHANGE OFFERING

The results of the Treasury's current exchange offering of

3-7/8% notes dated February 15, 1964, maturing August 13, 1965, and 4% notes (additional issue) dated February 15, 1962, maturing August 15, 1966,

are summarized in the following tables.

Issues Eligible for Exchange	Amount Eligible for Exchange	Exchanged For 3-7/8% Notes	Exchanged For 4% Notes	Exchanged For Total	For Cash Redemption
	(In millions)				
3-1/4% Ctfs., A-1964	$6,741	$5,535	$1,08[illegible]	$6,6[illegible]	$[illegible]
3% Bonds, 1964	1,634	668	727	1,395	[illegible]
Total	$8,375	$6,203	$1,810	$8,013	$[illegible]

Exchanges for 3-7/8% Notes of Series D-1965

Federal Reserve District	3-1/4% Ctfs., Series A-1964	3% Bonds of 1964	Total
Boston	$ 79,947,000	$ 14,462,000	$ 94,409,[illegible]
New York	4,636,313,000	340,407,000	4,976,7[illegible]
Philadelphia	44,585,000	20,397,000	64,9[illegible]
Cleveland	45,347,000	46,506,000	91,[illegible]
Richmond	28,546,000	5,045,000	33,591,[illegible]
Atlanta	47,648,000	26,450,000	74,098,[illegible]
Chicago	212,351,000	89,362,000	301,713,[illegible]
St. Louis	34,563,000	15,213,000	69,776,[illegible]
Minneapolis	26,200,000	10,986,000	37,18[illegible]
Kansas City	44,217,000	17,895,000	62,110,[illegible]
Dallas	62,853,000	18,612,000	81,46[illegible]
San Francisco	233,823,000	60,889,000	294,712,[illegible]
Treasury	18,716,000	1,746,000	20,4[illegible]
TOTAL	$5,535,109,000	$667,967,000	$6,203,076,[illegible]

TREASURY DEPARTMENT

WASHINGTON, D.C.

)R IMMEDIATE RELEASE

February 17, 1964

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		3-7/8% Notes	4% Notes	Total	
		(In millions)			
1/4% Ctfs., A-1964	$6,741	$5,535	$1,083	$6,618	$123
Bonds, 1964	1,634	668	727	1,395	239
Total	$8,375	$6,203	$1,810	$8,013	$362

Exchanges for 3-7/8% Notes of Series D-1965

Federal Reserve District	3-1/4% Ctfs., Series A-1964	3% Bonds of 1964	Total
Boston	$ 79,947,000	$ 14,462,000	$ 94,409,000
New York	4,636,313,000	340,407,000	4,976,720,000
Philadelphia	44,585,000	20,397,000	64,982,000
Cleveland	45,347,000	46,505,000	91,852,000
Richmond	28,546,000	5,045,000	33,591,000
Atlanta	47,648,000	26,450,000	74,098,000
Chicago	212,351,000	89,362,000	301,713,000
St. Louis	54,563,000	15,213,000	69,776,000
Minneapolis	26,200,000	10,986,000	37,186,000
Kansas City	44,217,000	17,893,000	62,110,000
Dallas	62,853,000	18,612,000	81,465,000
San Francisco	233,823,000	60,889,000	294,712,000
Treasury	18,716,000	1,746,000	20,462,000
TOTAL	$5,535,109,000	$667,967,000	$6,203,076,000

D-1138

Exchanges for 4% Notes of Series A-1966

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New York	482,703,000	219,026,000	701,729,000
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TOTAL	$1,082,822,000	$726,782,000	$1,809,604,000

Maturing Issues	Eligible for Exchange		For Cash Redemption	
	Publicly Held	Federal Reserve Banks and Government Accounts	Percent of Total Outstanding	Percent of Public Holdings
	(In millions)			
3-1/4% Ctfs., A-1964	$2,816	$3,925	1.8	4.3
3% Bonds, 1964	1,522	112	14.6	14.3
Total	$4,338	$4,038	4.3	7.8

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, February 18, 1964.

February 17, 1964

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 November 21, 19 and the other series to be dated February 20, 1964, which were offered on February 11, were opened at the Federal Reserve Banks on February 17. Tenders were invited for $1,200,000,000, or thereabouts, of 91-day bills and for $900,000,000, 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 May 21, 1964		182-day Treasury bills maturing August 20, 1964	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.110	3.521%	98.146 a/	3.667%
Low	99.105	3.541%	98.138	3.683%
Average	99.107	3.534% 1/	98.140	3.679% 1/

a/ Excepting two tenders totaling $700,000
14% of the amount of 91-day bills bid for at the low price was accepted
79% 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	$ 63,803,000	$ 25,203,000	$ 3,764,000	$ 3,764,000
New York	1,480,902,000	762,722,000	1,532,470,000	715,094,000
Philadelphia	29,697,000	14,697,000	8,549,000	3,549,000
Cleveland	26,221,000	22,996,000	27,307,000	12,122,000
Richmond	13,534,000	13,534,000	2,315,000	2,315,000
Atlanta	32,225,000	25,151,000	9,796,000	7,796,000
Chicago	228,430,000	133,057,000	149,012,000	62,882,000
St. Louis	39,681,000	33,309,000	10,531,000	8,531,000
Minneapolis	20,659,000	15,997,000	6,317,000	4,317,000
Kansas City	40,865,000	35,919,000	11,719,000	8,619,000
Dallas	29,478,000	19,618,000	9,882,000	4,882,000
San Francisco	189,585,000	98,885,000	129,505,000	67,081,000
TOTALS	$2,195,080,000	$1,201,088,000 b/	$1,901,187,000	$900,954,000

b/ Includes $250,315,000 noncompetitive tenders accepted at the average price of 99.1
c/ Includes $64,173,000 noncompetitive tenders accepted at the average price of 98.14
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 3.63%, for the 91-day bills, and 3.81%, 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, February 18, 1964.

February 17, 1964

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High	99.110	3.521%	:	98.146 a/	3.667%
Low	99.105	3.541%	:	98.138	3.683%
Average	99.107	3.534% 1/	:	98.140	3.679% 1/

xcepting two tenders totaling $700,000
4% of the amount of 91-day bills bid for at the low price was accepted
9% of the amount of 182-day bills bid for at the low price was accepted

L TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

strict	Applied For	Accepted	:	Applied For	Accepted
ston	$ 63,803,000	$ 25,203,000	:	$ 3,764,000	$ 3,764,000
w York	1,480,902,000	762,722,000	:	1,532,490,000	715,094,000
iladelphia	29,697,000	14,697,000	:	8,549,000	3,549,000
eveland	26,221,000	22,996,000	:	27,307,000	12,122,000
chmond	13,534,000	13,534,000	:	2,315,000	2,315,000
lanta	32,225,000	25,151,000	:	9,796,000	7,796,000
icago	228,430,000	133,057,000	:	149,012,000	62,882,000
. Louis	39,681,000	33,309,000	:	10,531,000	8,531,000
neapolis	20,659,000	15,997,000	:	6,317,000	4,317,000
nsas City	40,865,000	35,919,000	:	11,719,000	8,619,000
llas	29,478,000	19,618,000	:	9,882,000	4,882,000
n Francisco	189,585,000	98,885,000	:	129,505,000	67,083,000
TOTALS	$2,195,080,000	$1,201,088,000 b/	:	$1,901,187,000	$900,954,000 c/

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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 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 aranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal Re- rve Banks and Branches, following which public announcement will be made by the easury Department of the amount and price range of accepted bids. Those submit- ng 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 .ce from any one bidder will be accepted in full at the average price (in three cimals) of accepted competitive bids. Payment of accepted tenders at the prices 'ered must be made or completed at the Federal Reserve Bank in cash or other im- liately available funds on March 3, 1964.

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

TREASURY OFFERS $1 billion one-year BILLS

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE February 18, 1964

The Treasury Department, by this public notice, invites tenders for $ 1,000,000, or thereabouts, of 362 -day Treasury bills, to be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided. The bills of this series will be dated March 3, 1964 , and will mature February 28, 1965 when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $50,000, $100,000, $500,0 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Standard time, Tuesday, February 25, 1964 . Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.9 Fractions may not be used. (Notwithstanding the fact that these bills will run for 362 days, the discount rate will be computed on a bank discount basis of 360 days, as is currently the practice on all issues of Treasury bills.) It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

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TREASURY DEPARTMENT

WASHINGTON, D.C.

February 18, 1964

R IMMEDIATE RELEASE

TREASURY OFFERS $1 BILLION ONE-YEAR BILLS

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Immediately after the closing hour, tenders will be opened at the leral Reserve Banks and Branches, following which public announcement l be made by the Treasury Department of the amount and price range accepted bids. Those submitting tenders will be advised of the

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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 March 3, 1964.

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

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TREASURY DEPARTMENT
Washington

FOR RELEASE A.M. NEWSPAPERS
THURSDAY, FEBRUARY 20, 1964

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REMARKS BY THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
BEFORE THE ECONOMIC CLUB OF CHICAGO
AT THE PALMER HOUSE, CHICAGO, ILLINOIS
WEDNESDAY, FEBRUARY 19, 1964, 7:00 P.M., CST

It is a pleasure to be here tonight, not only because of the importance of this distinguished audience, but because it gives me the opportunity to acknowledge the outstanding work of Chicago's representatives on the U. S. Industrial Payroll Savings Committee, who help our debt management program by promoting United States Savings Bonds sales. I am sure the Committee will be calling upon many of you to support the 1964 campaign -- which begins tomorrow. I know you will respond in any way you can.

Tonight, I want to examine with you one of our most persistent economic problems -- the deficits in our international balance of payments:

Last year was critical for our balance of payments -- a year of initial relapse, followed by vigorous recovery. Our deficit on regular transactions reached an annual rate of $4-1/2 billion in the first half of the year, but fell to little more than $1-1/2 billion in the last half -- the best six-month record since our payments were bolstered by the Suez crisis in 1957.

Regular transactions, as you know, include everything except special inter-governmental transactions such as advance repayments of debts owed to us, advances on military purchases from us, and sales of special non-marketable U. S. obligations. Thus, regular transactions provide the best measure of the year-to-year changes in the basic elements that shape our balance of payments. However, the overall balance -- which represents the total change in our liquid assets and liabilities -- is the best measure of the results in any given year, because it includes <u>all</u> transactions which affect our international liquidity position.

For all of 1963, our deficit on regular transactions amounted to $3 billion -- a $600 million improvement over 1962, just a hair better than the 1961 record, when imports were depressed in the aftermath of our last recession, but a substantial improvement over the 1958-60 average of $3.9 billion.

On an overall basis, the 1963 figures are complicated by our sale to foreign central banks for the first time of non-marketable, medium-term convertible securities. These sales, which are highly important in protecting our gold stock, amounted to $700 million. There is no clear consensus on how those securities should be treated in our statistics, so the Commerce Department presents two totals: one making allowances for their sale, and the other disregarding them by treating them as fully liquid liabilities equivalent to cash. On the first basis, our overall deficit for 1963 was just under $1.9 billion, and on the second, just under $2.6 billion. These figures compare to $2.4 billion in 1961, $2.2 billion in 1962, and an average of $3.7 billion in the 1958-60 period.

These different statistical approaches make the balance of payments more difficult to comprehend than it actually is. In addition, our statistics, since they are derived differently, cannot be compared with those of the International Monetary Fund and most other countries. To remedy that situation, the Administration appointed a committee of experts from private life to study our balance of payments statistics. That committee has been at work for almost a year, and plans to make its report some time this Spring. Its report, we hope, will result in a simplification or standardization of our balance of payments statistics that will make them both more readily understandable and more comparable with the statistics of other countries.

One statistic that, for good or for ill, is always easily understood, records our gold stock. Last year it showed substantial improvement. Total gold outflow was held to $461 million as compared to $890 million in 1962, $857 million in 1961, and an average of $1.7 billion in the 1958-60 period.

To understand what happened last year, and what it portends for the future, we must go back to 1961, when we began to forge a comprehensive program to move our international accounts back into balance:

Without vigorous and appropriate corrective measures, the situation at the beginning of 1961 could easily have degenerated into a major crisis of confidence in the dollar -- and thus for the entire Free World payments system. You will recall that there were many at that time who expected exactly that to happen. We had to take action promptly and firmly -- and we did.

First, we had to make clear -- and keep clear beyond any doubt -- our firm determination to maintain the value of the dollar. Soon after taking office, President Kennedy called attention to the very large gold and other resources at our disposal, and pledged that we would, if necessary, mobilize all of these resources to maintain the value of the dollar. President Johnson has emphatically reaffirmed our unchanging determination on this score.

To support the position of the dollar in world markets, we set up a series of new international financial arrangements to offset the effects of potential currency speculation and to avoid unnecessary and unsettling movements of gold. These actions included the revival of U. S. official activity in both forward and spot markets for foreign exchange, informal arrangements to discourage private speculation in the London gold market, and development of a broad network of bilateral agreements for mutual extension of swap credits. The Treasury late in 1962 also began to sell to foreign central banks special Treasury securities denominated in foreign currencies.

Measures such as these continue to be vital to the defense of the dollar, although they must not be confused with measures to reduce the deficit itself. With the return to convertibility of all the major currencies of the Free World, and the ease with which large sums of money can now move from country to country, the types of defense I have been talking about will be of substantial value even when the United States has returned to payments equilibrium.

As for the actual deficit, this Administration launched a broad and continuing program -- of both general and specific measures -- designed to eliminate it within a reasonable period of time.

The general measures are, of course fundamental, for they affect our domestic economic condition and climate upon which any final resolution of our payments difficulty must depend. The first and most important of those measures is, of course, tax incentives to encourage greater growth in our domestic economy and greater investment in product improvement and plant modernization.

We took the first significant step in that direction in 1962 with the depreciation reform measures and the enactment of the investment credit. We will take a second and far-reaching stride in that direction when we adopt the tax reduction bill which has just been agreed upon by a joint House-Senate Conference Committee. This bill not only reduces rates, but also almost doubles the effectiveness of the investment credit by restoring the full benefits of the Administration's original proposal, which was substantially watered down in the final version of the 1962 bill. Thus it should be instrumental in generating the more rapid advances in productivity that are crucial to our continued and growing competitiveness in markets both at home and abroad. Equally important, as our economy expands in response to the tax cut, and employment and productive efficiency climb, investment in the United States will become increasingly more attractive to both foreign and domestic capital.

A second general measure has been to use monetary policy to move short-term interest rates closer to rates abroad, thus reducing the outflow of short-term capital, while at the same time continuing an ample availability of domestic credit.

The third, and final, overall factor has been the maintenance of price stability. In early 1962, the President's Council of Economic Advisers set up non-inflationary guideposts for wage and price decisions calling for voluntary action by both business and labor. The Council pointed out in its most recent Annual Report that responsible and voluntary adherence to those guideposts has been an important factor in maintaining the impressive price stability of recent years. The absence of inflationary price increases in this country -- at a time when our competitors in Western Europe and elsewhere have generally experienced a rising price level -- may well prove in the long run to be the most important single factor favoring a gradual return to balance in the international accounts of the United States. It is essential that price and wage decisions be made with this in mind.

It is these general policies, which affect our whole economy and its ability to compete, that are decisive over the long run. But more direct and quick-acting measures have been required as well.

The Administration has spared no effort to help our private economy exploit and expand its opportunities for increased sales to foreign countries. In every way possible -- principally through the Department of Commerce -- we have exhorted, encouraged, and above all, helped American business to expand exports. The Export-Import Bank, in cooperation with private insurers, has improved the credit facilities available to American exporters to the point where they are now as good as any in the world.

We have also dramatically reduced the net impact on our payments of overseas outlays by the government itself. We have done so by limiting -- and wherever possible cutting -- our gross expenditures abroad for military purposes, and by offsetting as much as possible of such spending through arrangements for the sale of U. S.-produced military equipment to major allied countries. We have also had excellent success in making sure that as much as possible of our economic assistance overseas goes to finance additional exports of U. S. goods and services -- thus avoiding or minimizing any adverse impact on our balance of payments. As a result, by the end of this year we will have made a one billion dollar reduction in our 1962 rate of overseas government expenditures -- and, in addition, from 1961 through 1963 our receipts from sales of military equipment overseas have more than doubled, improving our payments positions by another $500 to $600 million a year.

Finally, with the full cooperation of many of the leading industrial countries, we have carried out a series of transactions to give us added time for our long-term corrective measures to take effect. These include prepayments by foreign countries on debts owed to the U. S. Government, advance payments made by allied governments toward purchases of U. S. military equipment and our issuance -- beginning in the last quarter of 1962 -- of special non-marketable medium-term U. S. Government securities to foreign monetary authorities.

Last year we adopted other interim, short-term measures as well. It was imperative that we do so. In the first half of 1963, as we all know, a surge of capital outflow swamped the improvement in other areas and swelled the deficit on regular transactions to an annual rate of \$4-1/2 billion. New issues of foreign securities, in particular, soared to an annual rate of nearly \$2 billion -- nearly twice the 1962 rate and more than three times the average for the years 1959 through 1961. As a result, last July President Kennedy announced an intensified program of actions to deal with our balance of payments problem. In terms of immediate results, the two key steps taken at that time were the proposal for an Interest Equalization Tax, and the half-percent increase in the Federal Reserve rediscount rate.

The sharp recovery in our payments during the last half of 1963 -- with the improvement in our long and short-term capital accounts amounting to between \$1-1/2 and \$2, about \$2 billion at an annual rate -- bears dramatic witness to the effectiveness of these measures, particularly the Interest Equalization Tax. This, then, is the background. What can it tell us about our payments outlook for the years immediately ahead?

First of all, it is clear that the Interest Equalization Tax proposal has thus far operated somewhat as a tourniquet, shutting off the flow of American portfolio capital into foreign securities rather completely, except for some issues that had been arranged prior to announcement of the tax. We can hardly expect this situation to continue -- nor, in the long run, would it be either sound or desirable. Market activity will undoubtedly increase once the tax is enacted and the market grows familiar with its workings. During the course of this year, therefore, we expect a resumption of portfolio capital outflows, but only at about the level considered normal before the abrupt increases of 1962 and early 1963.

Second, we must expect a considerable expansion in imports during 1964 to keep pace with the rising level of domestic activity. Normally, we import at a rate approximating three percent of our gross national product. Because of the size of our GNP, this small percentage amounts to a substantial sum in terms of our balance of payments. We must, therefore, intensify our efforts to ensure that our exports of merchandise will grow at least as rapidly as our imports. Otherwise, our foreign trade could become a source of weakness in our balance of payments -- rather than, as in the past, a source of strength.

Third, we can expect continuing reductions in our overseas governmental expenditures as the programs announced last summer take effect. The full force of those programs will be felt in 1965. After that, it will become increasingly difficult to squeeze additional reductions out of these accounts.

A very favorable portent for the future is the growing realization on the part of responsible officials in all major countries that the large imbalances in the free world's accounts of recent years should not -- indeed, cannot -- be permitted to continue. From the European point of view, surpluses aggravate what is already a serious problem of internal inflation. And the United States has made absolutely clear its resolute determination to eliminate its international deficit. Thus, we all have strong incentives to join together in improving payments positions wherever they are thrown out of kilter. There are, of course, many difficulties to be overcome, both in surplus and in deficit countries, before deeds will match the desire for mutual improvement. But mutual understanding and determination are growing, and international cooperation is a real and potent force for mutual adjustment.

Much has been accomplished already. We have greatly strengthened confidence in the foreign exchange markets. Through cooperation with other monetary authorities and the rising pattern of short-term interest rates in the United States, we have substantially narrowed the incentives for the export of short-term capital. Every effort must be made both here and abroad to see that this cooperation continues and intensifies. We must -- and will -- continue to seek a better adjustment of long-term capital flows through the development of more effective capital markets in other countries in order to reduce undue concentration upon our own. The proposed Interest Equalization Tax has already stimulated much greater European efforts in this area.

On the whole, and barring unexpected developments, I anticipate that 1964 will see a continuation of the progress we have seen since last July. This would mean a substantial improvement over 1963 in our deficit on regular transactions.

Beyond 1964, we might better speak of requirements rather than forecasts. We must continue -- difficult though it may be -- to seek out ways to further reduce direct government spending overseas over and beyond the improvement we can now foresee for 1965. We must remain prepared to make such use of monetary policy as may prove necessary to prevent unacceptable outflows of short-term funds.

Most important of all, we must improve our balance on commercial trade and service accounts, and we must do this by selling more. We will, I believe, be assisted in this effort by the growing demands of markets in Europe and elsewhere. To take advantage of those markets, we must continue to work for stable costs and prices even as we seek more rapid growth in employment opportunities and in the gross national product. I do not look for any sudden or dramatic easing in the competitive pressure which will confront us from now on, but our competitive position has improved slowly but steadily over recent years. We will therefore need -- and I am confident we will see -- redoubled efforts on the part of the individual businessmen, farmers, and industrialists of this nation.

Our country has set as its aim the difficult task of eliminating its balance of payments deficit without disrupting the trade of other countries and without sacrificing American leadership in the defense of the West, the economic growth of the less developed countries, or the support of forward looking economic policies. There must be no relaxation in governmental or private efforts until that goal has been reached. I am confident there will be none.

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

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

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

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

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 (16) or less for the additional bills dated November 29, 1963 (17), (91 (18) days remaining until maturity date on May 28, 1964 (19)) and noncompetitive tenders for $100,000 (20) or less for the 182 (21) -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Banks on February 27, 1964 (22), in cash or other immediately available funds or in a like face amount of Treasury bills maturing February 27, 1964 (23). Cash

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, February 19, 1964

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 February 27, 1964 , in the amount of $ 2,101,877,000 , as follows:

91 -day bills (to maturity date) to be issued February 27, 1964 , in the amount of $ 1,200,000,000 , or thereabouts, representing an additional amount of bills dated November 29, 1963 , and to mature May 28, 1964 , originally issued in the amount of $ 801,679,000 , the additional and original bills to be freely interchangeable.

182 -day bills, for $ 900,000,000 , or thereabouts, to be dated February 27, 1964 , and to mature August 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 Standard time, Monday, February 24, 1964 Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three

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The U. S. Coast Guard Academy is one of the Nation's four Armed Forces academies. Appointment of cadets is on a competitive basis with no geographical quotas. The Academy provides a four-year course of instruction leading to a Bachelor of Science degree and a commission as an Ensign in the Coast Guard.

The other four members of the Advisory Committee whose terms have not yet expired are:

Dr. Arthur S. Adams; Washington, D.C.; Chairman of the Advisory Committee; former President of the University of New Hampshire; former President of the American Council on Education.

Mr. A. Gilmore Flues; attorney; Washington, D.C.; former Assistant Secretary of Treasury;

Mr. Frederick W. Richmond, New York City; President of F. W. Richmond and Co, Inc.;

Mr. Walter F. Sheehan, New Milford, Connecticut; Head Master Canterbury School.

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NEW MEMBERS APPOINTED TO
COAST GUARD ACADEMY ADVISORY COMMITTEE

Secretary of the Treasury Douglas Dillon
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The ~~new appointments, made by Treasury Secretary Douglas Dillon, to whom the Coast Guard~~ [illegible]

Dr. William W. Hagerty, President of Drexel Institute; Philadelphia.

Mr. William J. Fitzgerald, prominent Boston attorney and businessman. Attended the U. S. Coast Guard Academy in 1943 and served in the U. S. Coast Guard, both overseas and in the United States during World War II, leaving the Service with the rank of Lieutenant. He resides at 165 Mt. Vernon Street, Boston.

Dr. Karl O'Lessker, Professor of Political Science at Wabash College and former Legislative Assistant to Matthew E. Welsh, Governor of Indiana. He resides at 417 West Main Street, Crawfordsville, Indiana.

The appointments fill present vacancies on the seven-man group and run until June 30, 1966.

The duties of the Advisory Committee are to examine the course of instruction at the Coast Guard Academy, and to advise

TREASURY DEPARTMENT

WASHINGTON, D.C.

February 19, 1964

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United States by speeding up customs procedures, by encouraging face lifting efforts at our various ports and, above all, by greeting visitors to our shores with courteous, efficient personnel--

DISPENSERS

our dockside ambassadors of good will.

It is a source of real satisfaction to those of us in the Treasury Department to salute Customs employees on their 175th Birthday. To Assistant Secretary Reed, TO Commissioner Nichols, and to all of you, I say for all of us in the Department--congratulations on a job well done.

1963 they reached $16.5 billion.

2.) Customs collections in 1939 totaled $350.4 million. In 1963 they came to almost $1-3/4 billion.

3.) Consumption entries filed in 1939 were 514,000. In 1963 they were 1,528,000.

Last year, nearly 48 million vessels, aircraft~~s~~, automobiles, trucks, buses and other carriers entered our ports and airports or crossed our [land] borders. The number of passengers processed reached 164 million, or more than five persons every second.

[Customs has indeed become a big business, and it's growing in volume every day.]

Your determination to continue SEEKING ~~finding~~ ways to improve your service to the traveling public, and TO the international business community, is to be commended. After 175 years, you're not resting on your oars. Your efforts have been instrumental in furthering the Administration's policy of encouraging foreign travel to the

Inside, in the customs laboratories, and out front -- where it meets the traveling public -- the Customs Service has been steadily at work improving and streamlining its service. Introduction of oral baggage declaration at all airports in the United States has greatly speeded Customs formalities. At John F. Kennedy Airport in New York, the average time it now takes for travelers is four minutes per person -- a record hard to match anywhere in the world, especially in view of the fact that an average of ~~5,000~~ [illegible],000 persons arrive there daily.

Impressive, too, is the fact that despite a greatly increased volume of business since the war, the number of employees of Customs is now somewhat less than it was 25 years ago. There were about 10,000 in Customs Service in 1939, and there are about 9,000 in the Service now, efficiently handling such increases in business as these:

1.) U. S. imports in 1939 were valued at $2.1 billion. In restrictions placed on the imports of processed meats. The salami was confiscated as a matter of routine, its gold filling quickly detected.

Narcotics smuggling alone represents a major task for our customs inspectors. Seizures and arrests of narcotics and other smugglers are constantly being made along the borders of the United States. In fiscal 1963 there were in all 6,855 seizures made, valued at $24.1 million.

I wonder how many Americans are fully aware of the dangers involved in this regular work of Customs inspectors. Since 1900, 42 customs officers have been killed in the line of duty by violators of Customs laws or by accident while on duty. Forty-nine others have been seriously wounded or injured by violators, 68 have been seriously injured while on duty. In this same period, some 95 smugglers are known to have been killed in gun battles with Customs Enforcement officers.

to edge a small parcel along the floor with his foot, or attempting to pass a package to a by-stander is readily detected.

But even with this kind of equipment, inspectors have to develop what amounts to a sixth sense to spot the incoming traveller who may be attempting to smuggle something into the country.

Not long ago, this sixth sense led an alert inspector to ORDER thorough~~ly~~ search OF a man and wife and their 3-month-old infant who were returning from a trip to Mexico. THE ~~His~~ search eventually uncovered a quantity of marijuana -- neatly concealed in the baby's diaper.

Diapers are by no means the only hiding places USED ~~tried out~~ by would-be smugglers which must be ferreted out by our well-trained inspectors. Smugglers have utilized hat bands, coat linings, automobile panels, hollowed-out-heels, ~~yes,~~ and even a piece of salami. One hapless traveler made the mistake of attempting to secret a $475 gold ~~[illegible]~~ in a piece of salami, evidently unaware of the

Herman Melville, author of "Moby Dick", was an inspector in the New York Customhouse for 20 years, where he was paid the sum of $4.00 a day. The same rate of pay was earned by the famous poet Edward Arlington Robinson who worked as a special agent at the port of New York.

I wonder how many of the 9,000 men and women who are currently in the Service are at work on manuscripts that will one day become literary classics, or at least dramatic television or movie scripts?

Certainly you have the material at hand. Take the work of the Customs Agency service, for example -- the enforcement arm of the Bureau that wages an around-the-clock campaign against smuggling. Nowadays plain clothes, special agents can and do make use of the very latest investigatory and surveillance aids.

At John F. Kennedy Airport in New York, for instance, closed circuit television cameras permit behind-the-scenes agents to observe passengers' movements on a TV screen. Anyone attempting

27%

tremendous increase in collections the actual cost of collecting a Customs revenues dropped ~~from 5.83 cents in 1947 to 4.14 cents per~~ ~~[illegible] last year~~. I think this simple statistic is eloquent tribute to the efficiency, dedication and energy of the men and women in the Service WHICH HAS

~~And let us not forget who some of these men have been. The Customs Service has some very distinguished alumni.~~ I wonder how many of you recall that Nathaniel Hawthorne was once a measurer in the Boston customhouse, at an annual salary of $1,500. He later became surveryor of customs, and it is said that during his tour of duty he came upon numerous old records that inspired him to write his famous novel, "The Scarlet Letter." The Service in those days evidently didn't have anything approaching the thorough training programs it has today. At one point Hawthorne wrote his friend Longfellow that he didn't believe he would have any difficulty fulfilling his duties "since, I don't know what they are.

If you Customs Officials think life is complicated today, imagine what it must have been like 182 years ago: the states of New York, New Jersey, and Connecticut placed heavy imposts on such things as chickens, eggs and feed. Connecticut wood was measured, cabbages and turnips were appraised. Duty had to be paid on virtually everything shipped between the states.

It wasn't until 1789 that this chaotic state of affairs was corrected, when the new Constitution gave the federal government the muscle it needed to, "lay and collect taxes, duties imposts and excises, -- (adding that) all duties, imposts and excises shall be uniform throughout the United States."

In the early days customs receipts provided the bulk of our Nation's revenues. Two million dollars of the total of $2½ million collected in 1789 came from customs duties. That two million dollars compares with customs collections last year of almost 1-3/4 billion dollars. It is impressive to note in passing that despite this

FOR RELEASE A.M. NEWSPAPERS
SUNDAY, FEBRUARY 23, 1964

REMARKS OF THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
AT A DINNER MARKING THE 175th ANNIVERSARY
OF THE U. S. CUSTOMS SERVICE
~~7 p.m.~~ SATURDAY, FEBRUARY 22, 1964, 7:00 p.m. EST
HOTEL SHERATON PARK, WASHINGTON, D.C.

Mr. Chairman, Members of Congress, Commissioner Nichols,
Ladies and Gentlemen:

It is a privilege to be among the honored guests at this gathering, which marks not only the birthday of the father of our country but also the 175th Anniversary of the United States Customs Service. Legislation enacted by the 88th Congress calls on the American people to "observe this anniversary with appropriate ceremonies and activities", and President Johnson has proclaimed 1964 "U. S. Customs Year."

The Customs Service has for one-and-three-quarter centuries stood guard at our gates, and, as Franklin Roosevelt observed, "its history embodies the history of both our domestic growth and our foreign relations."

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TREASURY DEPARTMENT
Washington

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FOR RELEASE SUNDAY NEWSPAPERS
FEBRUARY 23, 1964

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SECRETARY OF THE TREASURY
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It wasn't until 1789 that this chaotic state of affairs was corrected, when the new Constitution gave the federal government the muscle it needed to, "lay and collect taxes, duties imposts and excises, -- (adding that) all duties, imposts and excises shall be uniform throughout the United States."

In the early days, customs receipts provided the bulk of our Nation's revenues. Two million dollars of the total of $2½ million collected in 1789 came from customs duties. That two million dollars compares with customs collections last year of almost 1-3/4 billion dollars. It is impressive to note in passing that despite this tremendous increase in collections, the actual cost of collecting a dollar of Customs revenues has dropped over the past 17 years by an astonishing 29 per cent. I think this simple statistic is eloquent tribute to the efficiency, dedication, and energy of the men and women in the Service which has some very distinguished alumni:

Many of you will recall that Nathaniel Hawthorne was once a measurer in the Boston Customhouse, at an annual salary of $1,500. He later became surveyor of customs, and it is said that during his tour of duty he came upon old records that inspired him to write his famous novel, "The Scarlet Letter." The Service in those days evidently didn't have anything approaching the thorough training programs it has today. At one point Hawthorne wrote his friend Longfellow that he didn't believe he would have any difficulty fulfilling his duties "since, I don't know what they are."

Herman Melville, author of "Moby Dick", was an inspector in the New York Customhouse for 20 years, where he was paid the sum of $4.00 a day. The same rate of pay was earned by the famous poet Edward Arlington Robinson who worked as a special agent at the Port of New York.

I wonder how many of the 9,000 men and women currently in the Service are at work on manuscripts that will one day become literary classics, or at least dramatic television or movie scripts?

Certainly you have the material at hand. Take the work of the Customs Agency Service, for example -- the enforcement arm of the Bureau that wages an around-the-clock campaign against smuggling. Nowadays, plain clothes, special agents can and do make use of the very latest investigatory and surveillance aids.

At John F. Kennedy Airport in New York, for instance, closed circuit television cameras permit behind-the-scenes agents to observe passengers' movements on a TV screen. Anyone attempting to edge a small parcel along the floor with his foot, or attempting to pass a package to a by-stander is readily detected.

But even with this kind of equipment, inspectors have to develop what amounts to a sixth sense to spot the incoming traveller who may be attempting to smuggle something into the country. Not long ago, this sixth sense led an alert inspector to order a thorough search of a man and wife and their 3-month-old infant who were returning from a trip to Mexico. The search eventually uncovered a quantity of marijuana -- neatly concealed in the baby's diaper.

Diapers are by no means the only hiding places used by would-be smugglers which must be ferreted out by our well-trained inspectors. Smugglers have utilized hat bands, coat linings, automobile panels, hollowed-out-heels -- and even a piece of salami. One hapless traveler made the mistake of attempting to secret a $475 gold pin in a piece of salami, evidently unaware of the restrictions placed on the imports of processed meats. The salami was confiscated as a matter of routine, its gold filling quickly detected.

Narcotics smuggling alone represents a major task for our Customs inspectors. Seizures and arrests of narcotics and other smugglers are constantly being made along the borders of the United States. In fiscal 1963 there were in all 6,855 seizures made, valued at $24.1millon.

Too few Americans are fully aware of the dangers involved in this regular work of Customs inspectors. Since 1900, 42 Customs officers have been killed in the line of duty by violators of Customs laws or by accident while on duty. Forty-nine others have been seriously wounded or injured by violators and 68 have been seriously injured on duty. In this same period, some 95 smugglers are known to have been killed in gun battles with Customs Enforcement officers.

Inside, in the Customs laboratories, and out front --where it meets the traveling public -- the Customs Service has been steadily at work improving and streamlining its service. Introduction of oral baggage declaration at all airports in the United States has greatly speeded Customs formalities. At Kennedy Airport in New York, the average time it now takes for travelers is four minutes per person -- a record hard to match anywhere in the world, especially in view of the fact that an average of 4,000 persons arrive there daily.

Impressive, too, is the fact that despite a greatly increased volume of business since the war, the number of employees of Customs is now somewhat less than it was 25 years ago. There were about 10,000 in Customs Service in 1939, and there are about 9,000 in the Service now, efficiently handling such increases in business as these:

1.) U. S. imports in 1939 were valued at $2.1 billion. In 1963 they reached $16.5 billion.

2.) Customs collections in 1939 totalled $350.4 million. In 1963 they came to almost $1-3/4 billion.

3.) Consumption entries filed in 1939 were 514,000. In 1963 they were 1,528,000.

Last year, nearly 48 million vessels, aircraft, automobiles, trucks, buses and other carriers entered our ports and airports or crossed our borders. The number of passengers processed reached 164 million, or more than five persons every second.

Your determination to continue seeking ways to improve your service to the travelling public, and to the international business community, is to be commended. After 175 years, you're not resting on your oars. Your efforts have been instrumental in furthering the Administration's policy of encouraging foreign travel to the

United States by speeding up Customs procedures, by encouraging face-lifting of our various ports and, above all, by greeting visitors to our shores with courteous, efficient personnel -- our dockside dispensers of good will.

It is a source of real satisfaction to those of us in the Treasury Department to salute Customs employees on their 175th Birthday. To Assistant Secretary Reed, to Commissioner Nichols, and to all of you, I say for all of us in the Department -- congratulations on a job well done.

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TREASURY DEPARTMENT
WASHINGTON

FOR RELEASE P.M. NEWSPAPERS
MONDAY, FEBRUARY 24, 1964

INTRODUCTION BY THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
OF THE HONORABLE WILLARD WIRTZ
SECRETARY OF LABOR
AT THE AMERICAN BANKERS ASSOCIATION'S SYMPOSIUM ON EMPLOYMENT
HOTEL MAYFLOWER, WASHINGTON, D.C.
MONDAY, FEBRUARY 24, 1964, 9:30 A.M., EST

President Johnson unfortunately could not be with you today. However, he has asked me to bring you the following message:

"I am sorry that I cannot greet you personally this morning as I had hoped to do, but I am pleased that Secretary Wirtz and Secretary Dillon can act as my representatives.

"A year ago, the American Bankers Association sponsored a Symposium on Economic Growth.

"The subject of employment -- which you are examining today -- is no less vital to our Nation.

"Our labor force is growing more rapidly every year. Tax reduction will provide many new jobs, but we will also have to find new ways to provide more jobs for those who need them -- particularly the long-term unemployed. That will be one of the critical struggles in overcoming poverty in the United States.

"I welcome your efforts to increase public understanding of this problem."

Signed - Lyndon B. Johnson

With the exception of President Johnson himself, I can think of no man more capable of outlining the overall employment problem than Secretary Wirtz.

D-1145

I am sure that he will agree with me when I say we have already taken a tremendous stride forward in improving employment opportunities in the United States with the Revenue Act of 1964. This bill can be expected to create millions of additional jobs each year as it takes effect. Moreover, the stimulus that the tax bill gives to aggregate demand will provide a far better general economic setting for our various training, retraining, and other programs aimed at structural unemployment.

I am also sure that Secretary Wirtz agrees with me that tax reduction, by itself, will not be enough to solve our unemployment problem. Our needs for new jobs will continue to expand. In addition to workers who have been squeezed out of the labor force by continuing slack in the economy and who will rejoin the labor force as we step up expansion, normal labor force growth will exceed one million a year in the years just ahead. And, beyond this, we will need about two million new jobs each year to offset the labor-saving effects of rising output per worker.

Moreover, the tax cut will not, by itself, solve our continuing severe problem of matching up our available workers with available jobs. As production processes and demand patterns continue to change in this dynamic economy of ours, many of those who are looking for their first jobs or who have been displaced by technological change:

-- do not have enough skills or the right skills;

-- are not in the right places;

-- or otherwise lack access to the jobs that are open.

Willard Wirtz is the very personification of the Administration's conviction that, by means of both private and public policies, we must join together to meet this problem. We are determined, indeed, to meet the <u>whole</u> unemployment problem -- both the creation of <u>new</u> jobs and the <u>better matching</u> of workers and jobs.

We hope that as a result of the tax cut, unemployment will be down to five percent by the end of this year. But that will still leave about a million people who will be out of work for 15 weeks or more in 1964. Whether you call it long-term unemployment, hard-core unemployment or structural unemployment, it remains an intolerably high figure. President Johnson and all of us in his Administration are determined to reduce it.

I am not so sanguine as to expect that Secretary Wirtz has an easy solution up his sleeve, but I am confident that he can provide valuable insights into the problem.

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FOR RELEASE A. M. NEWSPAPERS,
Tuesday, February 25, 1964.

February 24, 1964

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 November 29, 1963, and the other series to be dated February 27, 1964, which were offered on February 19, were opened at the Federal Reserve Banks on February 24. Tenders were invited for $1,200,000,000, or thereabouts, of 91-day bills and for $900,000,000, 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 May 28, 1964		:	182-day Treasury bills maturing August 27, 1964	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.107 a/	3.533%	:	98.132 b/	3.695%
Low	99.102	3.553%	:	98.127	3.705%
Average	99.103	3.547% 1/	:	98.128	3.703 1/

a/ Excepting one tender of $2,000,000; b/ Excepting two tenders totaling $250,000
20% of the amount of 91-day bills bid for at the low price was accepted
97% 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	$ 54,319,000	$ 34,888,000	:	$ 12,329,000	$ 12,329,000
New York	1,463,362,000	744,762,000	:	1,311,503,000	689,544,000
Philadelphia	27,729,000	12,729,000	:	7,561,000	2,561,000
Cleveland	22,955,000	22,939,000	:	14,436,000	14,436,000
Richmond	15,573,000	15,573,000	:	1,895,000	1,895,000
Atlanta	25,594,000	21,434,000	:	10,916,000	9,680,000
Chicago	181,638,000	99,438,000	:	125,666,000	45,006,000
St. Louis	32,890,000	26,890,000	:	6,176,000	4,176,000
Minneapolis	17,190,000	9,590,000	:	6,097,000	3,597,000
Kansas City	53,312,000	33,327,000	:	10,594,000	9,404,000
Dallas	30,063,000	20,263,000	:	8,667,000	4,667,000
San Francisco	213,272,000	159,972,000	:	161,906,000	104,577,000
	$2,137,897,000	$1,201,805,000 c/		$1,677,746,000	$901,872,000 d/

c/ Includes $205,530,000 noncompetitive tenders accepted at the average price of 99.103
d/ Includes $55,311,000 noncompetitive tenders accepted at the average price of 98.128
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 3.64%, for the 91-day bills, and 3.84%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

TREASURY DEPARTMENT

WASHINGTON, D.C.

OR RELEASE A. M. NEWSPAPERS,
uesday, February 25, 1964.

February 24, 1964

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Low	99.102	3.553%	:	98.127	3.705%
Average	99.103	3.547% 1/	:	98.128	3.703 1/

a/ Excepting one tender of $2,000,000; b/ Excepting two tenders totaling $250,000
20% of the amount of 91-day bills bid for at the low price was accepted
97% of the amount of 182-day bills bid for at the low price was accepted

TAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 54,319,000	$ 34,888,000	:	$ 12,329,000	$ 12,329,000
New York	1,463,362,000	744,762,000	:	1,311,503,000	689,544,000
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Dallas	30,063,000	20,263,000	:	8,667,000	4,667,000
San Francisco	213,272,000	159,972,000	:	161,906,000	104,577,000
	$2,137,897,000	$1,201,805,000 c/		$1,677,746,000	$901,872,000 d/

Includes $205,530,000 noncompetitive tenders accepted at the average price of 99.103
Includes $55,311,000 noncompetitive tenders accepted at the average price of 98.128
On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 3.64%, for the 91-day bills, and 3.84%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

D-1146

FOR RELEASE A. M. NEWSPAPERS,
Wednesday, February 26, 1964.

February 25, 1964

RESULTS OF TREASURY'S ONE-YEAR BILL OFFERING

The Treasury Department announced last evening that the tenders for $1,000,000,000, or thereabouts, of 362-day Treasury bills to be dated March 3, 1964, and to mature February 28, 1965, which were offered on February 18, were opened at the Federal Reserve Banks on February 25.

The details of this issue are as follows:

Total applied for - $2,412,275,000
Total accepted - 1,000,495,000 (includes $19,402,000 entered on a noncompetitive basis and accepted in full at the average price shown below)

Range of accepted competitive bids: (Excepting one tender of $3,500,000)

High	- 96.225	Equivalent rate of discount approx.	3.754% per annum
Low	- 96.207	" " " " "	3.772% " "
Average	- 96.214	" " " " "	3.765% " " 1/

(14% of the amount bid for at the low price was accepted)

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 40,950,000	$ 20,750,000
New York	1,879,921,000	739,221,000
Philadelphia	10,300,000	300,000
Cleveland	49,511,000	32,511,000
Richmond	6,655,000	6,655,000
Atlanta	5,920,000	1,820,000
Chicago	212,573,000	105,113,000
St. Louis	17,833,000	8,833,000
Minneapolis	19,680,000	13,680,000
Kansas City	5,301,000	2,801,000
Dallas	16,219,000	2,359,000
San Francisco	147,412,000	66,452,000
TOTAL	$2,412,275,000	$1,000,495,000

1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide a yield of 3.93%. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

TREASURY DEPARTMENT

WASHINGTON, D.C.

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dnesday, February 26, 1964.

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D-1147

" President Johnson and the Congress have managed to achieve the goal which President Kennedy sought -- a tax bill which would benefit all Americans -- now and in the years to come. "

STATEMENT BY SECRETARY DILLON ON THE TAX BILL

Treasury Secretary Dillon today issued the following Statement in approval

"I am delighted with the action of the ~~Conference~~ House Committee on the tax bill.

"The House Ways and Means Committee worked long and hard to write a sound and prudent tax bill embodying the biggest income tax cut in the history of the United States.

"The Senate Finance Committee also worked long and hard to perfect and improve the bill.

"The bill which came out of the Conference is improved still further.

"This legislation, by substantially reducing both individual and corporate income taxes all along the line, and by doing so in a fiscally responsible manner, will, I am convinced, help launch a brilliant new chapter in the economic history of the United States.

TREASURY DEPARTMENT

WASHINGTON, D.C.

February 25, 1964

FOR IMMEDIATE RELEASE

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"President Johnson and the Congress have managed to achieve the goal which President Kennedy sought -- a tax bill which would benefit all Americans -- now and in the years to come."

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D-1148

TABLE D

1964

Married Couple with Two Dependents,
with Typical Average Itemized Deductions

Income (Wages & Salaries)	Present Tax	1964 Tax	Tax Cut	% Tax Cut
$ 5,000	$ 300	$ 247	$ 53	18%
6,000	456	380	76	17
7,500	720	621	99	14
10,000	1,196	1,054	142	12
12,500	1,664	1,480	184	11
15,000	2,213	1,980	233	11
17,500	2,772	2,487	285	10
20,000	3,410	3,065	345	10
25,000	4,821	4,341	480	10
30,000	6,420	5,779	641	10
40,000	10,188	9,090	1,098	11
50,000	14,576	13,033	1,543	11
75,000	24,952	22,506	2,446	10
100,000	36,720	33,131	3,589	10

1/ Some of the irregularity in progression of percentages is due to rounding.

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1964

Married Couple with Two Dependents, with Typical Average Itemized Deductions

Income (Wages & Salaries)	Present tax	1964 Tax	Tax cut	% Tax cut 1/
$ 5,000	$ 300	$ ~~245~~ 247	$ ~~55~~ 53	18%
6,000	456	~~377~~ 380	~~79~~ 76	17
7,500	720	~~618~~ 621	~~102~~ 99	14
10,000	1,196	~~1,051~~ 1054	~~145~~ 142	12
12,500	1,664	~~1,477~~ 1480	~~187~~ 184	11
15,000	2,213	~~1,976~~ 1980	~~237~~ 233	11
17,500	2,772	~~2,483~~ 2487	~~289~~ 285	10
20,000	3,410	~~3,057~~ 3065	~~353~~ 345	10
25,000	4,821	~~4,332~~ 4341	~~489~~ 480	10
30,000	6,420	~~5,769~~ 5779	~~651~~ 641	10
40,000	10,188	~~9,078~~ 9090	~~1,110~~ 1098	11
50,000	14,576	~~13,013~~ 13033	~~1,563~~ 1543	11
75,000	24,952	~~22,484~~ 22506	~~2,468~~ 2446	10
100,000	36,720	~~33,107~~ 33131	~~3,613~~ 3589	10

1/ Some of the irregularity in progression of percentages is due to rounding.

TABLE C

1964

Married Couple with Two Dependents, with Standard Deduction

Income (Wages & Salaries)	Present tax	1964 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	$ 160	80	33
5,000	420	325	95	23
6,000	600	500	100	17
7,500	877	750	127	14
10,000	1,372	1,200	172	13
12,500	1,966	1,739	227	12
15,000	2,616	2,326	290	11
17,500	3,350	2,987	363	11
20,000	4,124	3,683	441	11

Table 1

1964

Single Taxpayer,
with Standard Deduction

Income (Wages & Salaries)	Present tax	1964 Tax	Tax cut	% Tax cut
$ 1,000	$ 60	$ 16	$ 44	73%
1,500	150	97	53	35
2,000	240	180	60	25
3,000	422	360	62	15
4,000	620	540	80	13
5,000	818	720	98	12
6,000	1,048	928	120	11
7,500	1,405	1,251	154	11
10,000	2,096	1,872	224	11
12,500	2,982	2,666	316	11
15,000	4,002	3,565	437	11
17,500	5,153	4,569	584	11
20,000	6,412	5,690	722	11

TABLE B

1964

Married Couple with No Dependents
with Standard Deduction

Income (Wages & Salaries)	Present tax	1964 Tax	Tax cut	% Tax cut
$ 1,000	0	0	--	--
1,500	$ 30	0	$ 30	100%
2,000	120	$ 64	56	47
3,000	300	226	74	25
4,000	480	395	85	18
5,000	660	554	106	16
6,000	844	720	124	15
7,500	1,141	990	151	13
10,000	1,636	1,440	196	12
12,500	2,278	2,021	257	11
15,000	2,960	2,636	324	11
17,500	3,710	3,311	399	11
20,000	4,532	4,049	483	11

able B

1964

Married Couple with No Dependents
with Standard Deduction

Income (Wages & Salaries)	Present tax	1964 Tax	Tax cut	% Tax cut
$ 1,000	0	0	--	--
1,500	$ 30	0	$ 30	100%
2,000	120	$ 64	56	47
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TABLE A

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12,500	2,982	2,666	316	11
15,000	4,002	3,565	437	11
17,500	5,153	4,569	584	11
20,000	6,412	5,690	722	11

Comparison of schedules under present law and under the Revenue Bill of 1963

Taxable income bracket ($ thousands)		Present law rate	Revenue Bill of 1963		
Single person	Married (joint)		Rate	Percent of present rate	
0 - 0.5	0 - 1	20	14	70	
.5 - 1.0	1 - 2	20	15	75	77.5
1.0 - 1.5	2 - 3	20	16	80	
1.5 - 2.0	3 - 4	20	17	85	
2 - 4	4 - 8	22	19	86	
4 - 6	8 - 12	26	22	85	
6 - 8	12 - 16	30	25	83	
8 - 10	16 - 20	34	28	83	
10 - 12	20 - 24	38	32	84	
12 - 14	24 - 28	43	36	84	
14 - 16	28 - 32	47	39	83	
16 - 18	32 - 36	50	42	84	
18 - 20	36 - 40	53	45	85	
20 - 22	40 - 44	56	48	86	
22 - 26	44 - 52	59	50	85	
26 - 32	52 - 64	62	53	85	
32 - 38	64 - 76	65	55	85	
38 - 44	76 - 88	69	58	84	
44 - 50	88 - 100	72	60	83	
50 - 60	100 - 120	75	62	83	
60 - 70	120 - 140	78	64	82	
70 - 80	140 - 160	81	66	81	
80 - 90	160 - 180	84	68	81	
90 - 100	180 - 200	87	69	79	
100 - 150	200 - 300	89	70	79	
150 - 200	300 - 400	90	70	78	
200 and over	400 and over	91	70	77	

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

October 3, 1963

Individual Income Tax Rate Schedules for 1964

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

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

October ~~3,~~ 19

TABLE XV

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

Income (Wages & salaries)	Present Tax	1965 Tax	Tax Cut	% Tax Cut
$ 1,000	0	0	--	--
1,500	0	0	--	--
2,000	0	0	--	--
3,000	0	0	--	--
4,000	$ 144	$ 105	39	27%
5,000	300	220	80	27
6,000	456	340	116	25
7,500	720	564	156	22
10,000	1,196	976	220	18

Office of the Secretary of the Treasury
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TABLE XIV

Married Couple, Both Over 65,
with Standard Deduction

Income (Wages & salaries)	Present Tax	1965 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

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TABLE XIII

Single Taxpayer Over 65,
With Standard Deduction

Income (Wages & Salaries)	Present Tax	1965Tax	Tax Cut	% Tax Cut
$ 1,000	0	0	--	--
1,500	$ 30	0	$ 30	100%
2,000	120	$ 56	64	53
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

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TABLE XII

Married Couple With Five Dependents,
With Typical Average Itemized Deductions

Income (Wages & Salaries)	Present Tax	1965 Tax	Tax Cut	% Tax Cut
$ 5,000	0	0	--	--
6,000	$ 96	$ 72	$ 24	25%
7,500	360	270	90	25
10,000	800	634	166	21
12,500	1,268	1,038	230	18
15,000	1,745	1,451	294	17
17,500	2,298	1,918	380	17
20,000	2,870	2,408	462	16
25,000	4,209	3,528	681	16
30,000	5,736	4,801	935	16
40,000	9,342	7,835	1,507	16
50,000	13,619	11,449	2,170	16
75,000	23,836	20,235	3,601	15
100,000	35,550	30,202	5,348	15

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TABLE XI

Married Couple With Four Dependents
With Typical Average Itemized Deductions

Income (Wages & Salaries)	Present Tax	1965 Tax	Tax Cut	% Tax Cut
$ 5,000	$ 60	$ 47	$ 13	22%
6,000	216	157	59	27
7,500	480	364	116	24
10,000	932	748	184	20
12,500	1,400	1,152	248	18
15,000	1,901	1,583	318	17
17,500	2,454	2,050	404	16
20,000	3,050	2,558	492	16
25,000	4,413	3,696	717	16
30,000	5,964	4,993	971	16
40,000	9,625	8,069	1,556	16
50,000	13,937	11,719	2,218	16
75,000	24,208	20,553	3,655	15
100,000	35,940	30,532	5,408	15

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TABLE X

Married Couple with Three Dependents,
with Typical Average Itemized Deductions

Income (Wages & salaries)	Present Tax	1965 Tax	Tax Cut	% Tax Cut
$ 5,000	$ 180	$ 131	$ 49	27%
6,000	336	247	89	26
7,500	600	462	138	23
10,000	1,064	862	202	19
12,500	1,531	1,266	265	17
15,000	2,057	1,715	342	17
17,500	2,610	2,182	428	16
20,000	3,230	2,708	522	16
25,000	4,617	3,864	753	16
30,000	6,192	5,185	1,007	16
40,000	9,906	8,899	1,603	16
50,000	14,255	11,989	2,266	16
75,000	24,580	20,871	3,709	15
100,000	36,330	30,862	5,468	15

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TABLE IX

Married Couple with Two Dependents,
with Typical Average Itemized Deductions

Income (Wages & salaries)	Present Tax	1965 Tax	Tax Cut	% Tax Cut
$ 5,000	$ 300	$ 220	$ 80	27%
6,000	456	340	116	25
7,500	720	564	156	22
10,000	1,196	976	220	18
12,500	1,664	1,380	284	17
15,000	2,213	1,847	366	17
17,500	2,772	2,322	450	16
20,000	3,410	2,858	552	16
25,000	4,821	4,032	789	16
30,000	6,420	5,377	1,043	16
40,000	10,188	8,537	1,651	16
50,000	14,576	12,267	2,309	16
75,000	24,952	21,189	3,763	15
100,000	36,720	31,201	5,519	15

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TABLE VIII

Married Couple With One Dependent,
With Typical Average Itemized Deductions

Income (Wages & Salaries)	Present Tax	1965 Tax	Tax Cut	% Tax Cut
$ 5,000	$ 420	$ 311	$ 109	26%
6,000	576	436	140	24
7,500	844	671	173	20
10,000	1,328	1,090	238	18
12,500	1,816	1,512	304	17
15,000	2,369	1,979	390	16
17,500	2,952	2,472	480	16
20,000	3,590	3,008	582	16
25,000	5,025	4,200	825	16
30,000	6,648	5,569	1,079	16
40,000	10,475	8,779	1,696	16
50,000	14,912	12,555	2,357	16
75,000	25,324	21,507	3,817	15
100,000	37,134	31,549	5,585	15

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	1965 Tax.	Tax Cut	% Tax Cut
5,000	$ 540	$ 407	$ 133	25%
6,000	696	538	158	23
7,500	976	785	191	20
10,000	1,460	1,204	256	18
12,500	1,972	1,644	328	17
15,000	2,525	2,111	414	16
17,500	3,133	2,622	511	16
20,000	3,770	3,158	612	16
25,000	5,229	4,368	861	16
30,000	6,886	5,773	1,113	16
40,000	10,775	9,031	1,744	16
50,000	15,248	12,843	2,405	16
75,000	25,696	21,825	3,871	15
100,000	37,548	31,897	5,651	15

TABLE VI

Married Couple With Four Dependents
With Standard Deduction

Income (Wages & Salaries)	Present Tax	1965 Tax	Tax Cut	% Tax Cut
$ 1,000	0	--	--	--
1,500	0	--	--	--
2,000	0	--	--	--
3,000	0	--	--	--
4,000	0	--	--	--
5,000	$ 180	$ 84	$ 96	53%
6,000	360	230	130	36
7,500	630	467	163	26
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 V

Married Couple with 3 Dependents, with Standard Deduction

Income (Wages and Salaries)	Present tax	1965 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 IV

Married Couple with Two Dependents,
with Standard Deductions

Income (Wages & salaries)	Present Tax	1965 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 III

Married Couple With One Dependent,
With Standard Deduction

Income (Wages & Salaries)	Present Tax	1965 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 II

Married Couple with No Dependents
with Standard Deduction

Income (Wages & Salaries)	Present Tax	1965 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 I

Single Taxpayer,
with Standard Deductions

Income (Wages & salaries)	Present Tax	1965 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

Individual Income Tax Rate Schedules

Taxable income bracket ($ thousands)		Present Rate	1965 Rate	Percent of present Rate
Single person	Married (joint)			
0 - 0.5	0 - 1	20	14	70)
.5 - 1.0	1 - 2	20	15	75) 77.5
1.0 - 1.5	2 - 3	20	16	80)
1.5 - 2.0	3 - 4	20	17	85)
2 - 4	4 - 8	22	19	86
4 - 6	8 -12	26	22	85
6 - 8	12 -16	30	25	83
8 - 10	16 -20	34	28	83
10 - 12	20 -24	38	32	84
12 - 14	24 -28	43	36	84
14 - 16	28 -32	47	39	83
16 - 18	32 -36	50	42	84
18 - 20	36 -40	53	45	85
20 - 22	40 -44	56	48	86
22 - 26	44 -52	59	50	85
26 - 32	52 -64	62	53	85
32 - 38	64 -76	65	55	85
38 - 44	76 -88	69	58	84
44 - 50	88 -100	72	60	83
50 - 60	100 -120	75	62	83
60 - 70	120 -140	78	64	82
70 - 80	140 -160	81	66	81
80 - 90	160 -180	84	68	81
90 - 100	180 -200	87	69	79
100 - 150	200 -300	89	70	79
150 - 200	300 -400	90	70	78
200 - 300	400 -600	91	70	77
300 - 400	600 -800	91	70	77
400 & over	800& over	91	70	77

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

 Feb.26,1964

IMMEDIATE RELEASE

TAX REDUCTION SCHEDULES FOR INDIVIDUALS

The Treasury released today the attached tables showing the income tax cuts which individuals will receive as a result of the Revenue Act of 1964.

Tables 1 through 16 show the tax reductions that will be effective in 1965.

Tables A through D show the tax reductions that will be effective in 1964.

The tables compare the lower 1964 and 1965 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

~~In the~~ table~~s~~ ~~showing itemized deductions~~, the tax cut reflects ~~the~~

D-1149

TREASURY DEPARTMENT

WASHINGTON, D.C.

February 26, 1964

FOR IMMEDIATE RELEASE

TAX REDUCTION SCHEDULES FOR INDIVIDUALS

The Treasury released today the attached tables showing the income tax cuts which individuals will receive as a result of the Revenue Act of 1964.

Tables 1 through 15 show the tax reductions that will be effective in 1965.

Tables A through D show the tax reductions that will be effective in 1964.

The tables compare the lower 1964 and 1965 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.

oOo

D-1149

Individual Income Tax Rate Schedules

Taxable income bracket ($ thousands) Single person	Married (joint)	Present Rate	1965 Rate	Percent of present Rate	
0 - 0.5	0 - 1	20	14	70)	
.5 - 1.0	1 - 2	20	15	75)	77.5
1.0 - 1.5	2 - 3	20	16	80)	
1.5 - 2.0	3 - 4	20	17	85)	
2 - 4	4 - 8	22	19	86	
4 - 6	8 -12	26	22	85	
6 - 8	12 -16	30	25	83	
8 - 10	16 -20	34	28	83	
10 - 12	20 -24	38	32	84	
12 - 14	24 -28	43	36	84	
14 - 16	28 -32	47	39	83	
16 - 18	32 -36	50	42	84	
18 - 20	36 -40	53	45	85	
20 - 22	40 -44	56	48	86	
22 - 26	44 -52	59	50	85	
26 - 32	52 -64	62	53	85	
32 - 38	64 -76	65	55	85	
38 - 44	76 -88	69	58	84	
44 - 50	88 -100	72	60	83	
50 - 60	100 -120	75	62	83	
60 - 70	120 -140	78	64	82	
70 - 80	140 -160	81	66	81	
80 - 90	160 -180	84	68	81	
90 - 100	180 -200	87	69	79	
100 - 150	200 -300	89	70	79	
150 - 200	300 -400	90	70	78	
200 - 300	400 -600	91	70	77	
300 - 400	600 -800	91	70	77	
400 & over	800& over	91	70	77	

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

Table I

Single Taxpayer,
with Standard Deductions

Income (Wages & salaries)	Present Tax	1965 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	865	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	1965 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	1965 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	1965 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	1965 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
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TABLE VI

Married Couple With Four Dependents
With Standard Deduction

Income (Wages & Salaries)	Present Tax	1965 Tax	Tax Cut	% Tax Cut
$ 1,000	0	--	--	--
1,500	0	--	--	--
2,000	0	--	--	--
3,000	0	--	--	--
4,000	0	--	--	--
5,000	$ 180	$ 84	$ 96	53%
6,000	360	230	130	36
7,500	630	467	163	26
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	1965 Tax	Tax Cut	% Tax Cut
5,000	$ 540	$ 407	$ 133	25%
6,000	696	538	158	23
7,500	976	785	191	20
10,000	1,460	1,204	256	18
12,500	1,972	1,644	328	17
15,000	2,525	2,111	414	16
17,500	3,133	2,622	511	16
20,000	3,770	3,158	612	16
25,000	5,229	4,368	861	16
30,000	6,886	5,773	1,113	16
40,000	10,775	9,031	1,744	16
50,000	15,248	12,843	2,405	16
75,000	25,696	21,825	3,871	15
100,000	37,548	31,897	5,651	15

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	1965 Tax	Tax Cut	% Tax Cut
$ 5,000	$ 420	$ 311	$ 109	26%
6,000	576	436	140	24
7,500	844	671	173	20
10,000	1,328	1,090	238	18
12,500	1,816	1,512	304	17
15,000	2,369	1,979	390	16
17,500	2,952	2,472	480	16
20,000	3,590	3,008	582	16
25,000	5,025	4,200	825	16
30,000	6,648	5,569	1,079	16
40,000	10,475	8,779	1,696	16
50,000	14,912	12,555	2,357	16
75,000	25,324	21,507	3,817	15
100,000	37,134	31,549	5,585	15

Office of the Secretary of the Treasury
Office of Tax Analysis

TABLE IX

Married Couple with Two Dependents,
with Typical Average Itemized Deductions

Income (Wages & salaries)	Present Tax	1965 Tax	Tax Cut	% Tax Cut
$ 5,000	$ 300	$ 220	$ 80	27%
6,000	456	340	116	25
7,500	720	564	156	22
10,000	1,196	976	220	18
12,500	1,664	1,380	284	17
15,000	2,213	1,847	366	17
17,500	2,772	2,322	450	16
20,000	3,410	2,858	552	16
25,000	4,821	4,032	789	16
30,000	6,420	5,377	1,043	16
40,000	10,188	8,537	1,651	16
50,000	14,576	12,267	2,309	16
75,000	24,952	21,189	3,763	15
100,000	36,720	31,201	5,519	15

Office 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	1965 Tax	Tax Cut	% Tax Cut
$ 5,000	$ 180	$ 131	$ 49	27%
6,000	336	247	89	26
7,500	600	462	138	23
10,000	1,064	862	202	19
12,500	1,531	1,266	265	17
15,000	2,057	1,715	342	17
17,500	2,610	2,182	428	16
20,000	3,230	2,708	522	16
25,000	4,617	3,864	753	16
30,000	6,192	5,185	1,007	16
40,000	9,906	8,899	1,603	16
50,000	14,255	11,989	2,266	16
75,000	24,580	20,871	3,709	15
100,000	36,330	30,862	5,468	15

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	1965 Tax	Tax Cut	% Tax Cut
$ 5,000	$ 60	$ 47	$ 13	22%
6,000	216	157	59	27
7,500	480	364	116	24
10,000	932	748	184	20
12,500	1,400	1,152	248	18
15,000	1,901	1,583	318	17
17,500	2,454	2,050	404	16
20,000	3,050	2,558	492	16
25,000	4,413	3,696	717	16
30,000	5,964	4,993	971	16
40,000	9,625	8,069	1,556	16
50,000	13,937	11,719	2,218	16
75,000	24,208	20,553	3,655	15
100,000	35,940	30,532	5,408	15

Office 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	1965 Tax	Tax Cut	% Tax Cut
$ 5,000	0	0	--	--
6,000	$ 96	$ 72	$ 24	25%
7,500	360	270	90	25
10,000	800	634	166	21
12,500	1,268	1,038	230	18
15,000	1,745	1,451	294	17
17,500	2,298	1,918	380	17
20,000	2,870	2,408	462	16
25,000	4,209	3,528	681	16
30,000	5,736	4,801	935	16
40,000	9,342	7,835	1,507	16
50,000	13,619	11,449	2,170	16
75,000	23,836	20,235	3,601	15
100,000	35,550	30,202	5,348	15

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	1965 Tax	Tax Cut	% Tax Cut
$ 1,000	0	0	--	--
1,500	$ 30	0	$ 30	100%
2,000	120	$ 56	64	53
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	1965 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	1965 Tax	Tax Cut	% Tax Cut
$ 1,000	0	0	--	--
1,500	0	0	--	--
2,000	0	0	--	--
3,000	0	0	--	--
4,000	$ 144	$ 105	39	27%
5,000	300	220	80	27
6,000	456	340	116	25
7,500	720	564	156	22
10,000	1,196	976	220	18

Office of the Secretary of the Treasury
Office of Tax Analysis

Individual Income Tax Rate Schedules for 1964

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

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

TABLE A

1964

Single Taxpayer,
with Standard Deduction

Income (Wages & Salaries)	Present tax	1964 Tax	Tax cut	% Tax cut
$ 1,000	$ 60	$ 16	$ 44	73%
1,500	150	97	53	35
2,000	240	180	60	25
3,000	422	360	62	15
4,000	620	540	80	13
5,000	818	720	98	12
6,000	1,048	928	120	11
7,500	1,405	1,251	154	11
10,000	2,096	1,872	224	11
12,500	2,982	2,666	316	11
15,000	4,002	3,565	437	11
17,500	5,153	4,569	584	11
20,000	6,412	5,690	722	11

TABLE B

1964

Married Couple with No Dependents
with Standard Deduction

Income (Wages & Salaries)	Present tax	1964 Tax	Tax cut	% Tax cut
$ 1,000	0	0	--	--
1,500	$ 30	0	$ 30	100%
2,000	120	$ 64	56	47
3,000	300	226	74	25
4,000	480	395	85	18
5,000	660	554	106	16
6,000	844	720	124	15
7,500	1,141	990	151	13
10,000	1,636	1,440	196	12
12,500	2,278	2,021	257	11
15,000	2,960	2,636	324	11
17,500	3,710	3,311	399	11
20,000	4,532	4,049	483	11

TABLE C

1964

Married Couple with Two Dependents, with Standard Deduction

Income (Wages & Salaries)	Present tax	1964 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	$ 160	80	33
5,000	420	325	95	23
6,000	600	500	100	17
7,500	877	750	127	14
10,000	1,372	1,200	172	13
12,500	1,966	1,739	227	12
15,000	2,616	2,326	290	11
17,500	3,350	2,987	363	11
20,000	4,124	3,683	441	11

TABLE D

1964

Married Couple with Two Dependents, with Typical Average Itemized Deductions

Income (Wages & Salaries)	Present Tax	1964 Tax	Tax Cut	% Tax Cut 1/
$ 5,000	$ 300	$ 247	$ 53	18%
6,000	456	380	76	17
7,500	720	621	99	14
10,000	1,196	1,054	142	12
12,500	1,664	1,480	184	11
15,000	2,213	1,980	233	11
17,500	2,772	2,487	285	10
20,000	3,410	3,065	345	10
25,000	4,821	4,341	480	10
30,000	6,420	5,779	641	10
40,000	10,188	9,090	1,098	11
50,000	14,576	13,033	1,543	11
75,000	24,952	22,506	2,446	10
100,000	36,720	33,131	3,589	10

1/ Some of the irregularity in progression of percentages is due to rounding.

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.

~~DATA MODIFIED~~

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

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $ 200,000 or less for the additional bills dated December 5, 1963 , (91 days remaining until maturity date on June 4, 1964) 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 March 5, 1964 , in cash or other immediately available funds or in a like face amount of Treasury bills maturing March 5, 1964 . Cash

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, February 26, 1964

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 $ 2,200,000,000 , or thereabouts, for cash and in exchange for Treasury bills maturing March 5, 1964 , in the amount of $ 2,202,309,000 , as follows:

91 -day bills (to maturity date) to be issued March 5, 1964 , in the amount of $ 1,300,000,000 , or thereabouts, representing an additional amount of bills dated December 5, 1963 , and to mature June 4, 1964 , originally issued in the amount of $ 799,967,000 , the additional and original bills to be freely interchangeable.

182 -day bills, for $ 900,000,000 , or thereabouts, to be dated March 5, 1964 , and to mature September 3, 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 Standard time, Monday, March 2, 1964 Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three

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TREASURY DEPARTMENT

WASHINGTON, D.C.

February 26, 1964

FOR IMMEDIATE RELEASE

TREASURY'S WEEKLY BILL OFFERING

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91-day bills (to maturity date) to be issued March 5, 1964, in the amount of $1,300,000,000, or thereabouts, representing an additional amount of bills dated December 5,1963, and to mature June 4, 1964, originally issued in the amount of $799,967,000, the additional and original bills to be freely interchangeable.

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

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

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Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury 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 December 5,1963, (91-days remaining until maturity date on June 4, 1964) 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 March 5, 1964, in cash or other immediately available funds or in a like face amount of Treasury bills maturing March 5, 1964. 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.

February 27, 1964

STATEMENT BY SECRETARY DILLON ON HOUSE ACTION ON INTERNATIONAL DEVELOPMENT ASSOCIATION

Treasury Secretary Dillon today issued the following statement:

"I of course regret that the House did not take favorable final action on the bill to authorize an increase in the resources of the International Development Association, but certainly do not interpret its action to recommit the bill to Committee at this time as a vote against the bill. I remain fully convinced of the intrinsic merits of the IDA program -- it is soundly administered, it draws on funds provided by other countries instead of by ourselves alone, and it is clearly in our national interest. I feel certain, therefore, that further consideration in the Banking and Currency Committee will strengthen the case for the bill, and see every reason for the House to take favorable action when the bill returns to the floor."

D-1151

TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR IMMEDIATE RELEASE

February 27, 1964

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TREASURY DEPARTMENT

WASHINGTON, D.C.

February 27, 1964

FOR IMMEDIATE RELEASE

The Treasury today issued the following statement in response to inquiries concerning the action of the Bank of England in raising its discount rate:

The United States and the United Kingdom have been in close consultation regarding the developments [affecting the international position of sterling] that have prompted the Bank of England to act today to increase its bank rate.

Potentially unsettling flows of funds from London have recently exerted pressure on the exchange markets. The United States recognizes the importance of timely action to meet incipient speculative pressures and to promote continued balance of payments equilibrium. The maintenance of stability in the international payments system as a whole is in the common interest of all of us.

The increase in short-term rates in London which can be expected in response to this action, while helpful in stemming unwarranted speculative pressures, is not expected to disturb the basically balanced international money market relationships that have generally prevailed for some months. Consequently, the factors bearing upon the determination of United States financial policy in support of more rapid economic growth and international balance are expected to remain substantially unchanged. The United States will continue to consult and cooperate closely with the United Kingdom and other countries in assessing international financial developments of mutual interest.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

February 27, 1964

FOR RELEASE: A.M. NEWSPAPERS
FRIDAY, FEBRUARY 28, 1964

PETER A. BROOKE NEW SAVINGS BONDS CHAIRMAN FOR MASSACHUSETTS

Secretary of the Treasury Douglas Dillon today appointed Peter A. Brooke as volunteer State Chairman for the United States Savings Bonds Program in Massachusetts.

Mr. Brooke, executive vice president of Tucker, Anthony & Co., Inc., of Boston, succeeds the late Joseph P. Lynch, former president of the Peoples National Bank, Marlboro, Mass., who served as State Chairman until his death last April.

In announcing Mr. Brooke's appointment, Secretary Dillon 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."

In addition to serving as executive vice president of Tucker, Anthony & Co., which specializes in private financing, public underwritings, mergers and acquisitions, Mr. Brooke is a director of Unitrode Transistor Products, Inc., Waltham, Mass.; Crystalonics, Inc., Cambridge, Mass.; and Damon Engineering, Inc., Needham, Mass.

A native of Worcester, Mass., Mr. Brooke is a graduate of Harvard College and Harvard Graduate School of Business Administration. With Mrs. Brooke and their three sons, he resides in Concord, Mass.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

February 27, 1964

FOR RELEASE: A.M. NEWSPAPERS
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TREASURY DEPARTMENT

WASHINGTON, D.C.

March 2, 1964

FOR IMMEDIATE RELEASE

TREASURY DECISION ON WELDED STANDARD STEEL PIPE
UNDER THE ANTIDUMPING ACT

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

The dollar value of imports of the involved merchandise received during 1962 was approximately $4,000,000.

TREASURY DEPARTMENT

WASHINGTON, D.C.

March 2, 1964

FOR IMMEDIATE RELEASE

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FOR RELEASE A. M. NEWSPAPERS,
Tuesday, March 3, 1964.

March 2, 1964

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 December 5, 19[illegible] and the other series to be dated March 5, 1964, which were offered on February 26, were opened at the Federal Reserve Banks on March 2. Tenders were invited for $1,300,000,0[illegible] or thereabouts, of 91-day bills and for $900,000,000, 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 June 4, 1964		:	182-day Treasury bills maturing September 3, 1964	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.096 a/	3.576%	:	98.093 b/	3.772%
Low	99.092	3.592%	:	98.086	3.786%
Average	99.093	3.589% 1/	:	98.090	3.777% 1/

a/ Excepting one tender of $100,000; b/ Excepting one tender of $50,000
97% of the amount of 91-day bills bid for at the low price was accepted
23% of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 40,388,000	$ 18,926,000	:	$ 3,983,000	$ 2,833,000
New York	1,634,531,000	896,830,000	:	1,777,915,000	758,220,000
Philadelphia	28,373,000	13,373,000	:	8,852,000	3,406,000
Cleveland	27,596,000	26,676,000	:	41,215,000	20,700,000
Richmond	10,162,[illegible]00	10,127,000	:	2,420,000	2,395,000
Atlanta	25,[illegible]02,000	18,640,000	:	8,518,000	6,748,000
Chicago	21[illegible],1[illegible],000	123,588,000	:	130,771,000	44,204,000
St. Louis	41,714,000	34,851,000	:	13,784,000	12,284,000
Minneapolis	17,[illegible]83,000	9,083,000	:	5,795,000	3,095,000
Kansas City	25,990,000	20,630,000	:	10,494,000	6,194,000
Dallas	25,[illegible]33,000	16,591,000	:	9,217,000	3,957,000
San Francisco	149,052,000	112,479,000	:	84,971,000	38,410,000
TOTAL	$2,245,729,000	$1,301,794,000 c/		$2,097,935,000	$902,446,000

c/ Includes $220,510,000 noncompetitive tenders accepted at the average price of 99.0[illegible]
d/ Includes $56,678,000 noncompetitive tenders accepted at the average price of 98.0[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 3.67%, for the 91-day bills, and 3.90%, 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,
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government and out, seek a meaningful consensus on a tax policy that serves the entire nation, rather than special groups, that responsibility can and will be discharged.

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and responsibilities in the field. Theirs will be the never ending task of employing their special knowledge of tax and fiscal policy within the framework of the national decision now taken to utilize this instrument "for the common defense and the general welfare." The burden will be heavy on scholars, legislators on the tax writing committees and elsewhere in the Congress, the Executive Branch, leaders of business and labor, and the tax executives and experts represented here tonight. For tax policy formulation is truly an ever-unfinished task in a changing world. It will be a constant, ever-abiding responsibility for analysis, citizen education and decision-making in the democratic process.

But as recent developments in tax policy indicate, where men of good will and concern for the national interest, in

In conclusion, I shall resist the temptation to prescribe my own particular program for near term developments in tax policy. There is a very good reason for this modesty -- I have no program.

Indeed, it seems fitting to pause a while and see how the changing directions in tax policy just described actually work out in practice before deciding on the next steps.

At least, the American businessmen whom you advise and represent ought to be fully assured for the time being by recent events that our tax policy is to help and encourage them to do more and profitable business, create more jobs, and put more dollars to work.

But, the turning point in tax policy represented by the changing directions of the last two years has a pressing longer term significance to those who have special qualifications policy playing an important role, is bound to focus continuing attention on tax policy as an important measure of economic stabilization.

Congress is apparently unwilling to delegate any of its responsibility to the President to raise or lower tax rates for a temporary period in a pattern prescribed in advance as a measure of economic stabilization. This understandable reluctance will, however, place an added premium on alertness in both Congress and the Executive to utilize timely tax action as an anti-recession tool, particularly in periods when resort to monetary and credit stimulus is precluded by balance of payment difficulties.

forward the effort to secure equity and structural reform in association with attempts at "economic" tax reform.

(8) The three measures represent the first effective resort to tax policy as a means of sustaining expansion and reducing the frequency of cyclical recession.

The impact of the 1962 tax actions and the prospect or anticipation of the 1964 Act have contributed importantly to sustaining a period of economic expansion for thirty-seven months. The recent enactment casts an optimistic glow for the indefinite future. When contrasted with the pre-existing pattern of ever shortening periods of expansion, the last one before this being twenty-five months, the likelihood of achieving the longest one in peacetime history, with tax reimbursed by the employer; and the removal of the two percent consolidated returns tax.

Perhaps the public debate of the issues involved in base broadening and other structural changes, apart from net tax reduction and rate reduction, is as important as the changes themselves. Many issues that were heretofore debated only by experts have been placed under legislative and public examination. The public and the Congress do not always agree with the experts. If, after a proper debate, the solutions that the experts and technicians propose do not secure legislative acceptance, then others may be devised.

The important fact is that both of these bills carry equity of the system and will qualify in many minds as structural reform even though they lose revenue rather than gain it. Some examples are: the introduction of an averaging system to meet the problems of bunched income; the splitting of the first individual tax bracket into four brackets to provide some differentiation for the over fifty percent of our taxpayers whose income falls entirely in the previous first bracket; the adoption of the minimum standard deduction to provide special relief for those with very low incomes without the wastage at upper levels that accompanies the competing approach of raising exemptions; the additional deduction for employee's moving expenses whether or not of earned income of American citizens establishing residence abroad.

Revenue raising resulting from base broadening is not the only test of tax reform in the structural sense. Many modifications of key provisions, such as those in the recent bill dealing with stock options, personal holding companies, interest on deferred payments, minimum deposit and bank loan life insurance, and group term life insurance are more important for their long range significance than their current consequences in recapturing revenue. Nonetheless these modifications remove or limit special privileges and preferences that are no longer considered equitable or necessary.

Also, the recently enacted law involves the introduction of structural innovations which are designed to improve the

*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 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

and provisions in the field of foreign taxation that:

the dividend credit which greatly advantaged the large investor have been eliminated.

To these examples of structural reform should be added from the 1962 Act provisions that:

*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

Revenue raising structural changes in all previous Revenue Acts since 1940 total approximately $600 million -- the total from 1953 to 1961 was less than $200 million. The nearly $1.7 billion of revenue raising changes in the two recent Acts not only increased the equity of the income tax system; the revenue raised by them has been turned back into rate reductions and investment incentives so as to accomplish a measure of "economic" tax reform in addition to that achieved through net tax reduction.

Structural reform in the 1964 Act included, for example, limitations on tax advantages accruing from group term insurance bank loan insurance, sick pay exclusion, casualty loss deduction the utilization of personal holding companies, multiple corporation provisions, gifts of future interest, aggregation of mineral properties for charging depletion, and the realization of capital gains on sales of real estate resulting from excessive depreciation. In addition, deductions of certain State and local taxes that were difficult of uniform and equitable administration

Nonetheless, those sponsoring and proposing permanent changes in the tax structure to better adapt it to the economic challenges of the Sixties concluded that, while an overriding priority should be given to "economic" tax reform, any permanent change in the system to that end should be designed and associated with a solid effort to improve the equity and structural soundness of the system. As a consequence, the revenue raising structural changes accomplished under the two Acts of Congress represent major improvements in the equity of the tax system and the revenue losing provisions are designed, by and large, to relieve especial hardships beyond the reach of rate reduction and achieve a careful balancing of the benefits.

If base broadening is the test of tax reform in the structural sense of eliminating special preferences, then the past eighteen months have witnessed a real turning point in tax reform in a structural as well as an "economic" sense.

and corporate units should spur the additional investment of both capital and human effort and a natural desire to make the most effective use of both, tending in turn to minimize the misallocation of resources inherent in any tax system.

(7) The two enactments represent a new determination by the Executive and the Congress to associate a search for greater equity and structural improvement in the tax system with efforts at "economic" tax reform, thereby opening the door to periodic and persistent improvement of the structure of the tax system as it is adapted to an ever changing economic environment.

There were strong voices and many counsels of expediency that urged a course of foregoing any concern with equity and structural modification rather than risk or delay "economic" tax reform. The pressures for "quickie" tax cuts even of a temporary nature will be recalled.

existing structure with the inevitable result of increasing pressure upward on existing rates or passing up the opportunities of tax reduction or increased income tax generation to reduce the rate scales.

This adoption of rate reduction as the primary objective of both net tax reduction as well as base broadening means that the nation has reincorporated in its tax system a reassuring allegiance to the principle of rewards -- the leaving of increased percentages of income after taxes with all those who invest additional effort and capital in economic activity. In short, the profit motive, personal and corporate, has been recognized and invigorated as an objective of tax policy. The reduction of rates, up and down the scale, by leaving an additional higher percentage of earnings with both individual might have happened to the tax base if net tax reduction had been primarily or substantially devoted to carving out new deductions, credits or other erosions of base which give preferences depending upon the source or use of income or the position of the recipient.

The Revenue Act of 1964 represents a decision to arrest the gradual erosion of the tax base through special preferences and privileges for certain groups of taxpayers. The design of the future, if the policy of the 1964 Act is followed, will be the provision of necessary revenues at the lowest possible tax rates whenever tax reduction or base broadening opportunities are presented. This is a commendable switch from the old pattern of opening new "loopholes" in the "economic" tax reform and structural modification for purposes of equity seems to have been overlooked by many commentators who choose to define tax reform only in terms of base broadening.

It is true that the Act of 1964 fell short of the target projected by Presidential proposals of $13.6 billion of rate reduction in a bill with net tax reduction of $10.3 billion. This was largely accounted for by the refusal of Congress and the public at large to accept the restriction on itemized deductions in the so-called five percent floor proposal which wou[ld] have produced additional base broadening revenues of $2.3 billion However, the picture is much less gloomy if one considers what needs of war, now hold back growth and lead to distortions in the tax structure.

About half of the Act's provisions will reduce income taxes by a gross total of $12.4 billion annually when the program is fully effective, of which about $11.7 billion is allocated to reduction in individual and corporate rates, leaving only about $700 million of tax reduction as a consequence of other structural changes. The remaining provisions, of a base broadening nature, will increase revenue by a total of $835 million a year, more than offsetting the structural changes that lose revenue, and leaving a net total tax cut of $11.5 billion.

The significance of this overwhelming Executive and Legislative choice of a policy that utilizes rate reduction as an instrument of both accelerator effect to the process of growth that will flow from the tax program. The interaction of these two facets, with the one aiding and abetting the other, is of vital importance, giving the program a balance that is, perhaps, the most important and overlooked aspect.

(6) The Revenue Act of 1964 makes a reduction in income tax rates the primary objective of income tax reform in both the "economic" and structural senses.

This tax policy signified a recognition of the fact that current high tax rates from top to bottom, both individual and corporate, were too repressive for maintenance as a part of our permanent tax structure. The law expresses a national conviction that these high tax rates on income, increased to meet the

The consumer expenditures generated by the increases in take home pay resulting from the tax cut to individuals will set in motion the familiar economic process in which money is spent and re-spent throughout the economy and ultimately increases consumer spending by several times the amount of the initial tax cut -- the so-called multiplier factor. That strong and sustained rise in consumer demand -- and thus in markets and profits for business -- will further bolster the direct tax incentives to investment. To encourage investment in job producing facilities, stressing of consumer demand is required. The purchasing power of the consumer must be increased to effectively utilize present productive capacity so that additions to productive capacity will be worthwhile or replacement of obsolete high cost capacity desirable.

The operation of direct investment incentives will add to the total of consumer purchasing power in the hands of additional jobholders, suppliers, etc. This process adds an important economic objectives. It was felt that both approaches -- tax reduction to stimulate both consumption and investment -- interacting together would achieve a more dynamic and sustained growth than would result from a reliance on one method to the exclusion of the other.

The recently enacted tax bill provides a substantial stimulus to consumer purchasing power. Of the reductions to individuals amounting to $9.2 billion, it is expected that eventually about $8.6 billion will be spent on additional consumption. The largest share of the individual reductions will go to those with incomes of $10,000 and less, who need it most, who account for close to 85 percent of all taxable returns and who are likely to put a large part of their tax reduction into the spending stream. This is where the customers live. Under the recently enacted bill they received nearly 60 percent of the overall individual reduction, with their share of the individual tax load being decreased from 50 to 48 percent.

But it is the total or combined effect that should be decisive.

By increasing the profitability and lessening the period of risk of new investment these measures adopt the most effective way to make more attractive the investment decisions which are not being taken today. They make today's marginal investment the acceptable venture of tomorrow. They open the door wide for new technologies and new products and services which, if they are developed with their new markets, create new demand, additional investment and new jobs that would never have been available before.

(5) <u>These measures seek to effect a balanced tax reduction -- one purposely designed to provide both additional consumer purchasing power and direct investment incentives.</u>

This balance served not only to satisfy the requirements of equity in a direct distribution of benefits but also

Each of these changes is important separately. For example, the change in the administrative rules concerning depreciation does more than reduce the guideline lives for machinery and equipment to conform to up-to-date practice; it incorporates a new set of rules that permit the businessman much greater freedom in fixing his preferred life for machinery and equipment, provided only that his actual replacement pattern conforms to his estimate in a reasonable period of time.

This policy together with the investment credit and lowered rates of business taxes will not only result in increased modernization and stepped-up growth in existing product and service areas; they should speed the translation of product developments from the laboratory to the production and distribution line in an ever faster cycle and help to provide inviting outlets for new technology, incentive, processes and ventures which mean new jobs at home and new markets both here and abroad.

corporate rates from 52 to 48 percent and the normal tax rate on the first $25,000 of corporate income from 30 to 22 percent, and the reduction of individual rates on unincorporated businesses, and the unlimited carry-over of capital losses for individuals at a rate of $1,000 a year. The cumulative effect of these changes is to give a dramatic shift in emphasis on investment in our tax system.

These changes have greatly increased the after-tax profitability on investment. They have shortened dramatically the period of risk or payout on new investment. They have greatly increased internal cash flow, particularly for small business units where availability of capital is an important limitation on the growth and development of enterprise.

make this tax program a key to resolving the interlocking goals of domestic growth and external stability that are inseparable from one another in the open competitive environment in which we and our trading partners and friends in the Free World now live.

(4) These three measures give body to a positive policy of reversing the hampering effects of the tax system on investment incentives and materially strengthening those incentives to provide increased jobs, increased productivity and competitive efficiency, and a vigorous economic growth.

The new investment incentives include: the investment credit of 1962, together with the 1964 revision eliminating any reduction in depreciation basis to reflect the credit, the 1962 revised depreciation guidelines, the proposed reduction of overall a tax policy related to other instruments to meet the ever changing conditions that will affect a free economy in the type of open world in which we live.

The same coordination of tax policy with other policies to combat unemployment is necessary because many of the unemployed do not have the right skills, are not in the right places, or otherwise lack access to the jobs that are open.

The tax program now adopted, with the related policies of expenditure control, monetary and debt management, seeks to establish a financial environment suitable for the Sixties so that we can take full advantage of the gathering forces for economic progress both at home and abroad. By a proper coordination of our new tax and fiscal program, debt management, monetary policy and balance of payments policy we can

But, given this stimulus from tax and fiscal policy, monetary policy and debt management can be used with greater flexibility in avoiding inflationary pressures or increased outflows of capital. While tax policy struggles to overcome the slow growth that dulls investment incentive, fosters inefficient work spreading, maintains high unit costs and presses upon profit margins, thereby retaining capital flows in the United States and sharpening our competitive abilities, monetary and debt management policies can be used more effectively to discourage outflows of short term capital and dampen tendencies to inflation.

Just as we learned in World War II to correlate tax policy with other instruments to meet the extraordinary demands of hot war, we must constantly search for the policy mix that includes second, as the tax cut becomes fully effective and the economy expands in response, the allocation of a substantial part of the resulting revenue increases toward eliminating the transitional deficit."

The action of President Johnson in presenting an administrative budget for fiscal 1965, the period in which the Act will begin to become fully effective, providing for expenditures slightly less than the budget requested for fiscal 1964 or expenditure projected for that year, gave concrete reality to the importance of relating tax reduction to expenditure policy.

But there are other important correlations between tax policy and other elements of general economic policy. We have seen why under current balance of payments conditions tax and fiscal policies ought to be preferred to monetary policy in providing fresh incentive and continuing stimulation.

to obtain economic motive power. The tax cut was the objective - not the deficit. All of us would have preferred to push a tax program involving substantial tax reduction against a background of budget balance or surplus. But we were willing to push tax reduction despite a deficit because of its anticipated effect, particularly when there was a policy of expenditure control accompanying it that looked to budget balance or surplus when the economy approached satisfactory employment levels.

Ofttimes, in the course of debate and controversy surrounding the issue of whether it was wise to reduce taxes in a period of substantial budget deficit, yet substantially unused resource the importance of correlation between policies was overlooked. It was necessary to stress continually the coordination of policies. For example, in describing the program early in February last year I stated that it had "two main elements: first, a substantial net reduction in Federal taxes, through a meaningful lowering, in several stages of tax rates . . . and

(3) These three measures, particularly the Revenue Act of 1964, add new, but little understood, dimensions to the importance of coordinating tax policy with budget expenditure, monetary and credit policy and debt management, particularly in dealing with economic slack, deficits in our international balance of payments, and incipient threats of inflation.

For example, by coordinating tax reduction with expenditure control, it becomes fiscally responsible to reduce taxes as eith a long or short term economic stimulant in times of recession or slack when there is likely to be a budget deficit, as well as in times of budget balance or surplus. This willingness to reduce taxes, despite the existence of a budget deficit, should be sharply distinguished from the economic theory that the purpose of the tax cut is to create a deliberate budget deficit month, of an infusion of dollars and incentives into the private sector, these measures have already provided an important psychological thrust, as witnessed by the performance of the economy in 1963, particularly the latter part. A healthy economic recovery and growth depends heavily upon the confidence, initiative, incentive, optimism and industry of the private citizen and the private business sector. That tax reduction will be a tonic to reduce sluggishness and slack has been and will continue to be demonstrated.

There is important substance in Chairman Wilbur Mills' recent assertion that Preserving the gains for the economy and for Federal finances which we can confidently expect from this bill may both permit and require additional tax reductions in the not too distant future.

reduced. The reductions under the recently enacted tax bill reduce individual income tax liabilities by about 19 percent or $9.2 billion. The changes in corporate tax rates under the bill, together with 1962 reductions under the investment credit, the liberalized modification of the investment credit in the Act of 1964, and the revised depreciation guidelines, also reduced corporate tax liabilities by 19 percent or $4.75 billion.

The combined effect of this reduction of approximately one-fifth of income tax liabilities -- the largest in our tax history -- will provide a marked economic stimulation to both consumption and investment.

Apart from, and in addition to the effect, beginning this reduction as a means of eliminating that drag and stimulating the economy to a higher rate of activity as a means of achieving balanced budgets in a full employment economy. Also tax reducti could be used to stimulate the modernization of plant and equipment that would provide increased productivity in addition to a fuller utilization of resources. Also, the fact that the previous years of slack had been marked by increased rates of Federal, state and local public expenditures, and personal consumption expenditures, but relatively static investment leve pointed to the choice of tax reduction as a weapon to deal with a lagging economy.

As a result of the measures taken the overall weight of taxes on the private sector is in the process of being consider reduction to combat economic slack and sluggishness and pave the way to more rapid economic growth.

Studies show that, given the tax system and income tax rates of 1954 through 1962, the American economy, working under conditions of full employment, would provide a substantial budget surplus. This revealed that the government's tax and fiscal policy, reflected in the budget and tax rates, was exercising a restraining effect upon demand and activity in the economy. The fact that the mixture of tax rates and spendin levels was actually restrictive, even though the budget showed deficits, pointed to the existing tax structure as a drag on ~~an~~ the economy, slowing down growth and choking off expansion short of the levels that would give full employment and utilization of the nation's industrial capacity. It also pointed to tax a dynamic private sector is fundamental if the nation is to benefit from rapid growth and hold its position in world affairs by remaining competitive with other industrial economies. The magnitude and the distribution of the Federal tax burden, as well as the totals of Federal expenditures and the national debt which condition its overall impact, from now on will be a primary object of public attention. To make an intelligent use of tax and fiscal policies to help insure a prosperous economy and adapt a tax system to the vigor of the economic institutions which represent the American way of life will be the objective of both political parties, the Federal executive and the Congress, and leaders from all walks of life.

(2) <u>These measures are a positive attempt to use tax</u>

our balance of payments problem, and in association with a policy of expenditure control, to bring the nation back to balanced budgets or surpluses.

Of course, these three measures are not the end, but a beginning, particularly if they prove reasonably successful in the achievement of these objectives. There will always be an unfinished task of adapting our tax and fiscal policy to the changing economic environment in a manner that will strengthen our economy and maintain our preferred pattern of economic organization.

In a society where an increasingly large percentage (now about 27 percent) of annual income is drawn off by Federal, state and local government -- a national tax policy to promote consumers and investors. These tax measures will increase the profitabi   business, the rewards of labor in take-home pay, and the incentives for the investment of both capital and human endeavor.

In coordination with other policies these tax measures will greatly increase the prospects of combatting successfully unacceptable levels of unemployment; they will aid in and reduce the cost of public and private programs for reducing poverty, eliminating depressed areas, and facilitating an adjustment by management and labor to both the dynamics and disciplines of a modern industrial society.

These three measures are also tailored to deal in many ways with our external financial relationships, exemplified in

(1) First and foremost, these measures evince a new national determination to give tax and fiscal policy a positive role in our political and economic system -- to affirmatively utilize tax and fiscal policy in the words of the Employment Act of 1946 "in a manner calculated to foster and promote free competitive enterprise and the general welfare."

The three measures have been primarily designed to contribute to a substantial increase in the level of economic activity at the initiative of the private sector -- both consumers and investors. This increasing activity will utilize more fully our growing labor force, our expanding technology, and our increasing quantities of capital, in a market economy in which these uses will be determined by private decisions of both which contributes significantly to maintaining stability in the general price level and a stable and high rate of use of human and material resources; a tax system which interferes as little as possible with the operation of the free market mechanism in directing resources into their most productive uses; and greater ease of compliance and administration."

IV. Changing Directions of Tax Policy.

Against this background of contemporary economic perspectives and the history of Federal income tax policy as it relates to our economic well-being, let us summarize some particulars of changing direction that make the Revenue Acts of 1962 and 1964 and the administrative liberalization of depreciation a turning point in tax policy.

In 1959 a major study of the income tax was conducted by the House Ways and Means Committee, under the Chairmanship of Congressman Wilbur Mills. Panel discussions and hearings on papers from some 180 leading experts were held in late 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." In announcing the inquiry into opportunities for constructive reform Chairman Mills stated that "The immediate objective of income tax reform is reduction in tax rates without sacrificing revenues required for the responsible financing of government." He listed first among the objectives of tax reform "a tax climate more favorable to economic growth", followed by "greater equity through closer adherence to the principle that equal incomes should bear equal tax liabilities; assurance that the degree of progression in the distribution of tax burdens accords as closely as possible with widely held standards of fairness; an overall tax system for changes that would stimulate economic growth, with President Kennedy giving repeated and especial emphasis to tax revision that would encourage plant modernization and expansion.

The Report of President Eisenhower's Commission on National Goals, released in late 1960, stressed tax policy as a high road to the achievement of economic growth "at the maximum rate consistent with primary dependence upon free enterprise and the avoidance of marked inflation." The Commission urged that "Public policies, particularly an overhauling of the tax system, including depreciation allowances, should seek to improve the climate for new investment and the balancing of investment with consumption.

And, as many of you in the room will recall, despite the lack of broad public and popular attention to the subject, the yeast for tax policy changes was working among the scholars, practitioners and private organizations closest to the subject.

examination of "Federal Tax Policy for Economic Growth and Stability."

Notwithstanding the valuable stockpile of proposals on a national tax policy for growth, the years from 1954 to 1961 saw no tax policy changes of substantial economic significance.

We continued to retain a high rate income tax on the economy of the country, regardless of its impact on the initiative of individuals, on the investment of capital, and the consuming power and habits of the general public.

However, the concurrence of economic problems that emerged in clearer view in the latter part of the last decade was bound to bring increasing attention to tax policy as one of the avenues to the achievement of generally agreed national economic goals.

For example, both candidates for the presidency in 1960 in their speech references to tax reform stressed the need war, threats of war, emergency defense programs, and inflation. All of these artificial stimuli have served to foster and, in many instances, to finance economic expansion. As one looks forward to normal growth, the importance of restoring normal incentives and removing punitive tax provisions becomes clear."

Indeed, a predecessor in my current office and good friend, Under Secretary of the Treasury Folsom, said in the fall of 1954, in appraising the 1954 tax law: "In any case, in a growing and changing economy, tax revision is necessarily a continuing task. We also look forward to future tax reduction since we appreciate fully the severity of our present tax burden and believe that its reduction is essential to the continued prosperity of the country. However, we also believe that additional tax cuts must wait upon further reductions in Federal expenditures."

They never came and neither did further tax reduction.

In 1955 a Subcommittee on Tax Policy of the Joint Economic Committee, chaired by Congressman Wilbur Mills, conducted an permitted current deductions for research and development expenses and permitted a dividend credit in the belief -- which experience has proved questionable -- that it was necessary to assure needed equity capital. Indeed, President Eisenhower in his first State of the Union Message said: "We must develop a system of taxation which will impose the least possible obstacle to the dynamic growth of the country."

In a somewhat prophetic commentary Dr. Dan Smith, then Special Assistant to the Secretary of the Treasury, said in 1955: "In turning to reforms designed to reduce tax barriers to economic growth, one preliminary comment may be appropriate. The question is sometimes asked as to why any relief of this sort is needed when the economic system has grown as spectacularly as it has over the last fifteen years. A little reflection brings out the obvious point that the growth of the last fifteen years has been in an environment characterized by

Even the passing of the Korean War and the Internal Revenue Code of 1954 brought little change in rate scales. The first bracket rate for individuals on the first $2,000 became 20 percent with the top bracket being 91 percent. The corporate rates — a 30 percent normal tax and a 22 percent surtax on income over $25,000 making a combined rate of 52 percent on the latter income — were continued on a year to year basis.

However, the tax actions taken in 1954 did recognize that the reduction of tax barriers to long-term growth was an appropriate economic objective of tax reform. In addition to permitting the expiration of the excess profits tax, minor individual rate reduction, some reduction in excise taxes and many technical changes, the law recognized the need for tax incentives to invest in plant and equipment. This recognition took the form of a provision allowing a more rapid write-off of depreciable assets in the earlier years. Also the 1954 Act forty-five million individuals were filing taxable returns by 1945 with the initial rate at 23 percent. At the same time the top corporation rate rose to 40 percent with an excess profits tax added. Instead of revenue from these two sources of approximately $2.2 billion in 1939 the individual income tax and the corporate income tax yielded $27.5 billion in 1948. In the postwar period individual tax rates declined from a 23-to-94 percent scale to a 16.6-to-82.1 percent scale, and corporation rates were fixed at 38 percent. Also, married couples were permitted to compute their tax on a split income joint return method which resulted in their total tax being equal to twice the tax on one-half of their combined income. Exemptions were increased to $600.

But the Korean War brought a reversal, pushing the individual rates back up to a 22.2-to-92 percent individual scale and [illegible] percent corporate scale on corporate incomes over $25,0 scarce materials, rationing and regulation of consumer credit -- and forgotten to do anything about tax rates imposed for the same reason.

World War II made the income tax into a mass tax. Until 1939, after a quarter century of the existence of the income tax, there were only four million returns filed -- four percent of the population (14 years and over) -- with rates scaling from four percent on taxable income below $4,000 to 79 percent on income in excess of $5 million. But with the war the income tax became a vital fiscal weapon. In the words of Professors Surrey and Warren:

> "Almost overnight it changed its morning coat for overalls. Its membership spread from the country club district down to the railroad tracks, then over to the other side of the railroad tracks."

private sector unrelated to government procurement -- quite the contrary. Yet, the levels and magnitude of Federal income taxation were of such a character as to inevitably play a major role in the functioning of the private economy. They had been necessitated by World War II and maintained to avert postwar inflation until the Korean War required their reaffirmation. They were carried over into the continuing cold war and maintained at a high level despite the changing character of aggregate demand from excessive to inadequate, the weakening of private initiative reflected in the diminishing scale of business fixed investment, and the ever tightening constriction of the high rates on consumption as advancing income levels pushed an increasing percentage of the population into ever higher tax rates on marginal income.

It was as though the nation had dismantled all of the machinery established to live with the excessive demands and drives of war -- such as price and wage control, allocation of withdrawal from our responsibilities abroad for sharing in Free World security and development. We were neither content to assign to government our primary reliance for a higher level of economic activity nor to admit that our economic prospects no longer could attract investment from capital sources at home and abroad or that our efficiency would no longer enable us to achieve equilibrium in our balance of international payments.

III. Tax Policy Perspectives (1939-1962).

There were other reasons for a decision to utilize tax policy to meet these economic problems that emerged in the late Fifties and carried over into the early Sixties. The income tax system had not been fundamentally changed since 1954 and, indeed, represented largely a carryover of war-time rate scales imposed to restrain demand and equalize sacrifice and, in no sense, designed to maximize economic growth in the

Here again two factors stood in the way and both pointed toward tax policy as an answer. Idle and obsolete capacity has for some years held back a floodtide of investment in modernization and expansion that the nation has long needed. Well over ten percent of our overall industrial capacity has remained idle during much of the time since 1957 because of lack of demand despite a substantial improvement in rate of utilization early in the current expansion. Moreover, corporate profits after taxes, even after the early expansion of 1961, remain below former levels as a percent of investment capital, of sales, or of the corporate portion of gross national product.

All of these factors combined to encourage a search for ways and means of making tax policy serve economic needs -- both domestic and international.

The alternatives seemed either to be to drift into a way of life at home contrary to our traditional preferences or a for the first time stubborn balance of payments deficits pointed toward restrictive policies -- at least boosting short-term interest rates or imposing penalty taxes on foreign portfolio investment to keep U. S. funds from flowing abroad. The combination of full convertibility of currencies in the Western world beginning in 1959 and external deficits limited our option to those of an open economy in contrast to a pre-1957 situation in which we could largely act as if we were in a closed economy. In addition to limiting a reliance upon monetary and credit policy as a means for expansion and growth, the balance of payments situation led to increasing emphasis on stepping up private investment at home -- both as a means of increasing productivity and lowering costs so as to attain a stronger position in markets at home and abroad and as a means of attracting investment dollars to stay home or flow to the United States.

that increases in jobs, leaving out those on farms, totaled 4.3 million from 1957 through 1962. Of these, 2 million occurred in the government sector -- almost all State and local; 300,000 were due to government procurement programs; 700,000 were found in nonprofit institutions; 600,000 were part-time jobs, leaving that part of the private sector not doing government work with a net job creation of 200,000 in the six-year span.

Given the political and economic reasons for directing national policy initiatives to the private sector of the economy, there was another alternative to tax policy -- the increased use of credit and monetary tools in an attempt to provide still lower interest rates and substantially increased supplies of money and credit. But, as the late President Kennedy pointed out in his address to the Economic Club of New York in December 1962, "Our balance of payments situation today places limits on our use of those tools for expansion."

"In today's circumstances it is desirable to seek expansion through our free market processes -- to place increased spending power in the hands of private consumers and investors and offer more encouragement to private initiative. The most effective policy, therefore, is to expand demand and unleash incentives through a program of tax reduction and reform, coupled with the most prudent public policy of public expenditure

Economic analysis supports this political preference in today's circumstances when inadequate investment in the private sector is a major reason for lagging growth, stubborn unemployment and balance of payments difficulties. From 1957 to 1962, in real terms, Federal purchases of goods and services rose more than 13 percent, total national output went up more than 16 percent, consumer expenditures went up more than 17 percent, State and local government expenditures went up 28 percent, but plant and equipment spending declined by more than one percent. Secretary of Labor Wirtz recently estimated

Growth itself might have been achieved by a massive increase in Federal spending well beyond the necessities of mounting defense and space costs. But the President decided against that course because of the political preference to which he and the nation firmly hold. To depend upon massive increases in government expenditures as the primary reliance for a higher level of economic activity is to consciously expand the role of government in making and carrying out economic decisions. In that situation, an ever larger proportion of the nation's labor and money would be used directly by the government. The government's activities as a buyer, lender or donor would determine in larger and larger part the use of labor and capital even in the private sector of the economy.

In his Tax Message of January a year ago, the late President Kennedy made his clear and unequivocal choice, saying, Between 1955 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 under-utilization of productive resources in the United States as the period preceding the new tax policy initiatives of 1962-63. 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.

To meet this accumulation of economic woes, the choice of tax policy as the key weapon follows logically from an analysis of the political and economic limitations on alternative options.

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. Thereafter it receded to roughly nine percent. The rate of increase in our stock of business plant and equipment substantially diminished after 1957, falling to less than two percent a year, compared to four percent a year in the 1954-57 period. There was also a disturbing rise in the proportion of our machinery and equipment which is more than ten years old in the latter part of the decade. A survey of the age of machine tools in the U. S., by the American Machinist Magazine, showed sixty-four percent to be at least ten years old. Similar estimates show much lower percentages of equipment over ten years old in France, Italy, Germany, the United Kingdom and the U.S.S.R.

opportunities for those idled by technological advances, and to reduce the unemployment of some four million people in our country today ready, willing and able to work — who cannot find jobs.

While our national growth rate in 1963 has been at a level of 3.5 percent in constant dollars, we cannot forget that from early 1955 through 1962 it averaged 2.8 percent, comparing 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.

peaks of unemployment, lagging growth rates, budget deficits, and continued unfavorable imbalances in our international payments. What are some of the specific elements in the economic background that led to the new tax policy initiatives?

Take the matter of unemployment. With an average rate of unemployment of six percent from 1958 through 1960, a sustained recovery that by now has stretched almost over a three-year period, still finds our rate of unemployment stuck firmly at the intolerable level of five and one-half percent. In fact, not more than once in seventy-six consecutive months has unemployment dropped below the five percent level. This unemployment looms as an increasing threat. True, our economy is producing more than one million new jobs a year. But that is not enough. We need five million additional jobs in the next few years to meet the rapidly expanding youth force that is pouring into the labor market in increasing numbers, to provide

The eradication of long existing flaws in the field of equity and simplification — and there are many — that remain in the Federal income tax system had to give way to a priority for and major emphasis on the overall national economic aspects of tax policy. This was determined by the President, the Treasury and the Congress because of disturbing developments in our national economy since 1956 which cried out for first consideration.

The innate strength of the United States in the last half of the Fifties was marred by 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 even more frequent recessions was the fact that periods of expansion of the U. S. economy were marred by higher

What this all adds up to is that 1963 witnessed an active response in the economic community to a new financial environment of which the new directions in tax and fiscal policy were an important and significant component. No one can tell how much of the 1963 advance can be attributable to the tax policies put into effect in 1962 and anticipated for early 1964. It is sufficient to note that the economic policy mix of which tax and related expenditure policy was the keystone provided an environment that has combined in this expansion to provide a higher rate of economic growth, greater price stability, and a greater increase in employment than in any previous non-wartime expansion.

The fact that there was an overwhelming refusal to return to the tax policy outlook that preceded the recent initiatives should give some pause to those who will describe with penetrati[illegible] hindsight why and how it should have been done differently.

assets be depreciated from a level of 93 percent rather than 100 percent. There was no suggestion that administrative liberalization of depreciation, announced in July 1962, be reversed; there was only some expressed desire that the liberality of that administrative action be confirmed by legislative enactment.

Even some of the major opponents of tax reduction last spring had second thoughts. In a speech last October, Dr. Raymond J. Saulnier, former Chairman of President Eisenhower's Council of Economic Advisers, noting his serious reservations of some while back, put the situation in realistic terms:

> "As things stand now the prospect of tax reduction has been so thoroughly built into the expectations and planning and to some extent also into the financial commitments of individuals and businesses that it would be seriously deflationary to call it off."

Only through examining the perspectives of our contemporary economic problems and the tax policy setting of the last few decades can we arrive at understanding.

II. Economic Perspectives -- 1957-1962.

The euphoria of a record-breaking 1963 in gross national product, industrial production, employment, profits before and after taxes, and countless other indices summarized in the Economic Report of the President transmitted in January and confirmed by the current Economic Indicators for February have not caused the national desire for the recently enacted tax bill to abate one whit. There was no serious suggestion that the investment tax credit -- the centerpiece of the Revenue Act of 1962 -- be repealed. The principal legislative concern was how it could be improved by the elimination of a provision in the earlier Act that deprived it of nearly one-half of its contemplated effectiveness by requiring that newly acquired how well Government expenditures are controlled."

In the wake of passage a generally agreed sentiment would have it that income tax rates have been too high for healthy economic growth and that the door should be left open for further cuts later if this one works the way we expect it will.

Leaving to the future the question of how far and how fast we travel down the particular route chosen, the support of this new tax policy expresses a deep sense of national purpose -- a determination to move the country forward to greater economic strength, vitality, growth and effectiveness. It reflects a desire to do away promptly with idle manpower and unused or obsolete capacities, inadequate demand and investment, a succession of substantial budgetary deficits, and imbalances in our international payments.

Why and under what circumstances did this deep sense of national purpose emerge and why did it fasten upon tax policy?

may well be a turning point at a crossroads. Chairman Wilbur Mills of the House Ways and Means Committee, a principal architect of the bill, said last week before its final passage:

"As a result of the Revenue Act of 1964 we will have a Federal income tax much more in tune with our times. But times change. We should all of us be alert to such changes and be prepared to make further tax adjustments, if these should be necessary and desirable, in the interest of a healthy growing economy and sound management of the Government's finances. Indeed, preserving the gains for the economy and for Federal finances, which we can confidently expect from this bill, may both permit and require additional tax reductions in the not too distant future.

"Whether or not we will realize the opportunities for further tax reduction will depend in great part on

It is also remarkable that the diminishing opposition became increasingly divided in its point of view, with part of it finding little comfort in the status quo, and another part, fearful of change, united only in skepticism that the majority had chosen the means most appropriate to worthy objectives.

Moreover, the national decision embodied in all three of these tax policy determinations -- the Act of 1962, the administrative liberalization of depreciation, and the Act of 1964 -- has very long-term implications. These were not "quicki tax measures taken on the spur of the moment to meet a temporary or passing situation. They represented action responsive to a long felt need, long overdue -- truly a turning point in national economic policy -- considered and permanent in nature.

Nor are these long-term implications limited merely to the results of the action taken. This may be no mere pause in a movement to be resumed in the previously held direction. It new massive revenue acts have become law in eighteen months, embodying a reasonably cohesive and consistent approach. The proposed Revenue Act of 1964 was voted last week on successive days in the House and Senate by majorities approaching four to one following intensive debate in voluminous detail during the preceding thirteen months. In the end, this measure, strongly backed by two Presidents in a Democratic Administration, became law with a substantial measure of bipartisan support, with majorities exceeding two to one in both Houses on both sides of the aisle. Moreover, it is difficult to recall an instance in the nation's peacetime history when its political brains and leadership from all sectors of the private community -- business, labor, financial -- have been in such general accord on a key economic policy as that which supported the enactment of the tax bill.

This support came to the bill from diverse sectors and points of view on many differing rationales and motivations.

In the minds of both proponents and opponents of the legislation something very significant that can be truly termed "a turning point in tax policy" has occurred. While it is tempting to sit back and simply watch how it works out, there is an obligation, now the debate is over, to analyze the meaning of this contemporary decision. This is so, not only because of the current importance and magnitude of the action undertaken, but also because of the rather overwhelming national consensus it signifies and its portents for the future, particularly if its results prove beneficial to the national economy.

Past failures to do anything about the general complaint concerning the tax system shared by everyone have been explained by the statement that "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."

Finally, this logjam on national tax policy has been broken. A meaningful national consensus has developed. Two

Senator Russell Long, second ranking member of the Senate Finance Committee and floor manager for the tax bill in the Senate, summarized his reaction in these terms:

"Perhaps the most unique aspect of the bill is that it reinforces our private enterprise system. By reducing the level of individual and corporate taxation we are giving the free enterprise segment of our society an opportunity to take up the slack which many of us believe has arisen in our economy because our tax system has in large part up to this time still been geared for a wartime, rather than peacetime, economy. By this action we are giving the private enterprise sector of our economy the opportunity to provide the growth we need in the years ahead to improve our competitive situation abroad, to offset at least in part the increasing unemployment that we face, and to provide for a better and more prosperous Ameri the new law's meaning. Last week he said:

"Let me take this opportunity to restate the implications of the Revenue Act of 1964 for the fiscal policy of the United States. As I said last September, this legislation meets the requirements of fiscal responsibility. It is part of an overall program to conduct the finances of the Federal Government in such a way that a balanced budget can be achieved in an economy which is growing rapidly, providing adequate employment and investment opportunities, making full use of its capital and human resources, and giving the fullest possible play to the initiative and venturesomeness of the private sector of the economy."

the government, by modifying a repressive tax system, sought to give new impetus to private transactions.

Confirming what the late President Kennedy emphasized in recommending the tax program a year earlier, President Johnson said:

> "We could have chosen to stimulate the economy through a high level of government spending. We doubted the wisdom of following that course. Instead, we chose tax reduction, and at the same time we made conscientious and earnest attempts to reduce government expenditures."

Putting it another way, President Johnson noted that "By taking this course we have made this bill an expression of faith in our system of free enterprise."

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In a very real sense the new tax policy embodied in the three measures represents just that -- a bold effort to adapt national fiscal policy to enable the people of the United States to provide a plentiful revenue for themselves by extracting in modified patterns of taxing a revenue sufficient for the public use, thereby enriching both the economy and the public treasury.

President Johnson referred to the new tax policy as "A bold approach to the problems of the American economy." It was a bold approach. But it was not a new or novel one. It was in an ancient and honorable tradition that finds many echoes in the history of other peoples -- instances in which yesterday that have become the loopholes and special preferences of today. For my part, I shall try to appraise the particulars in which this new body of policy seeks to employ our knowledge of tax and fiscal policy, in the words of the Constitution, to "provide for the common defense and general welfare of the United States."

I. A New Venture With An Ancient Tradition.

Tonight, let us put to one side for the moment our special interests and specialized expertise and borrow a vantage point from a simpler era when the all-embracing phrase "political economy" was in current use. Adam Smith in his "Wealth of Nations" observed that:

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It seems preferable to speak of all three tax measures referred to rather than view the recently enacted tax bill in isolation from the Revenue Act of 1962 and the modification by the Treasury Department in that same year of the tax treatment of depreciation. The three are a package reflecting a new body of tax policy. Together with related budgetary and expenditure policy for fiscal 1964 and 1965 they represent an integrated exercise of positive fiscal policy.

Naturally, the tax bill and the related measures mean different things to different people, depending upon their background and special sphere of interest. It is for the tax lawyers and technicians to analyze the bone and sinew of these measures as they apply in day to day transactions. It is for the structural tax reformers, the press, law faculties and, even, the Treasury Department, to underscore the defects that remain -- and there are many -- in the relief provisions of

Regardless of one's feelings about the wrongness or rightness of the new directions taken, all must admit that national tax policy has become since 1960 one of the liveliest topics of public interest and policy determination. If full and intelligent discussion of critical political decisions is a measure of the strength and vitality of the democratic process, the millions of words in debate and commentary on these tax measures are a net gain for us all. If translation of ideas from the drawing board of the scholar or the panel discussions of both the experts and practical men of affairs into the concrete reality of positive governmental action is a measure of the effectiveness of a dynamic political system, the break-through in the past three years of the logjam on national tax policy should be reassuring.

In light of that break-through, it is worthwhile to make at least a preliminary appraisal of these tax policy actions and their significance.

tax reform in the "economic" sense: it adds to the battery of instruments of monetary, credit, and budget and expenditure policy the recognition of yet another powerful governmental tool to be exercised for our economic welfare and national strength.

As an active participant during the last three years in the process of formulating and translating various proposals into the reality of law and decision, I must, naturally, plead guilty to any charge of being biased in favor of these three measures in their related context. Like every other observer or participant, if I had my own way there may be some features I might have fashioned somewhat differently. But regarded not as the last word but as an important first step they constitute an affirmative effort to attune tax and fiscal policy to the requirements of a functioning economy in a private enterprise system.

What has happened is that in the crucible of intense national debate tax and fiscal policy have finally been accorded a positive role in our political and economic system -- particularly to nurture a dynamic, productive private enterprise sector. A new meaning and reality, and a promising frame of reference, have been given to the declaration of policy in the Employment Act of 1946. That policy, it may be recalled, directed that the Federal Government, in promoting maximum employment, production, and purchasing power, shall coordinate its plans, functions and resources for creating and maintaining these conditions "in a manner calculated to foster and promote free competitive enterprise and the general welfare."

The Revenue Act of 1964 and related tax measures in 1962 reflected a national will to mount an effective program of tax and fiscal action responsive to this policy. That program truly represents a turning point in national tax policy; it is

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TREASURY DEPARTMENT

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TUESDAY, MARCH 3, 1964

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> "Let me take this opportunity to restate the implications of the Revenue Act of 1964 for the fiscal policy of the United States. As I said last September, this legislation meets the requirements of fiscal responsibility. It is part of an overall program to conduct the finances of the Federal Government in such a way that a balanced budget can be achieved in an economy which is growing rapidly, providing adequate employment and investment opportunities, making full use of its capital and human resources, and giving the fullest possible play to the initiative and venturesomeness of the private sector of the economy."

Senator Russell Long, second ranking member of the Senate Finance Committee and floor manager for the tax bill in the Senate, summarized his reaction in these terms:

> "Perhaps the most unique aspect of the bill is that it reinforces our private enterprise system. By reducing the level of individual and corporate taxation we are giving the free enterprise segment of our society an opportunity to take up the slack which many of us believe has arisen in our economy because our tax system has in large part up to this time still been geared for a wartime, rather than peacetime, economy. By this action we are giving the private enterprise sector of our economy the opportunity to provide the growth we need in the years ahead to improve our competitive situation abroad, to offset at least in part the increasing unemployment that we face, and to provide for a better and more prosperous America for all of us."

In the minds of both proponents and opponents of the legislation something very significant that can be truly termed "a turning point in tax policy" has occurred. While it is tempting to sit back and simply watch how it works out, there is an obligation, now the debate is over, to analyze the meaning of this contemporary decision. This is so, not only because of the current importance and magnitude of the action undertaken, but also because of the rather overwhelming national consensus it signifies and its portents for the future, particularly if its results prove beneficial to the national economy.

Past failures to do anything about the general complaint concerning the tax system shared by everyone have been explained by the statement that "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."

Finally, this logjam on national tax policy has been broken. A meaningful national consensus has developed. Two new massive revenue acts have become law in eighteen months, embodying a reasonably cohesive and consistent approach. The proposed Revenue Act of 1964 was voted last week on successive days in the House and Senate by majorities approaching four to one following intensive debate in voluminous detail during the preceding thirteen months. In the end, this measure, strongly backed by two Presidents in a Democratic Administration, became law with a substantial measure of bipartisan support, with majorities exceeding two to one in both Houses on both sides of the aisle. Moreover, it is difficult to recall an instance in the nation's peacetime history when its political brains and leadership from all sectors of the private community -- business, labor, financial -- have been in such general accord on a key economic policy as that which supported the enactment of the tax bill.

This support came to the bill from diverse sectors and points of view on many differing rationales and motivations. It is also remarkable that the diminishing opposition became increasingly divided in its point of view, with part of it finding little comfort in the status quo, and another part, fearful of change, united only in skepticism that the majority had chosen the means most appropriate to worthy objectives.

Moreover, the national decision embodied in all three of these tax policy determinations -- the Act of 1962, the administrative liberalization of depreciation, and the Act of 1964 -- has very long-term implications. These were not "quickie" tax measures taken on the spur of the moment to meet a temporary or passing situation. They represented action responsive to a long felt need, long overdue -- truly a turning point in national economic policy -- considered and permanent in nature.

Nor are these long-term implications limited merely to the results of the action taken. This may be no mere pause in a movement to be resumed in the previously held direction. It may well be a turning point at a crossroads. Chairman Wilbur Mills of the House Ways and Means Committee, a principal architect of the bill, said last week before its final passage:

> "As a result of the Revenue Act of 1964 we will have a Federal income tax much more in tune with our times. But times change. We should all of us be alert to such changes and be prepared to make further tax adjustments, if these should be necessary and desirable, in the interest of a healthy growing economy and sound management of the Government's finances. Indeed, preserving the gains for the economy and for Federal finances, which we can confidently expect from this bill, may both permit and require additional tax reductions in the not too distant future.
>
> "Whether or not we will realize the opportunities for further tax reduction will depend in great part on how well Government expenditures are controlled."

In the wake of passage a generally agreed sentiment would have it that income tax rates have been too high for healthy economic growth and that the door should be left open for further cuts later if this one works the way we expect it will.

Leaving to the future the question of how far and how fast we travel down the particular route chosen, the support of this new tax policy expresses a deep sense of national purpose -- a determination to move the country forward to greater economic strength, vitality, growth and effectiveness. It reflects a desire to do away promptly with idle manpower and unused or obsolete capacities, inadequate demand and investment, a succession of substantial budgetary deficits, and imbalances in our international payments.

Why and under what circumstances did this deep sense of national purpose emerge and why did it fasten upon tax policy? Only through examining the perspectives of our contemporary economic problems and the tax policy setting of the last few decades can we arrive at understanding.

II. Economic Perspectives -- 1957-1962.

The euphoria of a record-breaking 1963 in gross national product, industrial production, employment, profits before and after taxes, and countless other indices summarized in the Economic Report of the President transmitted in January and confirmed by the current Economic Indicators for February have not caused the national desire for the recently enacted tax bill to abate one whit. There was no serious suggestion that the investment tax credit -- the centerpiece of the Revenue Act of 1962 -- be repealed. The principal legislative concern was how it could be improved by the elimination of a provision in the earlier Act that deprived it of nearly one-half of its contemplated effectiveness by requiring that newly acquired assets be depreciated from a level of 93 percent rather than 100 percent. There was no suggestion that administrative liberalization of depreciation, announced in July 1962, be reversed; there was only some expressed desire that the liberality of that administrative action be confirmed by legislative enactment.

Even some of the major opponents of tax reduction last spring had second thoughts. In a speech last October, Dr. Raymond J. Saulnier, former Chairman of President Eisenhower's Council of Economic Advisers, noting his serious reservations of some while back, put the situation in realistic terms:

> "As things stand now the prospect of tax reduction has been so thoroughly built into the expectations and planning and to some extent also into the financial commitments of individuals and businesses that it would be seriously deflationary to call if off."

What this all adds up to is that 1963 witnessed an active response in the economic community to a new financial environment of which the new directions in tax and fiscal policy were an important and significant component. No one can tell how much of the 1963 advance can be attributable to the tax policies put into effect in 1962 and anticipated for early 1964. It is sufficient to note that the economic policy mix of which tax and related expenditure policy was the keystone provided an environment that has combined in this expansion to provide a higher rate of economic growth, greater price stability, and a greater increase in employment than in any previous nonwartime expansion.

The fact that there was an overwhelming refusal to return to the tax policy outlook that preceded the recent initiatives should give some pause to those who will describe with penetrating hindsight why and how it should have been done differently.

The eradication of long existing flaws in the field of equity and simplification -- and there are many -- that remain in the Federal income tax system had to give way to a priority for and major emphasis on the overall national economic aspects of tax policy. This was determined by the President, the Treasury and the Congress because of disturbing developments in our national economy since 1956 which cried out for first consideration.

The innate strength of the United States in the last half of the Fifties was marred by 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 ever more frequent recessions was the fact that periods of expansion of the U. S. economy were marred by higher peaks of unemployment, lagging growth rates, budget deficits, and continued unfavorable imbalances in our international payments. What are some of the specific elements in the economic background that led to the new tax policy initiatives?

Take the matter of unemployment. With an average rate of unemployment of six percent from 1958 through 1960, a sustained recovery that by now has stretched almost over a three-year period, still finds our rate of unemployment stuck firmly at the intolerable level of five and one-half percent. In fact, not more than once in seventy-six consecutive months has unemployment dropped below the five percent level. This unemployment looms as an increasing threat. True, our economy is producing more than one million new jobs a year. But that is not enough. We need five million additional jobs in the next few years to meet the rapidly expanding youth force that is pouring into the labor market in increasing numbers,to provide opportunities for those idled by technological advances,and to reduce the unemployment of some four million people in our country today ready, willing and able to work -- who cannot find jobs.

While our national growth rate in 1963 has been at a level of 3.8 percent in constant dollars, we cannot forget that from early 1955 through 1962 it average 2.8 percent, comparing 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. Thereafter it receded to roughly nine percent. The rate of increase in our stock of business plant and equipment substantially diminished after 1957, falling to less than two percent a year, compared to four percent a year in the 1954-57 period. There was also a disturbing rise in the proportion of our machinery and equipment which is more than ten years old in the latter part of the decade. A survey of the age of machine tools in the U. S., by the American Machinist Magazine, showed sixty-four percent to be at least ten years old. Similar estimates show much lower percentages of equipment over ten years old in France, Italy, Germany, the United Kingdom and the U.S.S.R.

Between 1955 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 under-utilization of productive resources in the United States as the period preceding the new tax policy initiatives of 1962-63. 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.

To meet this accumulation of economic woes, the choice of tax policy as the key weapon follows logically from an analysis of the political and economic limitations on alternative options.

Growth itself might have been achieved by a massive increase in Federal spending well beyond the necessities of mounting defense and space costs. But the President decided against that course because of the political preference to which he and the nation firmly hold. To depend upon massive increases in government expenditures as the primary reliance for a higher level of economic activity is to consciously expand the role of government in making and carrying out economic decisions. In that situation, an ever larger proportion of the nation's labor and money would be used directly by the government. The government's activities as a buyer, lender or donor would determine in larger and larger part the use of labor and capital even in the private sector of the economy.

In his Tax Message of January a year ago, the late President Kennedy made his clear and unequivocal choice, saying, "In today's circumstances it is desirable to seek expansion through our free market processes -- to place increased spending power in the hands of private consumers and investors and offer more encouragement to private initiative. The most effective policy, therefore, is to expand demand and unleash incentives through a program of tax reduction and reform, coupled with the most prudent public policy of public expenditures."

Economic analysis supports this political preference in today's circumstances when inadequate investment in the private sector is a major reason for lagging growth, stubborn unemployment and balance of payments difficulties. From 1957 to 1962, in real terms, Federal purchases of goods and services rose more than 13 percent, total national output went up more than 16 percent, consumer expenditures went up more than 17 percent, State and local government expenditures went up 28 percent, but plant and equipment spending declined by more than one percent. Secretary of Labor Wirtz recently estimated that increases in jobs, leaving out those on farms, totaled 4.3 million from 1957 through 1962. Of these, 2 million occurred in the government sector -- almost all State and local; 800,000 were due to government procurement programs; 700,000 were found in nonprofit institutions; 600,000 were part-time jobs, leaving that part of the private sector not doing government work with a net job creation of 200,000 in the six-year span.

Given the political and economic reasons for directing national policy initiatives to the private sector of the economy, there was another alternative to tax policy -- the increased use of credit and monetary tools in an attempt to provide still lower interest rates and substantially increased supplies of money and credit. But, as the late President Kennedy pointed out in his address to the Economic Club of New York in December 1962, "Our balance of payments situation today places limits on our use of those tools for expansion."

For the first time stubborn balance of payments deficits pointed toward restrictive policies -- at least boosting short-term interest rates or imposing penalty taxes on foreign portfolio investment to keep U. S. funds from flowing abroad. The combination of full convertibility of currencies in the Western world beginning in 1959 and external deficits limited our option to those of an open economy in contrast to a pre-1957 situation in which we could largely act as if we were in a closed economy. In addition to limiting a reliance upon monetary and credit policy as a means for expansion and growth, the balance of payments situation led to increasing emphasis on stepping up private investment at home -- both as a means of increasing productivity and lowering costs so as to attain a stronger position in markets at home and abroad and as a means of attracting investment dollars to stay home or flow to the United States.

Here again two factors stood in the way and both pointed toward tax policy as an answer. Idle and obsolete capacity has for some years held back a floodtide of investment in modernization and expansion that the nation has long needed. Well over ten percent of our overall industrial capacity has remained idle during much of the time since 1957 because of lack of demand despite a substantial improvement in rate of utilization early in the current expansion. Moreover, corporate profits after taxes, even after the early expansion of 1961, remain below former levels as a percent of investment capital, of sales, or of the corporate portion of gross national product.

All of these factors combined to encourage a search for ways and means of making tax policy serve economic needs -- both domestic and international.

The alternatives seemed either to be to drift into a way of life at home contrary to our traditional preferences or a withdrawal from our responsibilities abroad for sharing in Free World security and development. We were neither content to assign to government our primary reliance for a higher level of economic activity nor to admit that our economic prospects no longer could attract investment from capital sources at home and abroad or that our efficiency would no longer enable us to achieve equilibrium in our balance of international payments.

III. Tax Policy Perspectives (1939-1962).

There were other reasons for a decision to utilize tax policy to meet these economic problems that emerged in the late Fifties and carried over into the early Sixties. The income tax system had not been fundamentally changed since 1954 and, indeed, represented largely a carryover of war-time rate scales imposed to restrain demand and equalize sacrifice and, in no sense, designed to maximize economic growth in the private sector unrelated to government procurement -- quite the contrary. Yet, the levels and magnitude of Federal income taxation were of such a character as to inevitably play a major role in the functioning of the private economy. They had been necessitated by World War II and maintained to avert postwar inflation until the Korean War required their reaffirmation. They were carried over into the continuing cold war and maintained at a high level despite the changing character of aggregate demand from excessive to inadequate, the weakening of private initiative reflected in the diminishing scale of business fixed investment, and the ever tightening constriction of the high rates on consumption as advancing income levels pushed an increasing percentage of the population into ever higher tax rates on marginal income.

It was as though the nation had dismantled all of the machinery established to live with the excessive demands and drives of war -- such as price and wage control, allocation of scarce materials, rationing and regulation of consumer credit -- and forgotten to do anything about tax rates imposed for the same reason.

World War II made the income tax into a mass tax. Until 1939, after a quarter century of the existence of the income tax, there were only four million returns filed -- four percent of the population (14 years and over) -- with rates scaling from four percent on taxable income below $4,000 to 79 percent on income in excess of $5 million. But with the war the income tax became a vital fiscal weapon. In the words of Professors Surrey and Warren:

> "Almost overnight it changed its morning coat for overalls. Its membership spread from the country club district down to the railroad tracks, then over to the other side of the railroad tracks."

Forty-five million individuals were filing taxable returns by 1945 with the initial rate at 23 percent. At the same time the top corporation rate rose to 40 percent with an excess profits tax added. Instead of revenue from these two sources of approximately $2.2 billion in 1939 the individual income tax and the corporate income tax yielded $27.5 billion in 1948. In the postwar period individual tax rates declined from a 23-to-94 percent scale to a 16.6-to-82.1 percent scale, and corporation rates were fixed at 38 percent. Also, married couples were permitted to compute their tax on a split income joint return method which resulted in their total tax being equal to twice the tax on one-half of their combined income. Exemptions were increased to $600.

But the Korean War brought a reversal, pushing the individual rates back up to 22.2-to-92 percent individual scale and a 52 percent corporate scale on corporate incomes over $25,000.

Even the passing of the Korean War and the Internal Revenue Code of 1954 brought little change in rate scales. The first bracket rate for individuals on the first $2,000 became 20 percent with the top bracket being 91 percent. The corporate rates -- a 30 percent normal tax and a 22 percent surtax on income over $25,000 making a combined rate of 52 percent on the latter income -- were continued on a year to year basis.

However, the tax actions taken in 1954 did recognize that the reduction of tax barriers to long-term growth was an appropriate economic objective of tax reform. In addition to permitting the expiration of the excess profits tax, minor individual rate reduction, some reduction in excise taxes and many technical changes, the law recognized the need for tax incentives to invest in plant and equipment.

This recognition took the form of a provision allowing a more rapid write-off of depreciable assets in the earlier years. Also the 1954 Act permitted current deductions for research and development expenses and permitted a dividend credit in the belief -- which experience has proved questionable -- that it was necessary to assure needed equity capital. Indeed, President Eisenhower in his first State of the Union Message said: "We must develop a system of taxation which will impose the least possible obstacle to the dynamic growth of the country."

In a somewhat prophetic commentary Dr. Dan Smith, then Special Assistant to the Secretary of the Treasury, said in 1955: "In turning to reforms designed to reduce tax barriers to economic growth, one preliminary comment may be appropriate. The question is sometimes asked as to why any relief of this sort is needed when the economic system has grown as spectacularly as it has over the last fifteen years. A little reflection brings out the obvious point that the growth of the last fifteen years has been in an environment characterized by war, threats of war, emergency defense programs, and inflation. All of these artificial stimuli have served to foster and, in many instances, to finance economic expansion. As one looks forward to normal growth, the importance of restoring normal incentives and removing punitive tax provisions becomes clear."

Indeed, a predecessor in my current office and good friend, Under Secretary of the Treasury Folsom, said in the fall of 1954, in appraising the 1954 tax law: "In any case, in a growing and changing economy, tax revision is necessarily a continuing task. We also look forward to future tax reduction since we appreciate fully the severity of our present tax burden and believe that its reduction is essential to the continued prosperity of the country. However, we also believe that additional tax cuts must wait upon further reductions in Federal expenditures."

They never came and neither did further tax reduction.

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."

Notwithstanding the valuable stockpile of proposals on a national tax policy for growth, the years from 1954 to 1961 saw no tax policy changes of substantial economic significance.

We continued to retain a high rate income tax on the economy of the country, regardless of its impact on the initiative of individuals, on the investment of capital, and the consuming power and habits of the general public.

However, the concurrence of economic problems that emerged in clearer view in the latter part of the last decade was bound to bring increasing attention to tax policy as one of the avenues to the achievement of generally agreed national economic goals.

For example, both candidates for the presidency in 1960 in their speech references to tax reform stressed the need for changes that would stimulate economic growth, with President Kennedy giving repeated and especial emphasis to tax revision that would encourage plant modernization and expansion.

The Report of President Eisenhower's Commission on National Goals, released in late 1960, stressed tax policy as a high road to the achievement of economic growth "at the maximum rate consistent with primary dependence upon free enterprise and the avoidance of marked inflation." The Commission urged that "Public policies, particularly an overhauling of the tax system, including depreciation allowances, should seek to improve the climate for new investment and the balancing of investment with consumption."

And, as many of you in the room will recall, despite the lack of broad public and popular attention to the subject, the yeast for tax policy changes was working among the scholars, practitioners and private organizations closest to the subject.

In 1959 a major study of the income tax was conducted by the House Ways and Means Committee, under the Chairmanship of Congressman Wilbur Mills. Panel discussions and hearings on papers from some 180 leading experts were held in late 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." In announcing the inquiry into opportunities for constructive reform Chairman Mills stated that "The immediate objective of income tax reform is reduction in tax rates without sacrificing revenues required for the responsible financing of government." He listed first among the objectives of tax reform "a tax climate more favorable to economic growth", followed by "greater equity through closer adherence to the principle that equal incomes should bear equal tax liabilities; assurance that the degree of progression in the distribution of tax burdens accords as closely as possible with widely held standards of fairness; an overall tax system which contributes significantly to maintaining stability in the general price level and a stable and high rate of use of human and material resources; a tax system which interferes as little as possible with the operation of the free market mechanism in directing resources into their most productive uses; and greater ease of compliance and administration."

IV. Changing Directions of Tax Policy

Against this background of contemporary economic perspectives and the history of Federal income tax policy as it relates to our economic well-being, let us summarize some particulars of changing direction that make the Revenue Acts of 1962 and 1964 and the administrative liberalization of depreciation a turning point in tax policy.

(1) First and foremost, these measures evince a new national determination to give tax and fiscal policy a positive role in our political and economic system -- to affirmatively utilize tax and fiscal policy in the words of the Employment Act of 1946 "in a manner calculated to foster and promote free competitive enterprise and the general welfare."

The three measures have been primarily designed to contribute to a substantial increase in the level of economic activity at the initiative of the private sector -- both consumers and investors. This increasing activity will utilize more fully our growing labor force, our expanding technology, and our increasing quantities of capital, in a market economy in which these uses will be determined by private decisions of both consumers and investors. These tax measures will increase the profitability of business, the rewards of labor in take-home pay, and the incentives for the investment of both capital and human endeavor.

In coordination with other policies these tax measures will greatly increase the prospects of combatting successfully unacceptable levels of unemployment; they will aid in and reduce the cost of public and private programs for reducing poverty, eliminating depressed areas, and facilitating an adjustment by management and labor to both the dynamics and disciplines of a modern industrial society.

These three measures are also tailored to deal in many ways with our external financial relationships, exemplified in our balance of payments problem, and in association with a policy of expenditure control, to bring the nation back to balanced budgets or surpluses.

Of course, these three measures are not the end, but a beginning, particularly if they prove reasonably successful in the achievement of these objectives. There will always be an unfinished task of adapting our tax and fiscal policy to the changing economic environment in a manner that will strengthen our economy and maintain our preferred pattern of economic organization.

In a society where an increasingly large percentage (now about 27 percent) of annual income is drawn off by Federal, state and local government -- a national tax policy to promote a dynamic private sector is fundamental if the nation is to benefit from rapid growth and hold its position in world affairs by remaining competitive with other industrial economies. The magnitude and the distribution of the Federal tax burden, as well as the totals of Federal expenditures and the national debt which condition its overall impact, from now on will be a primary object of public attention. To make an intelligent use of tax and fiscal policies to help insure a prosperous economy and adapt a tax system to the vigor of the economic institutions which represent the American way of life will be the objective of both political parties, the Federal executive and the Congress, and leaders from all walks of life.

(2) <u>These measures are a positive attempt to use tax reduction to combat economic slack and sluggishness and pave the way</u>

to more rapid economic growth.

Studies show that, given the tax system and income tax rates of 1954 through 1962, the American economy, working under conditions of full employment, would provide a substantial budget surplus. This revealed that the government's tax and fiscal policy, reflected in the budget and tax rates, was exercising a restraining effect upon demand and activity in the economy. The fact that the mixture of tax rates and spending levels was actually restrictive, even though the budget showed deficits, pointed to the existing tax structure as a drag on the economy, slowing down growth and choking off expansion short of the levels that would give full employment and utilization of the nation's industrial capacity. It also pointed to tax reduction as a means of eliminating that drag and stimulating the economy to a higher rate of activity as a means of achieving balanced budgets in a full employment economy. Also tax reduction could be used to stimulate the modernization of plant and equipment that would provide increased productivity in addition to a fuller utilization of resources. Also, the fact that the previous years of slack had been marked by increased rates of Federal, state and local public expenditures, and personal consumption expenditures, but relatively static investment levels pointed to the choice of tax reduction as a weapon to deal with a lagging economy.

As a result of the measures taken the overall weight of taxes on the private sector is in the process of being considerably reduced. The reductions under the recently enacted tax bill reduce individual income tax liabilities by about 19 percent or $9.2 billion. The changes in corporate tax rates under the bill, together with 1962 reductions under the investment credit, the liberalized modification of the investment credit in the Act of 1964, and the revised depreciation guidelines, also reduced corporate tax liabilities by 19 percent or $4.75 billion.

The combined effect of this reduction of approximately one-fifth of income tax liabilities -- the largest in our tax history -- will provide a marked economic stimulation to both consumption and investment.

Apart from, and in addition to the effect, beginning this month, of an infusion of dollars and incentives into the private sector, these measures have already provided an important psychological thrust, as witnessed by the performance of the economy in 1963, particularly the latter part. A healthy economic recovery and growth depends heavily upon the confidence, initiative, incentive, optimism and industry of the private citizen and the private business sector. That tax reduction will be a tonic to reduce sluggishness and slack has been and will continue to be demonstrated.

There is important substance in Chairman Wilbur Mills' recent assertion that "Preserving the gains for the economy and for Federal finances which we can confidently expect from this bill may both permit and require additional tax reductions in the not too distant future."

(3) These three measures, particularly the Revenue Act of 1964, add new, but little understood, dimensions to the importance of coordinating tax policy with budget expenditure, monetary and credit policy and debt management, particularly in dealing with economic slack, deficits in our international balance of payments, and incipient threats of inflation.

For example, by coordinating tax reduction with expenditure control, it becomes fiscally responsible to reduce taxes as either a long or short term economic stimulant in times of recession or slack when there is likely to be a budget deficit, as well as in times of budget balance or surplus. This willingness to reduce taxes, despite the existence of a budget deficit, should be sharply distinguished from the economic theory that the purpose of the tax cut is to create a deliberate budget deficit to obtain economic motive power. The tax cut was the objective -- not the deficit. All of us would have preferred to push a tax program involving substantial tax reduction against a background of budget balance or surplus. But we were willing to push tax reduction despite a deficit because of its anticipated effect, particularly when there was a policy of expenditure control accompanying it that looked to budget balance or surplus when the economy approached satisfactory employment levels.

Oft-times, in the course of debate and controversy surrounding the issue of whether it was wise to reduce taxes in a period of substantial budget deficit, yet substantially unused resources, the importance of correlation between policies was overlooked. It was necessary to stress continually the coordination of policies. For example, in describing the program early in February last year I stated that it had "two main elements: first, a substantial net reduction in Federal taxes, through a meaningful lowering, in several stages of tax rates . . . and; second, as the tax cut becomes fully effective and the economy expands in response, the allocation of a substantial part of the resulting revenue increases toward eliminating the transitional deficit."

The action of President Johnson in presenting an administrative budget for fiscal 1965, the period in which the Act will begin to become fully effective, providing for expenditures slightly less than the budget requested for fiscal 1964 or expenditures projected for that year, gave concrete reality to the importance of relating tax reduction to expenditure policy.

But there are other important correlations between tax policy and other elements of general economic policy. We have seen why under current balance of payments conditions tax and fiscal policies ought to be preferred to monetary policy in providing fresh incentive and continuing stimulation. But, given this stimulus from tax and fiscal policy, monetary policy and debt management can be used with greater flexibility in avoiding inflationary pressures or increased outflows of capital. While tax policy struggles to overcome the slow growth that dulls investment incentive, fosters inefficient work spreading, maintains high unit costs and presses upon profit margins, thereby retaining capital flows in the United States and sharpening our competitive abilities, monetary and debt management policies can be used more effectively to discourage outflows of short term capital and dampen tendencies to inflation.

Just as we learned in World War II to correlate tax policy with other instruments to meet the extraordinary demands of hot war, we must constantly search for the policy mix that includes a tax policy related to other instruments to meet the ever changing conditions that will affect a free economy in the type of open world in which we live.

The same coordination of tax policy with other policies to combat unemployment is necessary because many of the unemployed do not have the right skills, are not in the right places, or otherwise lack access to the jobs that are open.

The tax program now adopted, with the related policies of expenditure control, monetary and debt management, seeks to establish a financial environment suitable for the Sixties so that we can take full advantage of the gathering forces for economic progress both at home and abroad. By a proper coordination of our new tax and fiscal program, debt management, monetary policy and balance of payments policy we can make this tax program a key to resolving the interlocking goals of domestic growth and external stability that are inseparable from one another in the open competitive environment in which we and our trading partners and friends in the Free World now live.

(4) These three measures give body to a positive policy of reversing the hampering effects of the tax system on investment incentives and materially strengthening those incentives to provide increased jobs, increased productivity and competitive efficiency, and a vigorous economic growth.

The new investment incentives include: the investment credit of 1962, together with the 1964 revision eliminating any reduction in depreciation basis to reflect the credit, the 1962 revised depreciation guidelines, the proposed reduction of overall corporate rates from 52 to 48 percent and the normal tax rate on the first $25,000 of corporate income from 30 to 22 percent, and the reduction of individual rates on unincorporated businesses, and the unlimited carry-over of capital losses for individuals at a rate of $1,000 a year. The cumulative effect of these changes is to give a dramatic shift in emphasis on investment in our tax system.

These changes have greatly increased the after-tax profitability on investment. They have shortened dramatically the period of risk or payout on new investment. They have greatly increased internal cash flow, particularly for small business units where availability of capital is an important limitation on the growth and development of enterprise.

Each of these changes is important separately. For example, the change in the administrative rules concerning depreciation does more than reduce the guideline lives for machinery and equipment to conform to up-to-date practice; it incorporates a new set of rules that permit the businessman much greater freedom in fixing his preferred life for machinery and equipment, provided only that his actual replacement pattern conforms to his estimate in a reasonable period of time.

This policy together with the investment credit and lowered rates of business taxes will not only result in increased modernization and stepped-up growth in existing product and service areas; they should speed the translation of product developments from the laboratory to the production and distribution line in an ever faster cycle and help to provide inviting outlets for new technology, incentive, processes and ventures which mean new jobs at home and new markets both here and abroad.

But it is the total or combined effect that should be decisive.

By increasing the profitability and lessening the period of risk of new investment these measures adopt the most effective way to make more attractive the investment decisions which are not being taken today. They make today's marginal investment the acceptable venture of tomorrow. They open the door wide for new technologies and new products and services which, if they are developed with their new markets, create new demand, additional investment and new jobs that would never have been available before.

(5) <u>These measures seek to effect a balanced tax reduction -- one purposely designed to provide both additional consumer purchasing power and direct investment incentives.</u>

This balance served not only to satisfy the requirements of equity in a direct distribution of benefits but also important economic objectives. It was felt that both approaches -- tax reduction to stimulate both consumption and investment -- interacting together would achieve a more dynamic and sustained growth than would result from a reliance on one method to the exclusion of the other.

The recently enacted tax bill provides a substantial stimulus to consumer purchasing power. Of the reductions to individuals amounting to $9.2 billion, it is expected that eventually about $8.6 billion will be spent on additional consumption. The largest share of the individual reductions will go to those with incomes of $10,000 and less, who need it most, who account for close to 85 percent of all taxable returns and who are likely to put a large part of their tax reduction into the spending stream. This is where the customers live. Under the recently enacted bill they received nearly 60 percent of the overall individual reduction, with their share of the individual tax load being decreased from 50 to 48 percent.

The consumer expenditures generated by the increases in take home pay resulting from the tax cut to individuals will set in motion the familiar economic process in which money is spent and re-spent throughout the economy and ultimately increases consumer spending by several times the amount of the initial tax cut -- the so-called multiplier factor. That strong and sustained rise in consumer demand -- and thus in markets and profits for business -- will further bolster the direct tax incentives to investment. To encourage investment in job producing facilities, stressing of consumer demand is required. The purchasing power of the consumer must be increased to effectively utilize present productive capacity so that additions to productive capacity will be worthwhile or replacement of obsolete high cost capacity desirable.

The operation of direct investment incentives will add to the total of consumer purchasing power in the hands of additional jobholders, suppliers, etc. This process adds an accelerator effect to the process of growth that will flow from the tax program. The interaction of these two facets, with the one aiding and abetting the other, is of vital importance, giving the program a balance that is, perhaps, the most important and overlooked aspect.

(6) <u>The Revenue Act of 1964 makes a reduction in income tax rates the primary objective of income tax reform in both the "economic" and structural senses.</u>

This tax policy signified a recognition of the fact that current high tax rates from top to bottom, both individual and corporate, were too repressive for maintenance as a part of our permanent tax structure.

The law expresses a national conviction that these high tax rates on income, increased to meet the needs of war, now hold back growth and lead to distortions in the tax structure.

About half of the Act's provisions will reduce income taxes by a gross total of $12.4 billion annually when the program is fully effective, of which about $11.7 billion is allocated to reduction in individual and corporate rates, leaving only about $700 million of tax reduction as a consequence of other structural changes. The remaining provisions, of a base broadening nature, will increase revenue by a total of $835 million a year, more than offsetting the structural changes that lose revenue, and leaving a net total tax cut of $11.5 billion.

The significance of this overwhelming Executive and Legislative choice of a policy that utilizes rate reduction as an instrument of both "economic" tax reform and structural modification for purposes of equity seems to have been overlooked by many commentators who choose to define tax reform only in terms of base broadening.

It is true that the Act of 1964 fell short of the target projected by Presidential proposals of $13.6 billion of rate reduction in a bill with net tax reduction of $10.3 billion. This was largely accounted for by the refusal of Congress and the public at large to accept the restriction on itemized deductions in the so-called five percent floor proposal which would have produced additional base broadening revenues of $2.3 billion. However, the picture is much less gloomy if one considers what might have happened to the tax base if net tax reduction had been primarily or substantially devoted to carving out new deductions, credits or other erosions of base which give preferences depending upon the source of use of income or the position of the recipient.

The Revenue Act of 1964 represents a decision to arrest the gradual erosion of the tax base through special preferences and privileges for certain groups of taxpayers. The design of the future, if the policy of the 1964 Act is followed, will be the provision of necessary revenues at the lowest possible tax rates whenever tax reduction or base broadening opportunities are presented. This is a commendable switch from the old pattern of opening new "loopholes" in the existing structure with the inevitable result of increasing pressure upward on existing rates or passing up the opportunities of tax reduction or increased income tax generation to reduce the rate scales.

This adoption of rate reduction as the primary objective of both net tax reduction as well as base broadening means that the nation has reincorporated in its tax system a reassuring allegiance to the principle of rewards -- the leaving of increased percentages of income after taxes with all those who invest additional effort and capital in economic activity. In short, the profit motive, personal and corporate, has been recognized and invigorated as an objective of tax policy. The reduction of rates, up and down the scale by leaving an additional higher percentage of earnings with both individual and corporate units should spur the additional investment of both capital and human effort and a natural desire to make the most effective use of both, tending in turn to minimize the misallocation of resources inherent in any tax system.

(7) The two enactments represent a new determination by the Executive and the Congress to associate a search for greater equity and structural improvement in the tax system with efforts at "economic" tax reform, thereby opening the door to periodic and persistent improvement of the structure of the tax system as it is adapted to an ever changing economic environment.

There were strong voices and many counsels of expediency that urged a course of foregoing any concern with equity and structural modification rather than risk or delay "economic" tax reform. The pressures for "quickie" tax cuts even of a temporary nature will be recalled.

Nonetheless, those sponsoring and proposing permanent changes in the tax structure to better adapt it to the economic challenges of the Sixties concluded that, while an overriding priority should be given to "economic" tax reform, any permanent change in the system to that end should be designed and associated with a solid effort to improve the equity and structural soundness of the system. As a consequence, the revenue raising structural changes accomplished under the two Acts of Congress represent major improvements in the equity of the tax system and the revenue losing provisions are designed, by and large, to relieve especial hardships beyond the reach of rate reduction and achieve a careful balancing of the benefits.

If base broadening is the test of tax reform in the structural sense of eliminating special preferences, then the past eighteen months have witnessed a real turning point in tax reform in a structural as well as an "economic" sense. Revenue raising structural changes in all previous Revenue Acts since 1940 total approximately $600 million -- the total from 1953 to 1961 was less than $200 million. The nearly $1.7 billion of revenue raising changes in the two recent Acts not only increased the equity of the income tax system; the revenue raised by them has been turned back into rate reductions and investment incentives so as to accomplish a measure of "economic" tax reform in addition to that achieved through net tax reduction.

Structural reform in the 1964 Act included, for example, limitations on tax advantages accruing from group term insurance, bank loan insurance, sick pay exclusion, casualty loss deduction, the utilization of personal holding companies, multiple corporation provisions, gifts of future interest, aggregation of mineral properties for charging depletion, and the realization of capital gains on sales of real estate resulting from excessive depreciation. In addition, deductions of certain State and local taxes that were difficult of uniform and equitable administration, and the dividend credit which greatly advantaged the large investor have been eliminated.

To these examples of structural reform should be added from the 1962 Act provisions that:

*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;

and provisions in the field of foreign taxation that:

*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.

Revenue raising resulting from base broadening is not the only test of tax reform in the structural sense. Many modifications of key provisions, such as those in the recent bill dealing with stock options, personal holding companies, interest on deferred payments, minimum deposit and bank loan life insurance, and group term life insurance are more important for their long range significance than their current consequences in recapturing revenue. Nonetheless these modifications remove or limit special privileges and preferences that are no longer considered equitable or necessary.

Also, the recently enacted law involves the introduction of structural innovations which are designed to improve the equity of the system and will qualify in many minds as structural reform even though they lose revenue rather than gain it. Some examples are: the introduction of an averaging system to meet the problems of bunched income; the splitting of the first individual tax bracket into four brackets to provide some differentiation for the over fifty percent of our taxpayers whose income falls entirely in the previous first bracket; the adoption of the minimum standard deduction to provide special relief for those with very low incomes without the wastage at upper levels that accompanies the competing approach of raising exemptions; the additional deduction for employee's moving expenses whether or not reimbursed by the employer; and the removal of the two percent consolidated returns tax.

Perhaps the public debate of the issues involved in base broadening and other structural changes, apart from net tax reduction and rate reduction, is as important as the changes themselves. Many issues that were heretofore debated only by experts have been placed under legislative and public examination. The public and the Congress do not always agree with the experts. If, after a proper debate, the solutions that the experts and technicians propose do not secure legislative acceptance, then others may be devised.

The important fact is that both of these bills carry forward the effort to secure equity and structural reform in association with attempts at "economic" tax reform.

(8) <u>The three measures represent the first effective resort to tax policy as a means of sustaining expansion and reducing the frequency of cyclical recession</u>.

The impact of the 1962 tax actions and the prospect or anticipation of the 1964 Act have contributed importantly to sustaining a period of economic expansion for thirty-seven months. The recent enactment casts an optimistic glow for the indefinite future. When contrasted with the pre-existing pattern of ever shortening periods of expansion, the last one before this being twenty-five months, the likelihood of achieving the longest one in peacetime history, with tax policy playing an important role, is bound to focus continuing attention on tax policy as an important measure of economic stabilization.

Congress is apparently unwilling to delegate any of its responsibility to the President to raise or lower tax rates for a temporary period in a pattern prescribed in advance as a measure of economic stabilization. This understandable reluctance will, however, place an added premium on alertness in both Congress and the Executive to utilize timely tax action as an anti-recession tool, particularly in periods when resort to monetary and credit stimulus is precluded by balance of payments difficulties.

In conclusion, I shall resist the temptation to prescribe my own particular program for near term developments in tax policy. There is a very good reason for this modesty -- I have no program.

Indeed, it seems fitting to pause a while and see how the changing directions in tax policy just described actually work out in practice before deciding on the next steps.

At least, the American businessmen whom you advise and represent ought to be fully assured for the time being by recent events that our tax policy is to help and encourage them to do more and profitable business, create more jobs, and put more dollars to work.

But, the turning point in tax policy represented by the changing directions of the last two years has a pressing longer term significance to those who have special qualifications and responsibilities in the field. Theirs will be the never ending task of employing their special knowledge of tax and fiscal policy within the framework of the national decision now taken to utilize this instrument "for the common defense and the general welfare." The burden will be heavy on scholars, legislators on the tax writing committees and elsewhere in the Congress, the Executive Branch, leaders of business and labor, and the tax executives and experts represented here tonight. For tax policy formulation is truly an ever-unfinished task in a changing world. It will be a constant, ever-abiding responsibility for analysis, citizen education and decision-making in the democratic process.

But as recent developments in tax policy indicate, where men of good will and concern for the national interest, in government and out, seek a meaningful consensus on a tax policy that serves the entire nation, rather than special groups, that responsibility can and will be discharged.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

March 3, 1964

FOR IMMEDIATE RELEASE

TREASURY DECISION ON WOODEN COAT HANGERS
UNDER THE ANTIDUMPING ACT

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

The dollar value of imports of the involved merchandise received during 1963 was approximately $1,000,000.

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

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

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

~~EXTRA MODIFIED~~

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

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $ 200,000 or less for the additional bills dated December 12, 1963, (91 days remaining until maturity date on June 11, 1964) 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 March 12, 1964, in cash or other immediately available funds or in a like face amount of Treasury bills maturing March 12, 1964. Cash

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE March 4, 1964

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 $ 2,200,000,000 , or thereabouts, for cash and in exchange for Treasury bills maturing March 12, 1964 , in the amount of $ 2,200,377,000 , as follows:

91 -day bills (to maturity date) to be issued March 12, 1964 , in the amount of $ 1,300,000,000 , or thereabouts, representing an additional amount of bills dated December 12, 1963 , and to mature June 11, 1964 , originally issued in the amount of $ 800,981,000 , the additional and original bills to be freely interchangeable.

182 -day bills, for $ 900,000,000 , or thereabouts, to be dated March 12, 1964 , and to mature September 10, 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 Standard time, Monday, March 9, 1964 Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three

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March 4, 1964

KENNEDY HALF-DOLLARS TO BE RELEASED MARCH 24

The Bureau of the Mint has arranged with the Federal Reserve Banks to start distribution of the John F. Kennedy half-dollars to the commercial banking system on March 24. This means that the coins will be available in most city banks on that day and most country banks a day or so following.

Requests for individual specimens of the Kennedy half-dollar should be made through local banks. Neither the Mint nor the Federal Reserve Banks and Branches can supply them directly to the public.

The initial release will be 26,000,000 pieces. Before the year is over, another 64 million pieces will be issued. As a coin of regular issue, the Kennedy half-dollar will be in effect for a twenty-five year period.

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permitting the foreign currencies acquired to be held in a wider variety of safe and liquid money market instruments -- including, in particular, foreign Treasury bills, -- the Congress would be taki ~~a most~~ important new step to strengthen the international monetary system and the position of the dollar.

Clearly, perfection cannot be claimed for either the Federal Reserve Act, which became law more than 50 years ago, or the Federal Reserve System as it has evolved within the framework of that law. As in the past, the effective adaptation of the Federal Reserve to the needs of today and tomorrow will require that the Congress be willing to search out and eliminate faults and anachronisms that hamper effective performance. But, I would also urge this Committee in undertaking tha necessary task, to protect and preserve those elements in the structure of the Federal Reserve that underly its special strength and stature at the center of our banking system.

bilities in the international financial area, ~~as flexibly as desirable~~. The Federal Reserve banks, as they acquire foreign currencies can place these funds abroad only in bank deposits or in commercial paper of limited classes and restricted availability. For years, these restrictions were of no practical import, in view of the limited amount of foreign currencies held by the System. But, the Federal Reserve is now resuming operations in a variety of foreign currencies on a larger scale and participating widely in the network of reciprocal currency agreements and other arrangements that have emerged from the increasing cooperation among monetary authorities in recent years. Consequently, the need for greater flexibility is apparent.

These operations in defense of the dollar -- and more broadly in the interests of international monetary stability generally -- are likely to grow rather than to diminish in coming years. By

The necessity for banks to maintain assets that meet these restrictive "eligibility" requirements in a volume adequate to provi a reasonable margin over foreseeable needs is/growing impediment in the flexible distribution of bank credit among competing uses. More over, shortages of eligible paper could potentially affect the ability of the Federal Reserve to make credit promptly available at reasonable terms to its members when required. Unless these eligibility requirements are relaxed, the time could come that the flow of credit from banks to consumers, homebuyers, and businesses requiring medium-term credit would be unnaturally constrained. Doubts would arise over the ability of the Federal Reserve to relieve any sudden pressures effectively and expeditiously. I urge that you give your early attention to removing this anachronism from law.

A somewhat parallel rigidity in the law is beginning to affect the ability of the Federal Reserve

The first of these areas concerns the archaic requirements defining the paper eligible for securing advances to member banks.

At the present time, as you know, the Federal Reserve can freely lend to member banks at the prevailing discount rate only on the basis of Government securities or commercial paper meeting certain rigid legal requirements in its maturity, purpose, and "self liquidating" character. In recent years, a much larger proportion of the Government security holdings of many banks has been needed to secure public deposits or for other purposes that effectively forestall their use in borrowing from the Federal Reserve. The supply of paper meeting the technical eligibility requirements of the Federal Reserve Act has also declined as the character of bank lending has changed over the decades, and in any event the use of this paper for borrowing would require awkward and cumbersome procedures by both commercial banks and the Federal Reserve.

side of lower rates. But I think that to make a fixed level of interest rates the sole objective in any circumstances, would prevent the Federal Reserve from doing most of the other things that we expect it to do -- in avoiding inflation, or averting boom-bust cycles, or assisting sustained growth.

The contribution that flexible interest rates and monetary policies can make to growth without inflation are so great that we must place no artificial restrictions of this kind on Federal Reserve operations.

Before closing, I would like to suggest to the Committee two areas in which outmoded restrictions in the Federal Reserve Act have clearly outlive any usefulness they might once have had, and today unnecessarily constrict the flexibility with which the Federal Reserve can discharge its domestic and international responsibilitie

The final bill, HR. 9749, would commit the Federal Reserve to support the yields of all Government securities at rates no higher than 4-$\frac{1}{4}$%. This would in my judgment represent a departure from the principles of flexible and vigorous monetary and credit policies. Those principles are now, I would have thought, almost unanimously accepted by those concerned with fostering sustained and orderly economic growth.

In my judgment, efforts to peg interest rates by governmental decree, or to hold them below a predetermined level, represent an unrealistic simplification of what can in fact be done, or properly attempted, by any governmental authority. ~~Most of us~~ want interest rates to be as low as possible. We want to remove any props that artificially hold rates above the levels that supply and demand in competitive markets would produce. We want the influence of government constructively used, wherever there is room for choice, on the of the Tax and Loan Account system would be self-defeating. ~~It is~~ not a matter we can safely leave to the cost accountants alone.

I would be happy to have Mr. John Carlock, who as Fiscal Assistant Secretary is directly in charge of the Treasury despository arrangements, provide you with a more detailed review of these matters at your convenience.

Much broader issues of monetary theory and practice are raised by the proposal in HR. 9687 that we reverse the Banking Acts of 1933 and 1935 and permit banks to resume payment of interest on demand deposits. This approach was fully explored by the President's Committee on Financial Institutions. However, the majority of the Committee concluded in its report filed last year that the dangers and difficulties posed by such a change, particularly for smaller banks outside of the financial centers, outweighed any potential advantages. ~~It thus favored continuation of the prohibition~~

section of the country to another, as well as disturbing contractions or expansions in the total of bank reserves, that would otherwise be an unfortunate by-product of the large, day-to-day cash and borrowing operations of the Treasury. Second, the Tax and Loan Account System makes it possible for commercial banks to underwrite and distribute new Treasury securities -- an indispensable element in the smooth market absorption of many new cash offerings.

I know of no arrangements in foreign countries that have been more successful in minimizing and cushioning the effects of Treasury operations on the money markets, even though in many of those countries a highly centralized banking system makes simpler the task of forestalling disturbing flows.

Any effort to seek a precise balancing of costs and earnings that emerge from the mutual relationships of the Treasury and the banks that would directly or indirectly impede these basic functions

The first of these, which would require the payment of interest on Treasury Tax and Loan Accounts, is the most limited in scope. This matter, as you know, has been carefully reviewed at intervals by the Treasury Department. We now have underway a new and comprehensive study of the facts on both bank earnings that can be attributable to these accounts and bank expenses in handling transactions of the Government. This study, which I hope will be completed by July ~~June~~, will shed further light on this matter.

However, in appraising the Tax and Loan Account System, I think it is vital to keep in mind that these arrangements were basically ~~are~~ designed not ~~only~~ as a method to reimburse banks for services performed but to fill a special need in our decentralized financial system, characterized by a large number of independent banks. These arrangements perform a two-fold function. First, the use of Tax and Loan Accounts avoids abrupt flows of deposits from one of the current special geographical restrictions on Board membership and of indications that members should be representative of particular interests.

In the same vein, I should also express my firm support for the efforts now underway to lift the salaries of Board members along with those of other Government Officials. This is the appropriate path toward reducing the present anomalies -- so evident within the Federal Reserve System itself -- that have left Board members with salaries far below the more competitive rates paid not only in industry but within the Federal Reserve System itself.

Other Issues

Three of the bills before your Committee -- HR. 9686, HR.9687, and HR. 9749 -- raise issues of general financial policy rather than of the administrative structure and independence of the Federal Reserve itself.

attract highly qualified officials and staff; and a reputation for operating efficiently and impartially.

The structure that has resulted does not fit easily into the framework of standard tables of organization. Policy responsibility is widely dispersed. ~~Methods of achieving~~ coordination ~~between~~ the major instr~~uments of poli~~cy depends in part on informal working relationships built up over the years. vestigial elements of an earlier conception of private participation in central banking policies -- elements that are more symbolic than real today -- are still visible.

Personally, I would be inclined to the view that, if any change is made in the composition of the Board itself, it might better be made smaller rather than larger. I would also think that consideration might usefully be given to some shortening in the present 14-year term for Board members, to the elimination both [illegible] of [illegible]

[illegible] the ~~[illegible]~~ [illegible] the role of ~~[illegible]~~ [illegible] with other

~~[illegible]~~ [illegible]

[illegible] ~~[illegible]~~ ~~[illegible]~~ [illegible] tradition of

[illegible] service in which I believe the

[illegible].

[illegible], I would be inclined to the view that, if [illegible]

[illegible] the Board itself, it might better

[illegible] consideration

[illegible] for Board

[illegible]. I would also wonder

[illegible] restrictions on Board member-

[illegible]

of women

[illegible] the sense of

[illegible] in general, and the

[illegible].

[illegible] would not, I believe,

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The structure that has resulted does not fit easily into the diagrams of standard tables of organization. Policy responsibility is widely dispersed. Methods of achieving coordination between the major instruments of policy depend in part on informal working relationships built up over the years, and vestigial elements of an earlier conception of private participation in central banking policies -- elements that are more symbolic than real today -- are still visible.

But change without clear purpose can be dangerous too. If there are persuasive reasons for particular proposals -- if it can be shown that ownership of Federal Reserve Bank stock by member banks has biased Federal Reserve policy decisions, or if budgetary or auditing practices have been loose, to take two examples -- by all means, this Committee should act.

But if the effect of the action would simply be to destroy a symbol of independent viewpoint and financial integrity, I would urge you to consider very carefully whether there is really some tangible offsetting ~~gain~~

questions of organization upon which I have no special competence.

In approaching questions of this kind, however, I do feel strongly that we should remain mindful of the relevance of one of President Wilson's remarks at the time the Federal Reserve System was established 50 years ago. He noted then that the sponsors of that legislation were dealing "with our economic system as it is and as it might be modified, not as it might be if we had a clean sheet of paper to write upon."

This Committee is dealing with a living institution -- an institution that has demonstrated its capacity to innovate, to experiment, and to adapt itself to a very wide range of circumstances. But in this process of change, it has never lost certain characteristics -- an established tradition of independent judgment; a mixture of regional participation in policy-making with ultimate central control that is unique in our Government; an ability to there will be firm institutional basis for expecting that the kind of cooperative relationship ~~characteristic during this Administration~~ will continue in the future, and that the viewpoints and aims of an incoming Administration will be sympathetically reflected in the councils of the Federal Reserve. Two years ago, President Kennedy made precisely such a proposal to the Congress, which was endorsed by the Joint Economic Committee in its report. It was valid then and remains valid today. I commend it to your attention.

The Internal Structure of the Federal Reserve

The bills before you raise a number of other specific issues concerning the internal structure of the Federal Reserve, including the composition of the Board, the usefulness of the Federal Open Market Committee, arrangements for appropriate audits, and the methods of covering its necessary expenditures. I will not dwell upon these issues at length for they raise a number of detailed and quite properly so. But around the world, almost all countries still find it useful to maintain independence for their central banks within the government.

Independence naturally implies the right to disagree; and not only to disagree, but to act on the basis of different judgments. Some differences between the Treasury and the Federal Reserve may from time to time be a fact of life. But this need not be distressing. The necessity to test policy proposals against the views of an independent Federal Reserve is, I believe, the best insurance we can have that the claims of financial stability will never be ~~overlooked.~~ neglected.

In considering this problem of achieving a proper balance, I share the view of the present Chairman of the Board of Governors that term of office should be made coterminous, or more nearly coterminous, with that of the President. With a President free to choose a new Chairman upon taking office, ~~or shortly thereafter~~, You will recall the inquiries into the Federal Reserve conducted by Senator Douglas and Chairman Patman in 1950 and 1952. At that time the issue of supporting the prices of Government securities at a fixed rate was still alive, and the case for timely flexibility of monetary and credit policy was strongly argued. Both reports pointed out that the demands of the Treasury during the early postwar years for a stable market for its securities should give way to the overriding need for the Federal Reserve to use its powers to contribute to a sustainable overall balance in our economy.

Finally, and perhaps most fundamental to a resolution of this issue, experience over many years and in many countries has taught the wisdom of shielding those who make decisions on monetary policy from day-to-day pressures. The day of private central banks operating without regard to Government policy is long since gone, economy, will at times be biased by the constant pressures on the Secretary of the Treasury to assure the economical financing of the dominant borrower in our economy -- the Federal Government itself. This does not mean that the Federal Reserve should not or does not properly take into account the financing needs of the Federal Government in determining its own policy. These Treasury financing operations have important implications for financial markets generally, and in their common pursuit of a vigorous and healthy economy the Federal Reserve and the Treasury share a common interest in the orderly financing of Government. But occasions could, of course, arise in which almost any Secretary of the Treasury would feel a conflict between his immediate interest in insuring a successful financing and the broader objective of maintaining a supply of money and credit in tune with the needs of the economy as a whole.

Demands on the time of any Secretary of the Treasury are already heavy. Added responsibilities for the formulation and execution of monetary policy would compete with his responsibilities in other areas. Delegation of a large portion of these new responsibilities to his subordinates -- and that could hardly be avoided - would in turn raise further questions about whether the critical and complex issues of monetary policy were receiving the attention they deserve. It is one thing for the Secretary of the Treasury to be continually aware of the general nature and direction of monetary policy, and to keep in close touch with the Chariman of the Board of Governors on the issues that seem most significant -- as I now do. It is quite another to be responsible for the vast and complex activities of a very intricate operating organization.

Proposals of this kind also raise the possibility that decisions on monetary policy, directed toward the overall health of the cannot be attributed entirely to a happy accident of congenial personalities or to a fortuitous coincidence of objectives. The Federal Reserve is bound by the same broad objectives, cited in the Employment Act of 1946, that govern the operations of other government agencies.

Federal Reserve Independence

From time to time, suggestions have been made that coordination of financial policy should be enforced by various devices. Such a proposal is contained in one of the bills before you -- HR. 9631 -- which would make the Secretary of the Treasury ex-officio Chairman of the Federal Reserve Board.

This proposal seems to me to raise most important questions of public policy, for inevitably the implication is that the stature of the Federal Reserve -- independent not of the Government but of the Treasury -- would be, to some degree, diminished.

been further bolstered by free and continuous exchange of information between the staffs of the Treasury and the Federal Reserve.

In addition, ~~President Eisenhower initiated, and~~ Presidents Kennedy and Johnson have continued the practice of meeting from time to time with the top financial officials of the Administration. Chairman Martin has participated fully in these discussions. He cannot, of course, bind the Federal Reserve to a decision that is within the province of his Board or the Open Market Committee. But he is always willing to convey his own appraisals and judgments to us. These conferences also enable him to interpret accurately and sympathetically the Administration's objectives and policies to his own Board and to the Open Market Committee, so that those groups ~~might~~ may have the benefit of this information in arriving at their own decisions.

This process of close consultation and cooperation the supply of money and bank credit according to their own best appraisal of prevailing economic circumstances. This common understanding and cooperation has [illegible] ~~greatly helped~~ me as the chief fiscal and financial [illegible] ~~official~~ of the Government in my direction of our international financial relationships.

cooperation has been reflected in a number of informal relationships that, by their presence through several administrations, are now a matter of course. Every Monday, for instance, the Chairman of the Board of Governors visits the Treasury to discuss with me current issues and problems. Every Wednesday, the Chairman, together with other Governors and members of his staff, meet at lunch with the Under Secretary for Monetary Affairs and his associat to discuss matters of mutual interest. More formally, certain aspects of international policy are cleared through the National Advisory Council under my chairmanship. These relationships have

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SECRETARY OF THE TREASURY
BEFORE THE SUBCOMMITTEE ON DOMESTIC FINANCE
OF THE HOUSE COMMITTEE ON BANKING AND CURRENCY
THURSDAY, MARCH 5, 1964, 10:00 A.M., EST

Federal Reserve - Treasury Cooperation

It is difficult for me to conceive of any closer working relationships between two coordinate agencies of Government than those that have characterized the Treasury and the Federal Reserve ~~since I have been in my present office~~. That does not mean that our policy judgments always coincide -- any more than do, for instance, the policy judgments of the individual Governors who sit on the Federal Reserve Board. But I believe that each agency has been fully informed at all times on the problems and policies of the other, and worked closely together in coordinating their separat ~~policy~~ actions.

I have always found the ~~policy~~ officials of the Federal Reserve eager to learn of our special problems and quick to cooperate within the bounds set by their own primary responsibility for regulating

Mr. Chairman;

My testimony today will be limited to what I have experienced during my three years as Secretary of the Treasury, since ~~prior to 1961 I had never had~~ close contact with the Federal Reserve System or with the [redacted] operations of our commercial banking system.

TREASURY DEPARTMENT
Washington

FOR RELEASE: ON DELIVERY

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Mr. Chairman:

My testimony today will be limited to what I have experienced during my three years as Secretary of the Treasury. That is the only period in which I have had any close contact with the Federal Reserve System or with the operations of our commercial banking system.

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It is difficult for me to conceive of any closer working relationships between two coordinate agencies of Government than those that have characterized the Treasury and the Federal Reserve during the past three years. That does not mean that our policy judgments always coincide -- any more than do, for instance, the policy judgments of the individual Governors who sit on the Federal Reserve Board. But I believe that each agency has been fully informed at all times on the problems and policies of the other, and worked closely together in coordinating their separate actions.

I have always found the officials of the Federal Reserve eager to learn of our special problems and quick to cooperate within the bounds set by their own primary responsibility for regulating the supply of money and bank credit according to their own best appraisal of prevailing economic circumstances. This common understanding and cooperation has been of great help to me as the chief fiscal and financial office of the Government and in my direction of our international financial relationships.

Cooperation has been reflected in a number of informal relationships that, by their presence through several administrations, are now a matter of course. Every Monday, for instance, the Chairman of the Board of Governors visits the Treasury to discuss current issues and problems with me, and my associates. Every Wednesday, the Chairman, together with other Governors and members of his staff, meet at lunch with the Under Secretary for Monetary Affairs and his associates to discuss matters of mutual interest. More formally, certain aspects of international policy are cleared through the National Advisory Council under my chairmanship. These relationships have been further bolstered by free and continuous exchange of information between the staffs of the Treasury and the Federal Reserve.

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This process of close consultation and cooperation cannot be attributed entirely to a happy accident of congenial personalities or to a fortuitous coincidence of objectives. Its foundation rests solidly upon the fact that the Federal Reserve is bound by the same broad objectives, cited in the Employment Act of 1946, that govern the operations of other government agencies.

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Demands on the time of any Secretary of the Treasury are already heavy. Added responsibilities for the formulation and execution of monetary policy would compete with his responsibilities in other areas. Delegation of a large portion of these new responsibilities to his subordinates -- and that could hardly be avoided -- would in turn raise further questions about whether the critical and complex issues of monetary policy were receiving the attention they deserve. It is one thing for the Secretary of the Treasury to be continually aware of the general nature and direction of monetary policy, and to keep in close touch with the Chairman of the Board of Governors on the issues that seem most significant -- as I now do. It is quite another to be responsible for the vast and complex activities of a very intricate operating organization.

Proposals of this kind also raise the possibility that decisions on monetary policy, directed toward the overall health of the economy, will at times, consciously or unconsciously, be biased by the constant pressures on the Secretary of the Treasury to assure the economical financing of the dominant borrower in our economy -- the Federal Government itself. This does not mean that the Federal Reserve should not or does not properly take into account the financing needs of the Federal Government in determining its own policy. These Treasury financing operations have important implications for financial markets generally, and in their common pursuit of a vigorous and healthy economy the Federal Reserve and the Treasury share a common interest in the orderly financing of Government. But occasions could, of course, arise in which almost any Secretary of the Treasury would feel a conflict between his immediate interest in insuring a successful financing and the broader objective of maintaining a supply of money and credit in tune with the needs of the economy as a whole.

Finally, and perhaps most fundamental to a resolution of this issue, experience over many years and in many countries has taught the wisdom of shielding those who make decisions on monetary policy from day-to-day pressures. The day of private central banks operating without regard to Government policy is long since gone, and quite properly so. But around the world, almost all countries still find it useful to maintain independence for their central banks within the government.

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In approaching questions of this kind, however, I do feel strongly that we should remain mindful of the relevance of one of President Wilson's remarks at the time the Federal Reserve System was established 50 years ago. He noted then that the sponsors of that legislation were dealing "with our economic system as it is and as it might be modified, not as it might be if we had a clean sheet of paper to write upon."

This Committee is dealing with a living institution -- and institution that has demonstrated its capacity to innovate, to experiment, and to adapt itself to a very wide range of circumstances. But in this process of change, it has never lost certain characteristics -- an established tradition of independent judgment; a mixture of regional participation in policy-making with ultimate central control that is unique in our Government; an ability to attract highly qualified officials and staff; and a reputation for operating efficiently and impartially.

The structure that has resulted does not fit easily into the framework of standard tables of organization.

Policy responsibility is widely dispersed and coordination depends in part on informal working relationships built up over the years. Vestigal elements of an earlier conception of private participation in central banking policies -- elements that are more symbolic than real today -- are still visible.

But change without clear purpose can be dangerous too. If there are persuasive reasons for particular proposals -- if it can be shown that ownership of Federal Reserve Bank stock by member banks has biased Federal Reserve policy decisions, or if budgetary or auditing practices have been loose, to take two examples -- by all means, this Committee should act. But I doubt the advisability of taking action simply for the sake of achieving symmetry with other Government agencies, particularly if there was danger that such action might impair a long tradition of regional participation and efficient service of which I believe the country can be proud.

Personally, I would be inclined to the view that if any change is made in the composition of the Board itself, it might better be made smaller rather than larger. I would also think that consideration might usefully be given to some shortening in the present 14-year term for Board members, as well as to the elimination both of the current special geographical restrictions on Board membership and of indications that members should be representative of particular interests.

In the same vein, I should also express my firm support for the efforts now underway to lift the salaries of Board members along with those of other Government officials. This is the appropriate path toward reducing the present anomalies -- so evident within the Federal Reserve System itself -- that have left Board members with salaries far below the more competitive rates paid not only in industry but within the Federal Reserve System itself.

Other Issues

Three of the bills before you Committee -- H. R. 9686, H. R. 9687, and H. R. 9749 -- raise issues of general financial policy rather than of the administrative structure and independence of the Federal Reserve itself.

The first of these, which would require the payment of interest on Treasury Tax and Loan Accounts, is the most limited in scope. This matter, as you know, has been carefully reviewed at intervals by the Treasury Department. We now have underway a new and comprehensive study of the facts both on bank earnings that can be attributable to these accounts and on bank expenses in handling transactions of the Government. This study, which I hope will be completed by July, will shed further light on this matter.

However, in appraising the Tax and Loan Account System, I think it is vital to keep in mind that these arrangements were basically designed not as a method to reimburse banks for services performed but to fill a special need in our decentralized financial system, characterized by a large number of independent banks. These arrangements perform a two-fold function. First, the use of Tax and Loan Accounts avoids abrupt flows of deposits from one section of the country to another, as well as disturbing contractions or expansions in the total of bank reserves, that would otherwise be an unfortunate by-product of the large, day-to-day cash and borrowing operations of the Treasury. Second, the Tax and Loan Account System makes it possible for commercial banks to underwrite and distribute new Treasury securities -- an indispensable element in the smooth market absorption of many new cash offerings.

I know of no arrangements in foreign countries that have been more successful in minimizing and cushioning the effects of Treasury operations on the money markets, even though in many of those countries a highly centralized banking system makes simpler the task of forestalling disturbing flows.

Any effort to seek a precise balancing of costs and earnings that emerge from the mutual relationships of the Treasury and the banks that would directly or indirectly impede these basis functions of the Tax and Loan Account System would be self-defeating.

I would be happy to have Mr. John Carlock, who as Fiscal Assistant Secretary is directly in charge of the Treasury depository arrangements, provide you with a more detailed review of these matters at your convenience.

Much broader issues of monetary theory and practice are raised by the proposal of H. R. 9687 that we reverse the Banking Acts of 1933 and 1935 and permit banks to resume payment of interest on demand deposits. This approach was fully explored by the President's Committee on Financial Institutions. However, the majority of the Committee concluded in its report filed last year that the dangers and difficulties posed by such a change, particularly for smaller banks outside of the financial centers, outweighed any potential advantages. I joined in that majority finding.

The final bill, HR. 9749, would commit the Federal Reserve to support the yields of all Government securities at rates no higher than 4-¼%. This would in my judgment represent a departure from the principles of flexible and vigorous monetary and credit policies.

In my judgment, efforts to peg interest rates by governmental decree, or to hold them below a predetermined level, represent an unrealistic simplification of what can in fact be done, or properly attempted by any governmental authority. We want interest rates to be as low as possible. We want to remove any props that artificially hold rates above the levels that supply and demand in competitive markets would produce. We want the influence of government constructively used, wherever there is room for choice, on the side of lower rates. But I think that to make a fixed level of interest rates the sole objective in any circumstances would prevent the Federal Reserve from doing most of the other things that we expect it to do -- in avoiding inflation, or averting boom-bust cycles, or assisting sustained growth. The contribution that flexible interest rates and monetary policies can make to growth without inflation are so great that we must place no artificial restrictions of this kind on Federal Reserve operations.

Before closing, I would like to suggest to the Committee two areas in which outmoded restrictions in the Federal Reserve Act have clearly outlived any usefulness they might once have had, and today unnecessarily constrict the flexibility with which the Federal Reserve can discharge its domestic and international responsibilities.

The first of these areas concerns the archaic requirements defining the paper eligible for securing advances to member banks.

At the present time, as you know, the Federal Reserve can freely lend to member banks at the prevailing discount rate only on the basis of Government securities or commercial paper meeting certain rigid legal requirements in its maturity, purpose, and "self-liquidating" character. In recent years, a much larger propostion of the Government security holdings of many banks has been needed to secure public deposits or for other purposes that effectively forestall their use in borrowing from the Federal Reserve. The supply of other paper meeting the technical eligibility requirements of the Federal Reserve Act has also declined as the character of bank lending has changed over the decades, and in any event the use of this paper for borrowing would require awkward and cumbersome procedures by both commercial banks and the Federal Reserve.

The necessity for banks to maintain assets that meet these restrictive "eligibility" requirements in a volume adequate to provide a reasonable margin over foreseeable needs could become an impediment in the flexible distribution of bank credit among competing uses. Moreover, shortages of eligible paper could potentially affect the ability of the Federal Reserve to make credit promptly available at reasonable terms to its members when required. Unless these eligibility requirements are relaxed, the time could come that the flow of credit from banks to consumers, homebuyers, and businesses requiring medium-term credit would be unnaturally constrained. Doubts might unnecessarily arise over the ability of the Federal Reserve to relieve any sudden pressures effectively and expeditiously. I urge that you give your early attention to removing this anachronism from law.

A somewhat parallel rigidity in the law is beginning to affect the ability of the Federal Reserve to meet its growing responsibilities in the international financial area. The Federal Reserve banks, as they acquire foreign currencies, can place these funds abroad only in bank deposits or in commercial paper of limited classes and restricted availability. For years, these restrictions were of no practical import, in view of the limited amount of foreign currencies held by the System. But, the Federal Reserve is now resuming operations in a variety of foreign currencies on a larger scale and participating widely in the network of reciprocal currency agreements and other arrangements that have emerged from the increasing cooperation among monetary authorities in recent years. Consequently, the need for greater flexibility is apparent.

By permitting the foreign currencies acquired to be held in a wider variety of safe and liquid money market instruments -- including, in particular, foreign Treasury bills, -- the Congress would be taking an important new step to further strengthen the international monetary system and the position of the dollar.

Clearly, perfection cannot be claimed for either the Federal Reserve Act, which became law more than 50 years ago, or the Federal Reserve System as it has evolved within the framework of that law. As in the past, the effective adaptation of the Federal Reserve to the needs of today and tomorrow will require that the Congress be willing to search out and eliminate faults and anachronisms that hamper effective performance. But, I would also urge this Committee, in undertaking that necessary task, to protect and preserve those elements in the structure of the Federal Reserve that underlie its special strength and stature at the center of our banking system.

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UNITED STATES NET MONETARY GOLD TRANSACTIONS WITH

FOREIGN COUNTRIES AND INTERNATIONAL INSTITUTIONS

January 1, 1963 - December 31, 1963

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

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

	First Quarter 1963	Second Quarter 1963	Third Quarter 1963	Fourth Quarter 1963	Calend[...] Year 1963
Algeria	---	---	-15.0	---	-15.
Argentina	---	---	---	-30.0	-30.
Austria	-30.0	-20.0	---	-32.1	-82.
Brazil	+16.5	+28.4	-.9	+28.2	+72.
Cambodia	-2.3	---	---	+3.2	+1.
Cameroon Republic	---	-1.9	---	---	-1.
Cent. Afr. Republic	---	-.7	---	---	-.
Chad	---	-.7	---	---	-.
Congo (Leopoldville)	---	---	-3.1	---	-3.
Dahomey	---	-.8	---	---	-.
Ecuador	---	-2.3	---	---	-2.
Egypt	-.4	-.5	-.6	-.7	-2.
France	-101.3	-101.3	-213.8	-101.3	-517.
Gabon	---	-.7	---	---	-.
Guinea	---	---	-2.8	---	-2.
Iran	-5.9	---	---	---	-5.
Israel	---	---	---	-7.0	-7.
Madagascar	---	---	-2.3	---	-2.
Mauritania	---	---	-.8	---	-.
Mexico	---	---	-4.0	---	-4.
Niger	---	-.8	---	---	-.
Peru	---	---	-10.6	---	-10.
Philippines	-.1	+24.9	-.1	-.1	+24.
Rep. of Congo (Brazzaville)	---	-.7	---	---	-.
Senegal	---	-1.7	---	---	-1.
Spain	-70.0	-60.0	---	---	-130.
Syria	-.1	-.1	-.1	-.1	-
Tunisia	---	-.5	---	---	-
Turkey	-8.5	+14.5	+1.0	-5.0	+2
United Kingdom	+106.5	+18.0	+74.0	+130.8	+329
Upper Volta	---	-.8	---	---	-
Uruguay	---	+8.0	---	---	+8
Vatican	---	---	---	+1.0	+1
Yugoslavia	-.4	-.4	-.6	-.5	-1
All Other	-.1	-.1	-.8	-1.5	-2
Total	-96.1	-100.0	-180.5	-15.1	-391

Figures may not add to totals because of rounding.

TREASURY DEPARTMENT

WASHINGTON, D.C.

March 5, 1964

FOR IMMEDIATE RELEASE

UNITED STATES FOREIGN GOLD TRANSACTIONS
FOR FOURTH QUARTER OF 1963

During the fourth quarter of 1963, the net sale of monetary gold by the United States amounted to $15.1 million. The first three quarters showed net sales of $96.1 million, $100.0 million and $180.5 million, respectively.

These transactions brought to $391.7 million the net sale of monetary gold for the year as a whole.

The Treasury's quarterly report, made public today, summarizes monetary gold transactions with foreign governments, central banks and international institutions for Calendar 1963 by quarters (table on reverse side).

In addition to these net monetary sales of $391.7 million worth of gold to foreign entities, the U.S. had net domestic sales of $69 million worth of gold for industrial, professional and artistic uses. Thus, the total decrease in U.S. gold stock during Calendar 1963 was $461 million.

(OVER)

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Syria	-.1	-.1	-.1	-.1	-.4
Tunisia	---	-.5	---	---	-.5
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President Johnson took office. Below and around the border is ~~the~~ inscription from the President's address before the Joint Session of Congress on November 27, 1963: We will serve all the Nation, a united people with a united purpose. - Lyndon B. Johnson. The reverse of the medal is the work of Frank Gasparro, Assistant Chief Sculptor of the Mint.

The Presidential Medal Series includes medals for all former Presidents of the United States. Individual medals or the entire series may be purchased from the Philadelphia Mint.

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DRAFT - 3-4-64

LYNDON B. JOHNSON PRESIDENTIAL MEDAL
NOW ON SALE AT THE MINT

The Lyndon B. Johnson Medal has been added to the Presidential Series of medals available for purchase from the Bureau of the Mint, Miss Eva Adams, Director of the Mint announced today.

The Johnson Presidential Medal may be obtained from the Superintendent, United States Mint, Philadelphia, Pennsylvania, 19130. The cost is $3.00 including postage. The medal is of Mint bronze, and is three inches in diameter.

The front or obverse of the medal contains a likeness of the President modeled by Gilroy Roberts, Chief Sculptor of the Mint. Around the border is the inscription Lyndon B. Johnson.

The back or reverse has an adaptation of the Seal of the President of the United States in the center. Above, around the border, are the words, President of the United States. Beneath the eagle in the seal is November 22, 1963, the date upon which

TREASURY DEPARTMENT

WASHINGTON, D.C.

March 6, 1964

FOR IMMEDIATE RELEASE

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The Johnson Presidential Medal may be obtained from the Superintendent, United States Mint, Philadelphia, Pennsylvania, 19130. The cost is $3.00 including postage. The medal is of Mint bronze, and is three inches in diameter.

The front or obverse of the medal contains a likeness of the President modeled by Gilroy Roberts, Chief Sculptor of the Mint. Around the border is the inscription Lyndon B. Johnson.

The back or reverse has an adaptation of the Seal of the President of the United States in the center. Above, around the border, are the words, President of the United States. Beneath the eagle in the seal is November 22, 1963, the date upon which President Johnson took office. Below and around the border is an inscription from the President's address before the Joint Session of Congress on November 27, 1963: We will serve all the Nation, - a united people with a united purpose. - Lyndon B. Johnson. The reverse of the medal is the work of Frank Gasparro, Assistant Chief Sculptor of the Mint.

The Presidential Medal Series includes medals for all former Presidents of the United States. Individual medals or the entire series may be purchased from the Philadelphia Mint.

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D-1159

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, March 10, 1964.

March 9, 1964

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 December 12, 1963, and the other series to be dated March 12, 1964, which were offered on March 4, were opened at the Federal Reserve Banks on March 9. Tenders were invited for $1,300,000,000, or thereabouts, of 91-day bills and for $900,000,000, 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 June 11, 1964		:	182-day Treasury bills maturing September 10, 1964	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.111 a/	3.517%	:	98.130	3.699%
Low	99.10[illegible]	3.545%	:	98.116	3.727%
Average	99.107	3.534% 1/	:	98.122	3.715% 1/

a/ Excepting one tender of $[illegible]0,000
[illegible] percent of the amount of 91-day bills bid for at the low price was accepted
[illegible] percent of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 20,72[illegible],000	$ 16,724,000	:	$ 3,622,000	$ 3,622,000
New York	[illegible],384,000	849,994,000	:	1,3[illegible]1,258,000	725,558,000
Philadelphia	30,693,000	15,693,000	:	7,308,000	2,258,000
Cleveland	27,114,000	26,514,000	:	17,489,000	12,939,000
Richmond	[illegible],904,000	16,904,000	:	11,810,000	11,710,000
Atlanta	33,[illegible]71,000	32,371,000	:	13,624,000	13,624,000
Chicago	[illegible],127,000	182,247,000	:	122,423,000	61,188,000
St. Louis	[illegible]	28,331,000	:	12,459,000	5,459,000
Minneapolis	[illegible]	20,666,000	:	11,102,000	11,102,000
Kansas City	27,820,000	25,820,000	:	8,593,000	8,593,000
Dallas	[illegible],078,000	18,358,000	:	1[illegible],318,000	6,318,000
San Francisco	[illegible]	65,903,000	:	57,519,000	37,952,000
TOTALS	$2,1[illegible],000	$1,300,025,000 b/	:	$1,657,525,000	$900,323,000 c/

b/ Includes $[illegible] noncompetitive tenders accepted at the average price of 99.107
c/ Includes $[illegible] noncompetitive tenders accepted at the average price of 98.122
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 3.6[illegible]%, for the 91-day bills, and 3.84%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, March 10, 1964.

March 9, 1964

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 December 12, 1963, and the other series to be dated March 12, 1964, which were offered on March 4, were opened at the Federal Reserve Banks on March 9. Tenders were invited for $1,300,000,000, or thereabouts, of 91-day bills and for $900,000,000, 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 June 11, 1964		182-day Treasury bills maturing September 10, 1964	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.111 a/	3.517%	98.130	3.699%
Low	99.104	3.545%	98.116	3.727%
Average	99.107	3.534% 1/	98.122	3.715% 1/

a/ Excepting one tender of $100,000
28% of the amount of 91-day bills bid for at the low price was accepted
9% of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 26,724,000	$ 16,724,000	$ 3,622,000	$ 3,622,000
New York	1,616,384,000	849,994,000	1,381,258,000	725,558,000
Philadelphia	30,693,000	15,693,000	7,308,000	2,258,000
Cleveland	27,114,000	26,514,000	17,489,000	12,939,000
Richmond	16,904,000	16,904,000	11,810,000	11,710,000
Atlanta	33,871,000	32,871,000	13,624,000	13,624,000
Chicago	240,127,000	182,247,000	122,423,000	61,188,000
St. Louis	35,051,000	28,331,000	12,459,000	5,459,000
Minneapolis	21,026,000	20,666,000	11,102,000	11,102,000
Kansas City	27,820,000	25,820,000	8,593,000	8,593,000
Dallas	26,078,000	18,358,000	10,318,000	6,318,000
San Francisco	97,503,000	65,903,000	57,519,000	37,952,000
TOTALS	$2,199,295,000	$1,300,025,000 b/	$1,657,525,000	$900,323,000 c/

b/ Includes $251,410,000 noncompetitive tenders accepted at the average price of 99.107
c/ Includes $64,614,000 noncompetitive tenders accepted at the average price of 98.122
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 3.61%, for the 91-day bills, and 3.84%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

D-1160

March 10, 1964

FOR IMMEDIATE RELEASE

~~Press Release~~

UNITED STATES AND HONDURAS TO DISCUSS PROPOSED REVISION OF INCOME TAX CONVENTION

Discussions are to be held in the near future between Honduras and the United States looking toward a modification of the existing convention between the two countries for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, the Treasury Department announced today.

The principal purpose of the discussions will be to make such general revisions in the convention as seem appropriate in the light of the administrative experience of Honduras with the convention, including revision of the permanent establishment article.

Interested taxpayers in the United States are invited to submit their views to Stanley S. Surrey, Assistant Secretary of the Treasury, Washington 25, D. C. on those matters which they believe should be considered in the forthcoming discussions. Deadline for the receipt of comments is March 31.

TREASURY DEPARTMENT

WASHINGTON, D.C.

March 10, 1964

FOR IMMEDIATE RELEASE

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PROPOSED DRAFT OF PRESS RELEASE

Treasury Career Women to Advise Secretary

Secretary Dillon has appointed a committee of nine career women who occupy key positions in Treasury bureaus to serve him in an advisory capacity as a means of furthering the President's program for assuring equal employment opportunity for women in Treasury.

Chairing the Advisory Committee on the Status of Women in the Treasury Department ~~is~~ Dr. Margaret W. Schwartz, Director, Office of Foreign Assets Control, recently honored with the Federal Woman's Award. Other members of the Committee are:

Eva K. Haughey
Office of Debt Analysis
Office of the Secretary

Charlotte T. Lloyd
Office of the General Counsel

Esther C. Lawton
Office of Personnel
Office of the Secretary

Elizabeth Z. Huntley
Bureau of Accounts

Betty G. McIntyre
Bureau of Customs

Winifred Loring
Bureau of Engraving and Printing

Mary E. Taylor
Internal Revenue Service

Marjorie L. Gilchrast
Savings Bonds Division

The Committee is specifically charged with:

a. Suggesting measures for making the program for equal employment opportunity for women more effective

b. Serving as a focal point for ~~program~~ progress reports on the program; and

c. Stimulating positive actions to encourage the employment of women wherever appropriate and provide information to the Department on the values of full utilization of skills of women.

3/9/64

TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR IMMEDIATE RELEASE

March 10, 1964

TREASURY CAREER WOMEN TO ADVISE
SECRETARY DILLON

Treasury Secretary Douglas Dillon has appointed a committee of nine career women who occupy key positions in Treasury bureaus to serve him in an advisory capacity as a means of furthering the President's program for assuring equal employment opportunity for women in the Federal government.

Dr. Margaret W. Schwartz, Director, Office of Foreign Assets Control, recently honored with the Federal Woman's Award, was named chairman of the group.

The new Advisory Committee on the Status of Women in the Treasury Department is specifically charged with:

a. Suggesting measures for making the program for equal employment opportunity for women more effective within the Treasury;

b. Serving as a focal point for progress reports on the Treasury's program; and

c. Stimulating positive actions to encourage the employment of women wherever appropriate and provide information to the Department on the values of full utilization of skills of women.

Other members of the Committee are:

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Bureau of Engraving
and Printing

Mary E. Taylor
Internal Revenue Service

Marjorie L. Gilchrest
Savings Bonds Division

D-1162

<u>MINT AGAIN DISCONTINUES ACCEPTANCE OF PROOF COIN ORDERS</u>

The Bureau of the Mint announced today that the demand for proof coin sets has been so great it has had to again discontinue acceptance of proof coin orders. In the past ~~two~~ days alone over 200,000 pieces of mail for proof coins has reached the Mint at Philadelphia. Many of these orders must be turned back.

The total capacity of the Mint to produce proof coins is about four million sets. After the assassination of President Kennedy orders poured into the Mint with the result that on January 10, the Mint announced discontinuance of order acceptances. Between November 1, 1963 and January 10, 1964, the orders received amounted to over 3.9 million sets. After processing all these orders and making the decision to reduce 100 sets per order to 75, this made approximately 400,000 additional sets available to small collectors. Only two weeks ago proof coin orders were again reopened.

The Director of the Mint, Miss Eva Adams, said today it is evident from the flood of mail received the past two days, we have simply reached the limit of the orders we can handle during the balance of this calendar year.

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March 10, 1964

MINT AGAIN DISCONTINUES ACCEPTANCE OF PROOF COIN ORDERS

The Bureau of the Mint announced today it is again discontinuing acceptance of proof coin orders for this year.

Orders for the sets were stopped on January 10, 1964, at which time more than 3.9 million had been received. Mint capacity provides for the production of about 4 million sets this year. After processing the orders received and reducing large orders to a smaller number of sets, approximately 400,000 additional sets then became available for individual collectors. As a result, proof coins orders were again reopened two weeks ago. Orders received since then have exceeded the additional sets available.

The Mint therefore can no longer accept orders for proof coins this year.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

March 10, 1964

FOR IMMEDIATE RELEASE

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The Mint therefore can no longer accept orders for proof coins this year.

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D-1163

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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 December 19, 1963, (91 days remaining until maturity date on June 18, 1964) 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 March 19, 1964, in cash or other immediately available funds or in a like face amount of Treasury bills maturing March 19, 1964. Cash

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, March 11, 1964

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 $ 2,200,000,000 , or thereabouts, for cash and in exchange for Treasury bills maturing March 19, 1964 , in the amount of $ 2,202,159,000 , as follows:

91 -day bills (to maturity date) to be issued March 19, 1964 , in the amount of $ 1,300,000,000 , or thereabouts, representing an additional amount of bills dated December 19, 1963 , and to mature June 18, 1964 , originally issued in the amount of $ 800,163,000 , the additional and original bills to be freely interchangeable.

182 -day bills, for $ 900,000,000 , or thereabouts, to be dated March 19, 1964 , and to mature September 17, 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 Standard time, Monday, March 16, 1964 . 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.

March 11, 1964

FOR IMMEDIATE RELEASE

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91-day bills (to maturity date) to be issued March 19, 1964, in the amount of $1,300,000,000, or thereabouts, representing an additional amount of bills dated December 19,1963, and to mature June 18, 1964, originally issued in the amount of $800,163,000, the additional and original bills to be freely interchangeable.

182-day bills, for $900,000,000, or thereabouts, to be dated March 19, 1964, and to mature September 17, 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 Standard time, Monday, March 16, 1964. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

D-1164

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 December 19,1963,(91-days remaining until maturity date on June 18, 1964) 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 March 19, 1964, in cash or other immediately available funds or in a like face amount of Treasury bills maturing March 19,1964. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

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

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

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TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, MARCH 12, 1964

D-1165

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 - January 1 - March 31, 1964

IMPORTS - January 1 - March 6, 1964 (or as noted)

Country of Production	ITEM 925.01* Lead-bearing ores and materials: Quarterly Quota Dutiable lead (Pounds)	ITEM 925.01* Imports	ITEM 925.03* Unwrought lead and lead waste and scrap: Quarterly Quota Dutiable lead (Pounds)	ITEM 925.03* Imports	ITEM 925.02* Zinc-bearing ores and materials: Quarterly Quota Zinc Content (Pounds)	ITEM 925.02* Imports	ITEM 925.04* Unwrought zinc (except alloys of zinc and zinc dust) and zinc waste and scrap: Quarterly Quota By Weight (Pounds)	ITEM 925.04* Imports
Australia	11,220,000	11,220,000	22,540,000	21,020,317**	-	-	-	-
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	7,520,000
Bolivia	5,040,000	5,040,000	-	-	-	-	-	-
Canada	13,440,000	5,537,598**	15,920,000	15,260,360**	66,480,000	66,480,000	37,840,000	27,415,106
Italy	-	-	-	-	-	-	3,600,000	-
Mexico	-	-	36,880,000	31,401,456	70,480,000	49,275,523	6,320,000	3,918,145
Peru	16,160,000	16,160,000	12,880,000	9,969,922**	35,120,000	17,653,846	3,760,000	3,261,493**
Republic of the Congo (formerly Belgian Congo)	-	-	-	-	-	-	5,440,000	5,291,136**
***Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	6,393,009**	-	-	-	-
All other ~~foreign~~ countries (total)	6,560,000	2,729,830**	6,080,000	6,080,000	17,840,000	17,840,000	6,080,000	6,080,000

*See Part 2, Appendix to Tariff Schedules.
**Imports as of March 9, 1964.
***Union of South Africa is listed in the Tariff Schedules. This country is now called the Republic of South Africa.

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE

THURSDAY, MARCH 12, 1964

D-1165

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 - January 1 - March 31, 1964

IMPORTS - January 1 - March 6, 1964 (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 (Pounds)	Imports	Quarterly Quota Dutiable lead (Pounds)	Imports	Quarterly Quota Zinc Content (Pounds)	Imports	Quarterly Quota By Weight (Pounds)	Imports
Australia	11,220,000	11,220,000	22,540,000	21,020,317**	-	-	-	-
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	7,520,000
Bolivia	5,040,000	5,040,000	-	-	-	-	-	-
Canada	13,440,000	5,537,598**	15,920,000	15,260,360**	66,480,000	66,480,000	37,840,000	27,415,106
Italy	-	-	-	-	-	-	3,600,000	-
Mexico	-	-	36,880,000	31,401,456	70,480,000	49,275,523	6,320,000	3,918,145
Peru	16,160,000	16,160,000	12,880,000	9,969,922**	35,120,000	17,653,846	3,760,000	3,261,493**
Republic of the Congo (formerly Belgian Congo)	-	-	-	-	-	-	5,440,000	5,291,136**
***Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	6,393,009**	-	-	-	-
All other foreign countries (total)	6,560,000	2,729,830**	6,080,000	6,080,000	17,840,000	17,840,000	6,080,000	6,080,000

*See Part 2, Appendix to Tariff Schedules.
**Imports as of March 9, 1964.
***Union of South Africa is listed in the Tariff Schedules. This country is now called the Republic of South Africa.

PREPARED IN THE BUREAU OF CUSTOMS

COTTON WASTES
(In pounds)

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

Country of Origin	Established TOTAL QUOTA	Total Imports Sept. 20, 1963, to March 9, 1964	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1963, to March 9, 1964
United Kingdom............	4,323,457	728,424	1,441,152	109,327
Canada....................	239,690	239,690	-	-
France....................	227,420	199,417	75,807	55,151
India and Pakistan........	69,627	19,284	-	-
Netherlands...............	68,240	11,249	22,747	-
Switzerland...............	44,388	34,147	14,796	-
Belgium...................	38,559	33,022	12,853	-
Japan.....................	341,535	59,000	-	-
China.....................	17,322	-	-	-
Egypt.....................	8,135	-	-	-
Cuba......................	6,544	-	-	-
Germany...................	76,329	35,738	25,443	-
Italy.....................	21,263	-	7,088	-
Other, including the U. S.	-	-	-	-
	5,482,509	1,359,971	1,599,886	164,478

1/ Included in total imports, column 2.

The country designations listed in this press release are those specified in Presidential Proclamation No. 2351 of September 5, 1939, as modified by the Tariff Schedules of the United States. Since that date the names of certain countries have been changed. The outmoded names are being retained because of their geographical coverage and have no political connotation.

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, MARCH 12, 1964

D-1166

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, 1963 - March 9, 1964

Country of Origin	Established Quota	Imports
Egypt and Sudan	783,816	628,215
Peru	247,952	11,294
India and Pakistan	2,003,483	159,692
China	1,370,791	-
Mexico	8,883,259	8,883,259
Brazil	618,723	600,000
Union of Soviet Socialist Republics	475,124	-
Argentina	5,203	-
Haiti	237	-
Ecuador	9,333	-
Honduras	752	-
Paraguay	871	-
Colombia	124	-
Iraq	195	-
British East Africa	2,240	-
Indonesia and Netherlands New Guinea	71,388	-
1/British W. Indies	21,321	-
Nigeria	5,377	-
2/British W. Africa	16,004	-
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 - March 9, 1964

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 1-3/8"	4,565,642	4,565,642

COTTON WASTES
(In pounds)

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

Country of Origin	Established TOTAL QUOTA	Total Imports Sept. 20, 1963, to March 9, 1964	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1963, to March 9, 1964
United Kingdom...........	4,323,457	728,424	1,441,152	109,327
Canada..................	239,690	239,690	-	-
France..................	227,420	199,417	75,807	55,151
India and Pakistan........	69,627	19,284	-	-
Netherlands..............	68,240	11,249	22,747	-
Switzerland..............	44,388	34,147	14,796	-
Belgium..................	38,559	33,022	12,853	-
Japan....................	341,535	59,000	-	-
China....................	17,322	-	-	-
Egypt....................	8,135	-	-	-
Cuba.....................	6,544	-	-	-
Germany..................	76,329	35,738	25,443	-
Italy....................	21,263	-	7,088	-
Other, including the U. S.	-	-	-	-
	5,482,509	1,359,971	1,599,886	164,478

1/ Included in total imports, column 2.

The country designations listed in this press release are those specified in Presidential Proclamation No. 2351 of September 5, 1939, as modified by the Tariff Schedules of the United States. Since that date the names of certain countries have been changed. The outmoded names are being retained because of their geographical coverage and have no political connotation.

Commodity	Period and Quantity		Unit of Quantity	Imports as of Feb. 29, 196
Absolute Quotas:				
Butter substitutes containing over 45% of butterfat, and butter oil......................	Calendar Year	1,200,000	Pound	Quota Fille
Fibers of cotton processed but not spun....................	12 mos. from Sept. 11, 1963	1,000	Pound	53
Peanuts, shelled or not shelled, blanched, or otherwise prepared or preserved (except peanut butter).........................	12 mos. from August 1, 1963	1,709,000	Pound	Quota Fille

1/ Imports through March 9, 1964.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE

THURSDAY, MARCH 12, 1964 D-1167

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 February 29, 1964:

Commodity	Period and Quantity		Unit of Quantity	Imports as of Feb. 29, 196
Tariff-Rate Quotas:				
Cream, fresh or sour..............	Calendar Year	1,500,000	Gallon	162,904
Whole Milk, fresh or sour.........	Calendar Year	3,000,000	Gallon	3
Cattle, 700 lbs. or more each (other than dairy cows)........	Jan. 1, 1964-March 31, 1964	120,000	Head	5,543
Cattle less than 200 lbs. each...	12 mos. from April 1, 1963	200,000	Head	55,117
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish.......	Calendar Year	24,861,670	Pound	Quota Filled
Tuna Fish........................	Calendar Year	To be announced	Pound	4,234,009
White or Irish potatoes:				
Certified seed..................	12 mos. from Sept. 15, 1963	114,000,000	Pound	35,986,900
Other...........................		45,000,000	Pound	10,881,614
Knives, forks, and spoons with stainless steel handles........	Nov. 1, 1963-Oct. 31, 1964	69,000,000	Pieces	51,309,393

1/ Imports for consumption at the quota rate are limited to 6,215,417 pounds during first three months of the calendar year.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE

THURSDAY, MARCH 12, 1964

D-1167

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Whole Milk, fresh or sour	Calendar Year	3,000,000	Gallon	3
Cattle, 700 lbs. or more each (other than dairy cows)	Jan. 1, 1964- March 31, 1964	120,000	Head	5,543
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Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish	Calendar Year	24,861,670	Pound	Quota Filled 1/
Tuna Fish	Calendar Year	To be announced	Pound	4,234,009
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Certified seed	12 mos. from Sept. 15, 1963	114,000,000	Pound	35,986,900
Other	12 mos. from Sept. 15, 1963	45,000,000	Pound	10,881,614
Knives, forks, and spoons with stainless steel handles	Nov. 1, 1963- Oct. 31, 1964	69,000,000	Pieces	51,309,393

1/ Imports for consumption at the quota rate are limited to 6,215,417 pounds during the first three months of the calendar year.

Commodity	Period and Quantity		Unit of Quantity	Imports as of Feb. 29, 1964
Absolute Quotas:				
Butter substitutes containing over 45% of butterfat, and butter oil......................	Calendar Year	1,200,000	Pound	Quota Filled
Fibers of cotton processed but not spun....................	12 mos. from Sept. 11, 1963	1,000	Pound	
Peanuts, shelled or not shelled, blanched, or otherwise prepared or preserved (except peanut butter)........................	12 mos. from August 1, 1963	1,709,000	Pound	Quota Filled

1/ Imports through March 9, 1964.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
THURSDAY, MARCH 12,1964

D-1168

The Bureau of Customs has announced the following preliminary figures showing the imports for consumption from January 1, 1964, to February 29, 1964, 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 February 29, 1964
Buttons.............	680,000	Gross	25,837
Cigars..............	160,000,000	Number	1,970,408
Coconut oil.........	358,400,000	Pound	110,968,786
Cordage.............	6,000,000	Pound	841,871
Tobacco.............	5,200,000	Pound	349,647

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
THURSDAY, MARCH 12,1964

D-1168

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Cordage.............	6,000,000	Pound	841,871
Tobacco.............	5,200,000	Pound	349,647

TREASURY DEPARTMENT

WASHINGTON, D.C.

March 12, 1964

FOR IMMEDIATE RELEASE

TREASURY MARKET TRANSACTIONS IN FEBRUARY

During February 1964, 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 $101,145,000.00.

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D-1169

TREASURY DEPARTMENT

WASHINGTON, D.C.

March 12, 1964

FOR IMMEDIATE RELEASE

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During February 1964, 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 $101,145,000.00.

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D-1169

STATUTORY DEBT LIMITATION

As of February 29, 1964 Washington, Mar 13, 1964

Section 21 of Second Liberty Bond Act, as amended, provides that the face amount of obligations issued under authority of that Act, and the face amount of obligations guaranteed as to principal and interest by the United States (except such guaranteed obligations as may be held by the Secretary of the Treasury), "Shall not exceed in the aggregate $285,000,000,000 (Act of June 30, 1959, U.S.C., title 31, sec. 757b), outstanding at any one time. For purposes of this section the current redemption value of any obligation issued on a discount basis which is redeemable prior to maturity at the option of the holder shall be considered as its face amount." The Act of November 26, 1963 (P.L. 88-187 88th Congress) provides that during the period beginning on December 1, 1963, and ending on June 30, 1964, the above limitation shall be temporarily increased to $309,000,000,000. Because of variations in the timing of revenue receipts, the public debt limit as increased by the preceding sentence is further increased through June 29, 1964, by $6,000,000,000.

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			$315,000,000,000
Outstanding obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$53,549,831,000		
Certificates of indebtedness	4,198,246,000		
Treasury notes	64,456,658,000	$122,204,735,000	
Bonds			
Treasury	87,013,413,350		
*Savings (Current redemption value)	49,045,712,626		
United States Retirement Plan bonds	5,061,008		
Depositary	96,884,000		
R. E. A. series	24,820,000		
Investment series	3,637,710,000	139,823,600,984	
Certificates of Indebtedness --			
Foreign series	275,000,000		
Foreign Currency series	30,120,482		
Treasury notes			
Foreign series	160,233,423		
Treasury bonds			
Foreign Currency series	730,215,226	1,195,569,131	
Treasury certificates	5,012,568	5,012,568	
Treasury bonds	20,000,000	20,000,000	
Special Funds --			
Certificates of indebtedness	6,672,487,378		
Treasury notes	2,317,626,000		
Treasury bonds	33,893,010,000	42,883,123,378	
Total interest-bearing		306,132,041,061	
Matured, interest-ceased		308,626,550	
Bearing no interest:			
United States Savings Stamps	53,395,057		
Excess profits tax refund bonds	689,717		
Internat'l Monetary Fund notes	3,166,000,000		
Internat'l Develop. Ass'n. notes	164,261,000		
Inter-American Develop. Bank notes	125,000,000		
United Nations Children's Fund bonds	6,000,000		
United Nations Special Fund bonds	37,189,267	3,552,535,042	
Total		309,993,202,653	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A. & DC Stad. Bds.	787,380,850		
Matured, interest-ceased	5,471,175	792,852,025	
Grand total outstanding			310,786,054,67
Balance face amount of obligations issuable under above authority			4,213,945,32

RECONCILEMENT WITH TABLE III OF THE DAILY STATEMENT OF THE UNITED STATES TREASURY

As of February 28, 1964

Gross public debt this date	310,357,077,07
Guaranteed obligations not owned by Treasury	792,852,02
Total gross public debt and guaranteed obligations	311,149,929,10
Deduct debt not subject to statutory limitation	363,874,42
Total debt subject to limitation	310,786,054,67

D-1170

STATUTORY DEBT LIMITATION

3

As of February 29, 1964 Washington, Mar 13, 1964

Section 21 of Second Liberty Bond Act, as amended, provides that the face amount of obligations issued under authority of that Act, and the face amount of obligations guaranteed as to principal and interest by the United States (except such guaranteed obligations as may be held by the Secretary of the Treasury), "Shall not exceed in the aggregate $285,000,000,000 (Act of June 30, 1959; U.S.C., title 31, sec. 757b), outstanding at any one time. For purposes of this section the current redemption value of any obligation issued on a discount basis which is redeemable prior to maturity at the option of the holder shall be considered as its face amount." The Act of November 26, 1963 (P.L. 88-187 88th Congress) provides that during the period beginning on December 1, 1963, and ending on June 30, 1964, the above limitation shall be temporarily increased to $309,000,000,000. Because of variations in the timing of revenue receipts, the public debt limit as increased by the preceding sentence is further increased through June 29, 1964, by $6,000,000,000.

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Interest-bearing:			
Treasury bills	$53,549,831,000		
Certificates of indebtedness	4,198,246,000		
Treasury notes	64,456,658,000	$122,204,735,000	
Bonds –			
Treasury	87,013,413,350		
*Savings (Current redemption value)	49,045,712,626		
United States Retirement Plan bonds	5,061,008		
Depositary	96,884,000		
R. E. A. series	24,820,000		
Investment series	3,637,710,000	139,823,600,984	
Certificates of Indebtedness –			
Foreign series	275,000,000		
Foreign Currency series	30,120,482		
Treasury notes –			
Foreign series	160,233,423		
Treasury bonds –			
Foreign Currency series	730,215,226	1,195,569,131	
Treasury certificates	5,012,568	5,012,568	
Treasury bonds	20,000,000	20,000,000	
Special Funds –			
Certificates of indebtedness	6,672,487,378		
Treasury notes	2,317,626,000		
Treasury bonds	33,893,010,000	42,883,123,378	
Total interest-bearing		306,132,041,061	
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Inter-American Develop. Bank notes	125,000,000		
United Nations Children's Fund bonds	6,000,000		
United Nations Special Fund bonds	37,189,267	3,552,535,042	
Total		309,993,202,653	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A. & DC Stad. Bds.	787,380,850		
Matured, interest-ceased	5,471,175	792,852,025	
Grand total outstanding			310,786,054,678
Balance face amount of obligations issuable under above authority			4,213,945,322

RECONCILEMENT WITH TABLE III OF THE DAILY STATEMENT OF THE UNITED STATES TREASURY

As of February 28, 1964

Gross public debt this date	310,357,077,079
Guaranteed obligations not owned by Treasury	792,852,025
Total gross public debt and guaranteed obligations	311,149,929,104
Deduct debt not subject to statutory limitation	363,874,427
Total debt subject to limitation	310,786,054,678

D-1170

TREASURY DEPARTMENT

WASHINGTON, D.C.

March 13, 1964

FOR IMMEDIATE RELEASE

WITHHOLDING OF APPRAISEMENT ON
CARBON STEEL BARS

The Treasury Department is instructing customs field officers to withhold appraisement of carbon steel bars, bars-shapes under 3 inches, and structural shapes 3 inches and over, manufactured by Western Canada Steel Limited and/or its subsidiary, the Vancouver Rolling Mills Limited of Vancouver, Canada, pending a determination as to whether this merchandise is being sold in the United States at less than fair value. Notice to this effect is being published in the Federal Register.

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

The complaint in this case was received on December 16, 1963. The dollar value of imports received during the 3-month period November 1963 through January 1964 was approximately $824,000.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

March 13, 1964

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FOR RELEASE A. M. NEWSPAPERS,
Tuesday, March 17, 1964.

March 16, 1964

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 December 19, 1963, and the other series to be dated March 19, 1964, which were offered on March 11, were opened at the Federal Reserve Banks on March 16. Tenders were invited for $1,300,000,000, or thereabouts, of 91-day bills and for $900,000,000, 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 June 18, 1964		:	182-day Treasury bills maturing September 17, 1964	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.108 a/	3.529%	:	98.120	3.719%
Low	99.104	3.545%	:	98.115	3.729%
Average	99.106	3.538% 1/	:	98.116	3.726% 1/

a/ Excepting four tenders totaling $797,000
38% of the amount of 91-day bills bid for at the low price was accepted
70% of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	29,567,000	$ 17,359,000	:	$ 8,201,000	$ 2,201,000
New York	1,566,717,000	817,797,000	:	1,447,720,000	659,464,000
Philadelphia	32,167,000	17,167,000	:	8,982,000	3,982,000
Cleveland	38,146,000	38,045,000	:	47,806,000	42,364,000
Richmond	13,341,000	13,341,000	:	3,712,000	3,602,000
Atlanta	26,675,000	26,101,000	:	9,464,000	8,839,000
Chicago	197,200,000	114,100,000	:	128,421,000	33,621,000
St. Louis	33,369,000	27,245,000	:	11,607,000	9,957,000
Minneapolis	22,142,000	16,172,000	:	10,492,000	8,042,000
Kansas City	34,432,000	32,339,000	:	10,184,000	7,034,000
Dallas	30,139,000	21,519,000	:	9,731,000	5,431,000
San Francisco	223,637,000	159,317,000	:	214,999,000	115,740,000
TOTALS	$2,252,651,000	$1,300,502,000 b/		$1,911,319,000	$900,277,000

b/ Includes $247,750,000 noncompetitive tenders accepted at the average price of 99.106
c/ Includes $68,631,000 noncompetitive tenders accepted at the average price of 98.116
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 3.62%, for the 91-day bills, and 3.85%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

TREASURY DEPARTMENT

WASHINGTON, D.C.

'OR RELEASE A. M. NEWSPAPERS,
'uesday, March 17, 1964.

March 16, 1964

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced last evening that the tenders for two series of reasury bills, one series to be an additional issue of the bills dated December 19, 963, and the other series to be dated March 19, 1964, which were offered on March 11, re opened at the Federal Reserve Banks on March 16. Tenders were invited for ,300,000,000, or thereabouts, of 91-day bills and for $900,000,000, or thereabouts, 182-day bills. The details of the two series are as follows:

NGE OF ACCEPTED MPETITIVE BIDS:	91-day Treasury bills maturing June 18, 1964		:	182-day Treasury bills maturing September 17, 1964	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.108 a/	3.529%	:	98.120	3.719%
Low	99.104	3.545%	:	98.115	3.729%
Average	99.106	3.538% 1/	:	98.116	3.726% 1/

a/ Excepting four tenders totaling $797,000
38% of the amount of 91-day bills bid for at the low price was accepted
70% of the amount of 182-day bills bid for at the low price was accepted

TAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 29,567,000	$ 17,359,000	:	$ 8,201,000	$ 2,201,000
New York	1,568,717,000	817,797,000	:	1,447,720,000	659,464,000
Philadelphia	32,167,000	17,167,000	:	8,982,000	3,982,000
Cleveland	38,145,000	38,045,000	:	47,806,000	42,364,000
Richmond	13,341,000	13,341,000	:	3,712,000	3,602,000
Atlanta	28,875,000	26,101,000	:	9,464,000	8,839,000
Chicago	197,200,000	114,100,000	:	128,421,000	33,621,000
St. Louis	33,389,000	27,245,000	:	11,607,000	9,957,000
Minneapolis	22,842,000	16,172,000	:	10,492,000	8,042,000
Kansas City	34,432,000	32,339,000	:	10,184,000	7,034,000
Dallas	30,139,000	21,519,000	:	9,731,000	5,431,000
San Francisco	223,837,000	159,317,000	:	214,999,000	115,740,000
TOTALS	$2,252,651,000	$1,300,502,000 b/		$1,911,319,000	$900,277,000 c/

Includes $247,750,000 noncompetitive tenders accepted at the average price of 99.106
Includes $68,631,000 noncompetitive tenders accepted at the average price of 98.116
On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 3.62%, for the 91-day bills, and 3.85%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

March 17, 1964

FOR IMMEDIATE RELEASE

WITHHOLDING OF APPRAISEMENT ON
AMMONIUM PHOSPHATE TYPE FERTILIZER

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

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

The complaint in this case was received on March 8, 1963, and was made by the firm of Northwest Cooperative Mills, Inc., St. Paul, Minnesota. The dollar value of imports received during 1963 was approximately $7,150,000.

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

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

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

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 December 26, 1963, (91 days remaining until maturity date on June 25, 1964) 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 March 26, 1964, in cash or other immediately available funds or in a like face amount of Treasury bills maturing March 26, 1964. Cash

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, March 18, 1964

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 $ 2,200,000,000 , or thereabouts, for cash and in exchange for Treasury bills maturing March 26, 1964 , in the amount of $ 2,209,072,000 , as follows:

91 -day bills (to maturity date) to be issued March 26, 1964 , in the amount of $1,300,000,000 , or thereabouts, representing an additional amount of bills dated December 26, 1963 , and to mature June 25, 1964 , originally issued in the amount of $ 804,309,000 , the additional and original bills to be freely interchangeable.

182 -day bills, for $ 900,000,000 , or thereabouts, to be dated March 26, 1964 , and to mature September 24, 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 Standard time, Monday, March 23, 1964 . 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.

March 18, 1964

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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-1172

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 December 26, 1963,(91-days remaining until maturity date on June 25, 1964) 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 March 26, 1964, in cash or other immediately available funds or in a like face amount of Treasury bills maturing March 26,1964. 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.

oOo

March 13, 1964

The Honorable William McChesney Martin, Jr.
Chairman, Board of Governors of the Federal Reserve System

The Honorable James J. Saxon
Comptroller of the Currency

The Honorable Joseph W. Barr
Chairman, Federal Deposit Insurance Corporation

Gentlemen:

This letter will serve to let you know that each of your three offices has formally notified me of your assent to my proposal to you of March 3, 1964, concerning procedures for informing each other and me in advance of public announcement of any rule, regulation, or policy which will be or might be construed to be in conflict with that of one of the other agenci

Those who have been designated by each of you as the person t whom such notice or comment should be addressed are as follows:

For the Board of Governors of the Federal Reserve System, Howard H. Hackley, General Counsel;

For the Comptroller of the Currency, Albert J. Faulstich, Administrative Assistant;

For the Federal Deposit Insurance Corporation, William M. Moroney, General Counsel.

I have designed G. d'Andelot Belin, General Counsel, as the person to receive such notice or comments for me and have asked him to keep me informed of developments as they arise.

The notification procedure will be in effect from the time of your receipt of this letter.

Sincerely yours,

/s/ Douglas Dillon
Douglas Dillon

TREASURY DEPARTMENT

WASHINGTON, D.C.

March 18, 1964

FOR IMMEDIATE RELEASE

The Treasury today released the following correspondence:

March 3, 1964

The Honorable William McChesney Martin, Jr.
Chairman, Board of Governors of the Federal Reserve System

The Honorable James J. Saxon
Comptroller of the Currency

The Honorable Joseph W. Barr
Chairman, Federal Deposit Insurance Corporation

Gentlemen:

I am attaching a copy of a letter dated March 2, 1964 from the President to me directing that I establish procedures to insure a maximum degree of coordination among your respective agencies in the field of bank regulation.

The orderly conduct of bank regulation is essential to a healthy climate in which the banking community can make its maximum contribution to the economy and carry on its affairs in an efficient and enlightened fashion. I therefore request that henceforth each of your agencies give notice and an opportunity to comment, on a confidential basis, to each of the other agencies and to me, ten working days prior to the public announcement of any rule, regulation or policy which will be, or might be construed to be, in conflict with a presently effective rule, regulation or policy of one of the other agencies. The giving by any agency of notice and the receipt by it of comments will imply no obligation that such comments will be accepted. On the other hand, it will imply an obligation that any comments received will be carefully considered and accommodated as practicable.

I should appreciate your assent to this proposal and the name of the individual or office in your agency to whom any notice or comments should be addressed.

Sincerely yours,
/s/ Douglas Dillon

D-1173

OVER

TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR IMMEDIATE RELEASE

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D-1173

(over)

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Sincerely yours,

/s/ Douglas Dillon
Douglas Dillon

TREASURY DEPARTMENT
Washington

REMARKS BY THE HONORABLE JAMES A. REED
ASSISTANT SECRETARY OF THE TREASURY
AT THE PROPELLER CLUB LUNCHEON OBSERVING THE
175TH ANNIVERSARY OF THE U.S. CUSTOMS SERVICE
NATIONAL PRESS CLUB, WASHINGTON, D. C.
THURSDAY, MARCH 19, 1964, NOON, EST.

MR. PRESIDENT, COMMISSIONER NICHOLS, LADIES AND GENTLEMEN:

I am happy to be your guest speaker at your luncheon today in honor of the United States Customs Service which is celebrating its 175th Anniversary. I was honored by your national organization at its convention last October in Baltimore in being asked to speak at a luncheon meeting. I have also been privileged to be present at a previous luncheon meeting of your post. In this way and in other connections I have become acquainted with the work of the Propeller Club and I have come to admire your organization and its members who are dedicated to furthering the interests of the United States Merchant Marine. I am particularly pleased to be able to discuss Customs which I believe has richly earned its reputation as one of the hardest working and most efficient agencies of Government, and which keeps breaking records under the leadership of Commissioner Nichols who I am pleased to note is also being honored by you today.

Everybody knows a little bit about the Customs Service, which presents a different aspect for different people. To the international traveler, Customs is a uniformed inspector who opens his luggage upon arrival from a trip abroad, sometimes hurried, sometimes harried, more frequently than not polite and courteous but strictly attending to his duties. To the importer of foreign merchandise, Customs is the tax collector, knowledgeable, stern, swift, matter-of-fact. To the smuggler, Customs is a law enforcement officer in plain clothes, thus, dangerous, a kind of "watchdog" of his country's treasury, a man with whom you don't take chances. To the ship owner or the boat lover, Customs is the man who keeps the records, who issues registers and other ships' papers, and who enters and clears maritime traffic on voyages to and from foreign ports. To the unscrupulous exporter, Customs is the man who upholds the Neutrality Act and enforces the mandates of Congress regarding export control.

Customs is many things to many people, but it is only a handful of people who are aware of the tremendous variety of duties which our Customs officials are required to perform.

I have mentioned a few of these duties, just a very few, and there are too many others to mention. But I would like to refer back to a phrase I used in my introduction: "Customs breaks records."

People who are economy minded and who may feel that some Government agencies are perhaps somewhat prodigal with the taxpayers' money, should have a look at Customs. The Bureau of Customs guards the ports entering Canada and Mexico, those on the east coast and the west coast, Alaska and Hawaii, the Commonwealth of Puerto Rico, and our territories such as the Virgin Islands. It combats smuggling, it collects almost two billion dollars a year in duties -- duties on sixteen billion dollars worth of imports each year.

Customs does all of these things with a total staff of 9,000 persons. During the time of Calvin Coolidge, Customs had over 10,000 on its staff. The volume of work has increased four fold since those balmy days in the twenties. Nevertheless, the Bureau of Customs has <u>fewer</u> people on its payroll.

Another record: In the early part of this century it cost us 5-1/2 cents to collect $1,000 of revenue. Today this has been reduced to 4.2 cents to collect $1,000 for the U. S. Treasury. The Customs budget of $76,000,000 brings in $2,000,000,000. I for one regard this as an outstanding performance, an example of efficient management and economy of effort which has little parallel anywhere, in government or outside of government.

TRAFFIC ON NEW YORK CITY WATERFRONT

Customs not only collects revenue but also is making an important contribution to the balance of payments program by cooperating with the United States Travel Service in helping to make foreign visitors to our shores feel welcome. Early in October 1962, Commissioner Nichols and I organized a three man committee to examine the situation at the New York piers which was little short of a disgrace. The situation was a disgrace to the City of New York which was and remains the major gateway to our country. It reflected no credit upon our country which is the richest and greatest power in the world, but one would never know it arriving at our New York piers after a transatlantic journey. We needed help in cleaning up our New York waterfront arrival areas, and that help was forthcoming, I'm happy to say. After the other members of my committee, New York City Marine and Aviation Commissioner Leo Brown and Admiral John M. "Dutch" Will, president and chairman of the board of American Export Lines, and I went on a careful inspection tour of the Hudson River piers, I stated:

"The length of time required to unload baggage; the inadequate facilities for baggage examination; the absence of heating in winter and air conditioning in summer; the poor lighting, all contribute to the delay in clearing Customs. Even the porter service leaves much to be desired. There are no tables or benches, for instance, so that baggage has to be examined on dirty cement floors."

"We are defeating our own purpose if we invite foreign tourists to the United States and then subject them to the intolerable conditions on the piers of New York. Our own citizens are fully justified in protesting against these conditions. We cannot sit back and complacently wait for these conditions to change. We must act now."

Considering that more than four million persons in New York City travel by ship and by air each year, this was a challenge we obviously could not ignore. The efficient clearance of passengers through the Public Health, Immigration and Customs Service occupied our time and energy during the closing months of 1962 and early 1963. The Bureau of Customs, the Marine and Aviation Department of the City of New York, and the shipping companies worked out a detailed program designed to give passengers more courteous service. The Bureau introducted a number of time saving procedures. For example, visitors were barred from the Customs areas unless they had a special pass issued by Collector of Customs Joseph P. Kelly. Baggage declarations were distributed aboard ship and passengers were enabled to save time in having their inspectors clear their baggage. More recently, indeed only last month, the Traffic Department of the City of New York in cooperation with our Committee has succeeded in reorganizing the traffic flow outside the Hudson River Piers with the result that disembarking passengers can actually get into a taxi and leave by the west side highway in a matter of minutes after they complete their Customs clearance. We are now experimenting with oral declarations for arriving passengers by sea and if the experiment proves successful will consider extending it to all sea arrivals.

These are only a few of the reforms which have been introduced since our committee started to function. Naturally, a lot more remains to be done. The ultimate reform would be to rebuild the New York City Piers, along the lines of the Holland-America Line Pier 40 which is a model of efficiency and cleanliness. The New York Piers were constructed early in the century and some of them really are objects which could be of antiquarian interest. Some of our European allies, whose piers were destroyed in World War II, have since rebuilt them, and the contrast with our own passenger piers is remarkable, to say the least. In 1964, with 500,000 visitors from abroad expected to visit the New York World's Fair, we anticipate that we will be able to handle the extra traffic expeditiously as a result of some of the changes which I have been discussing. We will continue to keep under review the challenging problems of ship arrivals in New York and cooperate fully with City, State and Federal agencies in making visitors from abroad feel welcome when they arrive in the great City of New York.

FACILITATION OF TRANSPORT

Several members of the Propeller Club have asked me to discuss steps which have been taken for the elimination of unnecessary and costly requirements which are now imposed on merchant shipping. One of your distinguished officers who is also the Deputy Commissioner of Customs, Mr. Robert McIntyre, has recently returned from London where he has been representing the United States at important conferences under the auspices of the Intergovernmental Maritime Consultative Organization, better known as IMCO. The agenda of these meetings is concerned with the measurements of vessels and the means of facilitating travel and transport.

Under immediate consideration of one of the groups were various proposals for a new universal system of measurement to determine gross and net tonnages. The United States has proposed a new system designed to eliminate the present artificialities now bound up in international practice and permit corresponding changes in domestic law. A relatively simple formula would be used in determination of gross tonnage and the net tonnage would consist only of the volume of the spaces actually used for the carriage of passengers and cargo. We are hopeful that we can reach agreement on this system, which will permit rapid and simple measurements to be made and which will give realistic results more nearly corresponding to the actual size of the ship.

The IMCO Subcommittee studying measurement problems has recently proposed and the Assembly has approved a plan for solving the problem of shelter-deck and other open spaces on ships. This proposal is the first agreement to come from IMCO. It will permit the closing of the presently prescribed openings in the uppermost deck and in certain bulkheads without loss of the existing exemptions, principally relating to spaces in the 'tween decks. Many important suggestions incorporated in the proposal have been made by the United States, working through a team of two representatives -- one from Government and one from industry. The principal steamship associations throughout the country have joined in naming the industry representative. The cooperative approach which has been followed in this work has been cited on more than one occasion as a model for future assignments in international meetings when the interests of Government and industry are both involved.

FACILITATION OF TRAVEL & TRANSPORT

Treasury has also been represented in the work of the Organization of American States and IMCO, proceeding on separate but related fronts, in the efforts to facilitate travel and transport. This work has been directed to securing uniformity and simplification on a regional or world-wide basis in the requirements which are imposed by governments and public authorities in the various nations incident to the arrivals and departures of vessels.

The countries of the OAS, at the recent Inter-American Port and Harbor Conference in Argentina, concluded a Convention of the Facilitation of International Waterborne Transportation, known as the Convention of Mar del Plata. That Convention has been signed by the United States and a number of other nations of the Western Hemisphere. It will serve as a framework upon which to rest an annex of standards and recommended practices similar to that which has been so productive in the field of air transportation.

IMCO is proceeding along the same lines and has held meetings of experts in the fields of customs, immigration, and health. Plans have already been announced for an international conference to consider IMCO's proposed Convention with annexed standards and recommended practices in 1965. We are very hopeful that these efforts will result in great improvements in paperwork requirements in the marine field and will serve as the impetus for the elimination of unnecessary, hampering, and costly requirements which are now imposed on merchant shipping. In this effort, too, we have had and are continuing to have the cooperation of the entire maritime industry.

This has been a somewhat rambling talk which has touched upon a little bit of Customs history, upon the contributions which the Customs Service is making to the balance of payments program, and to a field of maritime interest in which Customs is taking an active part. Possibly there are some members who would like to know more about the problem of tonnage measurement. For a detailed report on the work of IMCO in the fields I have mentioned, I refer you respectfully to Mr. McIntyre who has the latest information at his fingertips. Suffice it now to say that we are happy to be here to join with you in celebrating 175 years of Customs, we appreciate the honor you have accorded our Service, and we hope that you will all be here to celebrate the 200th Anniversary 25 years from now.

oOo

[illegible] March 23, 1964

[illegible]

[illegible]

[illegible] 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 December 26, 1[illegible] and the other series to be dated March 26, 1964, which were offered on March 18, were opened at the Federal Reserve Banks on March 23. Tenders were invited for $1,300,000,[illegible] or thereabouts, of 91-day bills and for [illegible], or thereabouts, of 182-day bills. The details of the two series are as follows:

[illegible]	91-day Treasury bills maturing June 25, 1964		:	182-day Treasury bills maturing September 2[illegible], 1964	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv Annual Rate
High	[illegible].107	[illegible].33[illegible]	:	98.111	3.736%
Low	[illegible].102	3.[illegible]	:	98.108	3.742[illegible]
Average	[illegible].103	3.[illegible] 1/	:	98.109	3.740% 1/

[illegible] of the amount of 91-day bills bid for at the low price was accepted
[illegible] of the amount of 182-day bills bid for at the low price was accepted

[illegible]

District	Applied For	Accepted	:	Applied For	Accepted
Boston	[illegible]	[illegible]	:	$ 3,476,000	$ 2,960,000
New York	[illegible]	[illegible]	:	1,463,006,000	752,063,000
Philadelphia	[illegible]	13,9[illegible],000	:	7,401,000	2,173,000
Cleveland	[illegible]	[illegible]	:	26,936,000	25,343,000
Richmond	[illegible]	12,[illegible]	:	3,232,000	2,632,000
Atlanta	[illegible]	[illegible]	:	13,305,000	8,781,000
Chicago	[illegible]	[illegible]	:	118,174,000	31,707,000
St. Louis	[illegible]	[illegible]	:	15,211,000	7,316,000
Minneapolis	[illegible]	[illegible]	:	9,698,000	5,998,000
Kansas City	[illegible]	[illegible]	:	9,746,000	9,634,000
Dallas	[illegible]	[illegible]	:	14,766,000	4,694,000
San Francisco	[illegible]	[illegible]	:	98,603,000	48,068,000
TOTAL	[illegible]	[illegible] a/	:	$1,783,556,000	$901,571,000

a/ Includes [illegible] noncompetitive tenders accepted at the average price of 99.1[illegible]
b/ Includes [illegible] noncompetitive tenders accepted at the average price of 98.10[illegible]
1/ On a coupon issue of the same length and for the same amount invested, the return [illegible] these bills would provide yields of 3.63[illegible], for the 91-day bills, and 3.86%, for [illegible] 182-day bills. Interest rates on bills are quoted in terms of bank discount wit[illegible] return related to the face amount of the bills payable at maturity rather than t[illegible] amount invested and their length in actual number of days related to a 360-day y[illegible] 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 semiann[illegible] compounding if more than one coupon period is involved.

TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, March 24, 1964.

March 23, 1964

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 December 26, 1963, and the other series to be dated March 26, 1964, which were offered on March 18, were opened at the Federal Reserve Banks on March 23. Tenders were invited for $1,300,000,000, or thereabouts, of 91-day bills and for $900,000,000, 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 June 25, 1964		:	182-day Treasury bills maturing September 24, 1964	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.107	3.533%	:	98.111	3.736%
Low	99.102	3.553%	:	98.108	3.742%
Average	99.103	3.550% 1/	:	98.109	3.740% 1/

71% of the amount of 91-day bills bid for at the low price was accepted
88% 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	$ 56,783,000	$ 14,892,000	:	$ 3,476,000	$ 2,960,000
New York	1,895,932,000	862,265,000	:	1,463,006,000	752,063,000
Philadelphia	30,943,000	13,956,000	:	7,401,000	2,173,000
Cleveland	32,955,000	25,577,000	:	26,938,000	25,343,000
Richmond	18,100,000	12,628,000	:	3,232,000	2,832,000
Atlanta	30,619,000	20,040,000	:	13,305,000	8,781,000
Chicago	248,673,000	146,147,000	:	118,174,000	31,707,000
St. Louis	31,013,000	21,607,000	:	15,211,000	7,318,000
Minneapolis	19,035,000	9,993,000	:	9,698,000	5,998,000
Kansas City	38,785,000	21,792,000	:	9,746,000	9,634,000
Dallas	24,029,000	13,524,000	:	14,766,000	4,694,000
San Francisco	234,701,000	144,909,000	:	98,603,000	48,068,000
TOTAL	$2,661,568,000	$1,307,330,000 a/		$1,783,556,000	$901,571,000 b/

a/ Includes $237,488,000 noncompetitive tenders accepted at the average price of 99.103
b/ Includes $62,483,000 noncompetitive tenders accepted at the average price of 98.109
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 3.63%, for the 91-day bills, and 3.86%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

D-1174

FOR RELEASE: UPON DELIVERY

STATEMENT OF THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
BEFORE THE HOUSE COMMITTEE ON BANKING AND CURRENCY
ON INCREASE IN RESOURCES OF THE
INTERNATIONAL DEVELOPMENT ASSOCIATION
MARCH 23, 1964, 10:00 A.M. EST

I am happy to appear before you today on behalf of S. 2214. This bill would amend the International Development Association Act to authorize the United States to agree to contribute $312 million to the International Development Association (IDA) in conjunction with contributions of $438 million from 16 other industrialized countries.

The International Development Association was organized in 1960 as an affiliate of the World Bank, to provide financing to less developed countries on easier repayment terms than the World Bank could provide.

Only members of the World Bank can become members of IDA. Membership in IDA is divided into two classes -- the Part I countries are those in a position to provide assistance to the developing countries. Their subscriptions to IDA are all in convertible currencies. The Part II countries are the developing countries. Ten percent of their subscriptions are in convertible currencies and ninety percent in their own currencies.

The initial subscriptions -- totaling $767 million in convertible currencies and $219 million in local currencies -- were payable in annual installments over a five-year period beginning in November 1960. The final installment will fall due November 8, 1964.

In September 1963, 17 of the economically advanced nations of the free world reached agreement in principle to provide an additional $750 million in convertible currencies to IDA for funds beyond 1964. On our part, this agreement was, of course, subject to Congressional approval, which we are now seeking. This amount would be paid in over the three-year period commencing November 1965, at the rate of $250 million a year. The U. S. share would be payable at the rate of $104 million a year. While authorization is required now to permit IDA to continue operations, no appropriation would be required until FY 1966.

This agreement represents an important additional step in the continuing efforts of the United States to encourage other industrialized nations to share the burden of financing the development of the less fortunate nations of the free world. The United States provided 43 percent of the initial resources subscribed by Part I countries, which were payable at the annual rate of $150 million. The new proposal would increase this to an annual rate of $250 million, but the U. S. share would be slightly reduced, to 41.6 percent. Thus, both the amount and the proportion put up by others would be increased. It is clear to me that these moves are in the right direction -- one that the Congress itself has advocated for many years.

Unless the United States approves this arrangement, the IDA will soon have to stop operations and the pledges of the other countries will not become effective. This would be a blow -- not only to our role of leadership in the free world, but also to our own financial interests, since the greatly increased contributions by others would be lost.

There should be no question in anyone's mind -- and there is none in mine -- that contributions to IDA are a form of foreign aid -- repayable aid to be sure, but still aid.

The Administration has and will continue to take the annual U. S. contribution to IDA fully into account in formulating our bilateral aid proposals. We expect that the Congress in acting on our proposals will do likewise -- both in the authorization and appropriation process. Indeed, for some years the annual appropriation for IDA has been handled by the Appropriations Committee as an integral part of the foreign aid appropriation bill. In this way our contribution to IDA has been taken into account by the Congress each year in determining the appropriate level of our own bilateral aid program.

This legislation would authorize an annual contribution of $104 million to IDA for the three fiscal years 1966-68. This is a small sum when compared to the rest of our foreign aid program. And it is a type of foreign aid that serves our interest in a way that no other aid program does, for it brings with it, in hard currency and on identical terms, nearly $3 of aid from other industrialized countries for every $2 we put up. Over the five years, fiscal 1961 through 1965, our contribution to IDA will average $64 million. As we increase it -- by $40 million a year -- as we are now proposing, we also increase -- by $61.5 million a year -- the contributions of other industrialized countries. In this way, they share more of the burden we have been carrying on our own shoulders.

Aid Criteria

There have been a number of objections to the proposal on the grounds that disbursements by IDA are not governed by the statutory criteria which govern our own bilateral aid program.

The fact of the matter is that the World Bank management -- which is responsible for IDA as well -- has always been a strong proponent of sound financial policies and has done its utmost to encourage private enterprise. Many of the special provisions recently written into law to guide our own bilateral programs have long been established policies of IDA and the World Bank. One has only to look at the attached record (Annex A) of IDA's credit activities to date in the light of certain of our own AID criteria to fully appreciate this.

Hickenlooper Amendment

One area that appeared to be of considerable concern during the House debate relates to expropriation of property and nullification of contracts -- an area in which the Hickenlooper Amendment governs use of funds appropriated to AID.

Ceylon is the only country in which our aid has been terminated because of the principles embodied in the

Hickenlooper Amendment. Long before this happened, the Bank and IDA had informed Ceylon they were not prepared to extend credit there because of Ceylon's financial policies. Since then, neither the World Bank nor IDA has extended credit to Ceylon and none is presently contemplated.

The reason this has happened -- and can be expected to happen in other countries where there are similar situations -- is that it is the established policy of the Bank and IDA not to operate in countries which are making poor use of their resources. For example, neither the Bank nor IDA lend money to countries whose external debt held by the public is in default -- unless there is evidence that these countries are making reasonable efforts to achieve a fair and equitable settlement with their creditors. Similarly, neither the Bank nor IDA will extend credit to governments which refuse to pay compensation for foreign-owned properties which they have expropriated.

These policies of the Bank and IDA are long standing and will continue to be fully supported by the United States Government. They are fully supported by other principal contributors as well. I am completely assured that IDA funds will not be available to countries which decline compensation for expropriated foreign private property. The proceeds of an IDA credit could not, of course, be used by a country to pay compensation for an expropriated property. IDA credits, just like World Bank loans, are granted for specific new projects. As the attached Annex A shows, these are for construction of new facilities in a variety of fields such as ports, roads, power and agriculture -- not for the purchase of existing facilities.

Self-help

The Bank and IDA have long recognized that no amount of external assistance can lead to growth and development unless the country itself is prepared to follow sound policies. They have declined to provide financing to countries unprepared to take steps which the Bank and IDA thought necessary for orderly development of their economies and fulfillment of the purposes of the financing. The Bank and IDA have thus contributed importantly to establishing the principle of self-help which has been the central feature of our own assistance programs ever since the first days of the Marshall Plan.

Bokharo Amendment

Some concern has been expressed, despite these policies, that IDA might finance the proposed Indian steel mill to be constructed at Bokharo, and thereby permit U. S. funds to be used in a way that had been prohibited by the Congress without its specific consent.

Of course, even the over-all proposed $750 million would not give IDA sufficient funds to finance a project of such magnitude. It would leave virtually nothing for other worthwhile projects. So that on this score alone it would not be approved by IDA.

But, even if the funds were available, it has long been the policy of the World Bank and IDA not to extend credit to government-owned industrial enterprises which compete with private industry.

In fact, while the Bank has consistently refused to finance government-owned steel capacity in India, it has loaned over $150 million to private Indian steel firms.

IDA has never made a loan for a government-owned industrial enterprise. The Bank has only made three such loans -- all to Yugoslavia in the early 1950's. On the other hand, the Bank and IDA together have provided over one billion dollars for the direct development of private enterprise.

Terms on Relending

Whereas AID must charge interest on loans at the annual rate of 2 percent after ten years, there is no such limitation on IDA loans, which are for a fifty-year period with a 3/4 percent annual service charge. This difference in terms was the subject of some comment.

However, IDA was specifically organized to help meet the needs of developing countries for funds that would not unduly burden their balance of payments.

As I understand it, the principal reason Congress required the 2 percent interest floor on AID loans was in recognition that we were providing assistance on substantially better terms than most other aid-giving countries. But in IDA, the cost of lending on these favorable terms is borne by all contributing countries alike, and other countries contribute nearly \$3 for every \$2 that comes from us. IDA's terms, which were recommended by Mr. Eugene Black -- who certainly cannot be called an unsound businessman -- have been internationally agreed to and accepted as appropriate by the other countries which together have the greatest stake in providing IDA resources. These countries, such as Britain, Germany, France, the Netherlands, and Sweden are certainly sound and careful bankers and would not provide funds on these terms unless they were clearly required.

As the attached Annex B shows, many of IDA's credits are reloaned within the country of the borrower at higher rates of interest and shorter terms than the country is required to pay IDA. This is the same practice that is followed by AID, within the statutory guideline established by the Congress that AID funds shall be "reloaned at rates of interest not excessive or unreasonable for the borrower". IDA has a similar policy of not permitting relending of its funds at excessive or unreasonable rates of interest. The United States will continue to support this policy in IDA.

IDA's long-term, low-interest loans, which are often reloaned on harder terms, are appropriate because the country's balance-of-payments position does not permit it to borrow the needed funds on commercial or World Bank terms. On the other hand, domestic end-users of the funds have no balance-of-payments problems and therefore do not need these very favorable terms. For this reason, the appropriate terms for the ultimate recipient of the funds are determined in the light of prevailing levels of interest rates within the country and the character of the project itself.

Eligible Borrowers

There has been some confusion about which countries are eligible to borrow from IDA, as well as whether IDA would lend to Communist countries.

Under its Articles, only members of IDA, which must, in turn, be members of the World Bank and the International Monetary Fund, are eligible to receive IDA credits.

Moreover, none of the countries participating in the proposal to provide $750 million of additional resources to IDA is, under IDA's policies, entitled to receive any credit from IDA.

Even among the lesser developed members of IDA -- the so-called Part II countries -- not all would expect to receive credits. In fact, only 20 countries have received IDA credits, as contrasted with the 71 countries to which the World Bank has made loans. Because of its very limited resources, it is IDA's policy to lend only to those countries with very low per capita income and the most difficult balance-of-payments situation.

None of the Sino-Soviet bloc countries is a member of IDA. While Yugoslavia is a member, it has received no credits and none are being considered. Furthermore, all IDA credits must be used within the territory of the borrowing country -- for projects approved by IDA's management and Directors. Accordingly, it would not be possible for a borrowing country to relend to any other country. So we need have no concern that Cuba, which is not a member of IDA and therefore not entitled to receive an IDA credit, could indirectly receive the benefits of an IDA credit.

We would not expect the IDA management to propose a loan to any country that had fallen under Communist control, and I can give you categoric assurance that if any such suggestion were ever made it would be most strongly and vigorously opposed by the United States.

<u>IBRD Grant to IDA</u>

Attention has been called to the size of the World Bank's reserves, which, as of December 31, 1963, amounted to $558 million in the Supplemental Reserve and $271 million in the Special Reserve. There have been suggestions that some part of these reserves should be transferred to IDA, or, at least, that the Bank should not go on accumulating reserves at such a rate as in the past, but should transfer some part of its net income to IDA.

While I strongly favor transferring some of the Bank's net income for fiscal year 1964 and thereafter to IDA, I do not feel the Bank could properly or in good conscience dissipate any of its presently existing reserves.

Under the Bank's Articles of Agreement, the Special Reserve, which amounts to $271 million and has been built up from a 1 percent per annum commission charged on outstanding World Bank loans, must be invested in short term securities and kept available for meeting liabilities of the Bank. Accordingly, none of this Reserve can be transferred to IDA.

The Supplemental Reserve, amounting to $558 million, differs from the Special Reserve in that it is not a segregated fund, but is rather in the nature of an earned surplus and is used in the Bank's regular operations. As its name implies, it provides an additional reserve against losses on the Bank's loans and guarantees. In order to maintain an adequate reserve against these risks, the Board of Governors of the Bank have deemed it necessary to allocate all net income to the Supplemental Reserve from the time of its creation in 1950 to the end of the last fiscal year, June 30, 1963. The Bank sold its bonds to the public constantly throughout this period and the financial statements of the Bank reflected the amount of the Supplemental Reserve existing at the time each issue of bonds was sold.

Any reduction at this time in the Supplemental Reserve could, therefore, be considered a breach of faith by the holders of the Bank's bonds. Thus it would have a most serious adverse effect on the Bank's ability to continue mobilizing private capital for development by selling its bonds to the public.

However, this does not mean that the Bank need accumulate reserves in the future as rapidly as it has done in the past. At the 1963 Annual Meeting of the Bank, there was general recognition that the Bank's reserves are now more nearly adequate to its present level of operations. In recognition of this, the Board rescinded a resolution originally adopted in 1950 which required that all net income be automatically allocated to the Supplemental Reserve. Accordingly, at the end of this fiscal year the Board will have to decide what to do with the net income for fiscal year 1964.

During the past year we have been urging that each year a portion of the Bank's net income be granted to IDA. I now understand that the Bank's management intends to propose that, beginning with fiscal year 1964, a substantial portion of its earnings be granted to IDA. We will fully support a proposal to transfer a large share of the Bank's earnings to IDA and I am confident such a grant will be made.

U. S. Share

The negotiations which resulted in the present proposal were long and difficult. We took the lead in these negotiations because we recognized the great value which IDA has to the United States in mobilizing more funds from other countries than from ourselves.

Our share of IDA's resources contributed by the Part I countries was reduced from over 43 percent to 41.6 percent. Under the new proposal the amount of our annual contribution would increase from $64 million to $104 million -- a rise of 62 percent. This compares to an increase for Italy of 176 percent, Sweden 148 percent, Germany 129 percent, Japan 105 percent, France 95 percent, and Canada 84 percent. Full details for each participating country are shown in the attached table.

It was suggested during the House debate that the IDA did not really represent a method of getting other countries to share the aid burden with us, because we were providing them aid with which to make their contributions to IDA.

Since 1963, no new commitments for economic assistance have been made to the governments of any of the Part I countries of IDA and none is planned. Undisbursed amounts to fulfill prior commitments amount to only $63,000.

The Church Amendment as enacted last year prohibits new commitments to these countries for military assistance after July 1, 1963, except for minor training expenses. Since payments under the new IDA proposal would not be made until fiscal years 1966, 1967 and 1968, it is clear that no new commitments will be made to any of the Part I countries for disbursement during those years.

As to deliveries under earlier military aid commitments, according to the Defense Department the facts are as follows: As of right now, eight countries who have agreed to contribute $313 million of the $438 million from other countries are no longer receiving any U. S. military aid at all. As of fiscal 1967, those figures are expected to grow to $390 million and fourteen countries. Only two countries, putting up $48 million or approximately eleven percent of the total foreign contribution to IDA, are expected to continue to receive military aid deliveries from prior commitments throughout the three-year period, fiscal 1966-68, and deliveries to both of these countries should be completed during fiscal 1968. Thus it becomes clear that except for relatively minor deliveries from past military aid commitments to a few countries, there is no substance to the concern that was manifested during the House debate. The foreign contributions to IDA are a real and valuable sharing of the aid burden and will not in any way be facilitated by current U. S. military aid programs.

U. S. Influence in IDA

I would like to consider now the extent to which we are able to influence IDA's operations.

Votes in the World Bank and IDA are on a weighted basis, according to the size of each country's subscription. The seventeen countries which would contribute the $750 million in the new proposal have together 64 percent of the total votes in IDA. The United States alone has 26.6 percent of the vote, which is ample to assure that our interests are protected.

While the funds for which we are seeking authorization would be paid over to IDA, our voting strength and close working relationship with IDA's management and staff -- as well as with the other contributing countries -- assure the United States an important voice in IDA's operations.

Conclusion

Mr. Chairman, unless the proposal to increase IDA's resources becomes effective soon, IDA will have to stop operations, and it cannot become effective without favorable action by the United States.

IDA cannot commit itself to make loans without assurance that it will be provided with the funds necessary for disbursements when the time comes.

IDA's present hard currency resources total $777 million. Against these, commitments of $591 million have been signed, leaving a balance of $186 million still available for commitment.

In anticipation of approval of the proposal for new resources -- originally scheduled for December 31, 1963, then postponed to March 31 of this year and now to June 30 --

IDA expected to have seventeen projects in nine countries ready for signature before June 30. These projects total $267.5 million. Obviously, $81.5 million of these cannot be financed within the balance of initial resources now available. These are projects which have reached the final stages of planning after many months -- and, in some cases, years -- of consideration. In many cases, they are key parts of broader development plans, which would have to be reconsidered if the projects do not go forward. This process cannot be turned on and off at random. Lack of continuity means waste and ineffective development.

So far, all contributing members of IDA except the United States have voted in favor of the proposal to increase the resources of IDA.

If the United States fails to approve the proposal, the other countries will be released from their commitments. Thus, this channel for mobilizing the resources of other industrialized countries for the aid effort on terms identical with our own contribution will be effectively blocked. This will make it difficult -- if not impossible -- to negotiate further burden-sharing arrangements with other nations.

Accordingly, Mr. Chairman, I strongly urge early and favorable action by the House so that the IDA can continue uninterrupted its uniquely valuable operations.

Thank you.

PARTICIPATION IN PROPOSED INCREASE IN IDA RESOURCES

[In millions of U.S. dollars and percentages]

Country	Initial resources		Proposed amount of new resources		Percent share of initial resources	Percent share of new resources	Percent increase in annual rate of participation
	Total	Annual rate	Total	Annual rate			
Australia	20.18	4.04	19.80	6.60	2.72	2.64	+ 63.4
Austria	5.04	1.01	5.04	1.68	0.67	.67	+ 66.3
Belgium	--	--	16.50	5.50	--	2.20	--
Canada	37.83	7.57	41.70	13.90	5.09	5.56	+ 83.6
Denmark	8.74	1.75	7.50	2.50	1.18	1.00	+ 42.9
Finland	3.83	.766	2.298	.766	0.52	.31	0
France	52.96	10.59	61.872	20.624	7.13	8.25	+ 94.7
Germany	52.96	10.59	72.60	24.20	7.13	9.68	+ 128.5
Italy	18.16	3.63	30.00	10.00	2.45	4.00	+ 175.5
Japan	33.59	6.72	41.25	13.75	4.52	5.50	+ 104.6
Kuwait	3.36	.67	--	--	0.45	--	--
Luxembourg	--	--	.75	.25	--	.10	--
Netherlands	27.74	5.55	16.50	5.50	3.73	2.20	- 0.9
Norway	6.72	1.34	6.60	2.20	0.90	.88	+ 64.2
South Africa	10.09	2.02	3.99	1.33	1.36	.53	- 34.2
Sweden	10.09	2.02	15.00	5.00	1.36	2.00	+ 147.5
United Kingdom	131.14	26.23	96.00	32.20	17.66	12.88	+ 22.8
United States	320.29	64.06	312.00	104.00	43.12	41.60	+ 62.3
Total	742.72	148.56	750.00	250.00	100.00	100.00	+ 68.3

NOTE: Detail may not add to totals due to rounding.

Annex A

DESCRIPTIONS OF EACH IDA CREDIT THROUGH FEBRUARY 29, 1964

CHILE — $19 million credit
HIGHWAY REHABILITATION — signed June 28, 1961

This development credit, extended jointly with a World Bank loan of $6 million for road maintenance equipment, will cover the foreign exchange cost of construction, rehabilitation and consolidation of the main secondary roads in Chile's ten southern provinces, the country's most important agricultural region.

Existing dirt roads in Southern Chile become impassable during the five-month rainy season each year; and the damage caused there by the earthquakes of May 1960 has only partially been repaired. With the help of the credit, about 600 miles of roads will be newly built or relocated, and 1,600 miles of existing roads will be improved, providing an integrated all-weather road system connecting the main producing areas with consumption and processing centers. The benefits of good road transport in the Southern zone should be felt by the whole Chilean economy. The ten provinces already produce about 53% of the country's total agricultural output; with better communications they could further reduce Chile's dependence on imported produce, agricultural and livestock products.

CHINA — $3.7 million credit
IRRIGATION PROJECT — signed August 30, 1961

A program for the development of deep wells was begun in 1958 when the Provincial Government of Taiwan established the Ground Water Development Bureau. The Bureau constructs and equips wells for Irrigation Associations which operate irrigation works in their respective districts. The project which the IDA credit will assist is a continuation of this program and consists of the provision of about 765 deep wells to provide more irrigation water for approximately 207,500 acres in the western and southern plains. The water will be used on land operated by more than 100,000 farmers and should increase the gross value of farm production by the equivalent of about $15 million a year.

The Government of the Republic of China is re-lending the proceeds of the credit to the Province of Taiwan which is making funds available to four Irrigation Associations under an arrangement by which the Associations will repay the credits over 20 years, at 12% interest per annum, the customary terms for such credits in Taiwan.

CHINA — $2.2 million credit
DREDGING PROGRAM — signed August 30, 1961

This credit will finance expenditures by the Taiwan Provincial Government on dredging equipment, engineering services and the training of personnel for the improvement and maintenance of Taiwan's three commercial harbors, Keelung, Kaohsiung and Hualien. The Republic of China is re-lending the equivalent of the credit to the Province of Taiwan, repayable in 15 years, at 12% interest per annum. Keelung and Kaohsiung serve the western plain which contains most of Taiwan's population and economic activity; Hualien serves the narrow eastern coastal region and is only now being developed into a port for international trade.

The volume of traffic is expected to increase at all three ports. The new equipment will not only be used to expand the capacity of the ports to handle the growing trade, but will also replace existing equipment which has passed its economic life and is already inadequate for present maintenance operations. Maneuvering areas will be enlarged at the western ports to avoid congestion and provide protection from typhoons, and the harbor areas will be deepened and extended.

CHINA
TAIPEI WATER SUPPLY

$4.4 million credit
signed September 6, 1961

The credit will help to finance the expansion and improvement of water supply facilities in Taipei, the largest city in Taiwan, and in eight suburban communities. At present public water supplies are available only in Taipei City itself and in two suburbs. Over the Taipei region as a whole, it is estimated that by 1970 a total of about 360,000 cubic meters of water daily--about double the present output--will be needed to meet the requirements of the rapidly increasing population and to extend service to those communities which at present lack a public water supply. The new facilities being installed with IDA assistance should meet this demand. They consist of a river water pumping station and pipeline, a new filtration plant, two reservoirs, a substantial increase in the distribution system, and at least three new deep wells. The project is being carried out by the Taipei Water Works and is part of the current four-year economic plan for Taiwan. The Republic of China is re-lending the equivalent of the credit to the Taipei Water Works, repayable in 23 years, at 12% interest per annum.

CHINA
INDUSTRIAL DEVELOPMENT

$5 million credit
signed December 1, 1961

The credit will provide the additional foreign exchange needed by the China Development Corporation (CDC) for its lending over the next two or three years. The Republic of China is re-lending the equivalent of the credit to CDC, repayable over 30 years, at 9.8% interest per annum. CDC will re-lend at 14% to private enterprises at maturities appropriate to the individual projects. CDC was established in May 1959 by leading bankers and businessmen in Taiwan to assist the establishment, modernization and expansion of private industrial enterprises in the island. With no organized bond market and limited resources available from commercial banks, many companies have had to depend on short-term loans from private money lenders at very high rates of interest. The principal function of CDC is to offer long-term financing, both in local currency and in foreign exchange, for private industry. As such, it has an important role in the development of private industry under China's current Four-Year Plan, which calls for an annual increase of almost 16% in manufacturing output. At the time the IDA credit was made, CDC had made over 70 loans aggregating the equivalent of nearly $10 million, mostly at medium and long term.

COLOMBIA — HIGHWAY PROGRAM
$19.5 million credit signed August 28, 1961

This credit, together with a World Bank loan of $19.5 million made on the same date, will assist a highway improvement program of the Colombian Government, involving the reconstruction or new construction of about 800 miles of roads forming part of the main road network of Colombia, the preparation of designs on another 300 miles of roads, an expansion of maintenance operations and the procurement of maintenance equipment. The IDA credit will be used for road construction work. When the current program is completed, Colombia will have an all-weather highway system connecting most of her important cities.

COSTA RICA — HIGHWAY PROGRAM
$5.5 million credit signed October 13, 1961

This credit, together with a World Bank loan of $5.5 million made on the same date will help to finance the reconstruction and construction by the Costa Rican Government of about 420 miles of road, representing about one-third of the country's national and regional highway system, and the improvement of road maintenance operations. Most of the highways to be improved serve the central plateau, populated by about three-fifths of the population and containing the bulk of the country's agricultural and manufacturing wealth. Improvements of the existing roads will cut vehicle operating costs by 12% to 25% on most of the roads. Three new highway sections will be built, two to relieve severe congestion in the San Jose area, and the third to open up a rich agricultural region. These works, together with the improvement of maintenance operations, constitute the first and most important stage of a seven-year program to improve and extend the country's highway network which now carries 80% of total passenger traffic and 70% of freight.

EL SALVADOR
HIGHWAYS

$8 million credit
signed November 2, 1962

The credit will be used for the reconstruction of seven trunk roads, the construction of four new feeder roads--227 miles in all--and the modernization of maintenance operations on the El Salvador Coastal Highway, which borders the Pacific from Guatemala to Honduras.

The seven trunk roads to be built to higher standards will accommodate steadily increasing traffic and substantially reduce transportation costs. Three of the roads link the two largest cities, San Salvador and Santa Ana, and the country's two chief ports, La Libertad and Acajutla. The four new feeder roads will serve fertile but little used highland regions in the west and central parts of the country, leading to an increase in land under cultivation and stimulating shifts in production from low-grade coffee to more profitable food crops.

ETHIOPIA
HIGHWAY DEVELOPMENT

$13.5 million credit
signed February 27, 1963

The credit will assist in financing the continuing highway development program in Ethiopia. It will provide the foreign exchange needed to complete the new roads now being built; to build two new roads with a total length of 135 miles, six small bridges, and the asphalting of 500 miles of roads. It will also finance the procurement of accounting machines for the Imperial Highway Authority and the foreign exchange costs of consultants to assist the Authority in organizational and engineering matters, and to conduct a survey and feasibility study of a proposed road through the Awash Valley leading ultimately to the new port of Assab, which at present can be reached from Addis Ababa only by a mountainous and much longer route.

The improvement of Ethiopia's highway network, begun in 1950, has already contributed significantly to the development of the economy. Better roads have reduced travel time and transport costs to a fraction of their former level; opened new areas to production, making possible an increase in the output of various crops both for export and for home markets; induced a shift from subsistence to cash-crop agriculture; and extended the reach and effectiveness of governmental administration.

The Imperial Highway Authority, established in 1950 as an autonomous government agency, is responsible for developing and maintaining Ethiopia's highways. The highway network now comprises 3,200 miles of all-weather roads, all of which are under routine maintenance. In addition, 530 miles of new roads are under construction. The World Bank has assisted the Government's highway program with a loan of $5 million in 1950 and one of $15 million in 1957.

The total cost of the project is estimated at the equivalent of $23.2 million. The IDA credit will cover the foreign exchange requirements and the Government will be responsible for providing the local currency requirements for the project and for the continued maintenance and betterment of existing roads.

HAITI — $350,000 credit
HIGHWAY MAINTENANCE — signed November 2, 1962

In May 1956, the World Bank made a loan of $2.6 million to Haiti for a 3-year highway maintenance program, which was to include the setting up, equipping and training of an organization to rehabilitate and maintain this national highway system. Operations under this loan were successful, with marked improvements in the roads themselves and in highway administration, and a notable stimulation in agricultural production in the regions served. Funds under this loan were exhausted in 1961. Haiti is currently making the required service payments to the World Bank on the loan.

In mid-1962, Haiti requested an IDA credit of about $6 million for an expanded maintenance program and new construction. Subsequently, other financing which had been expected to form a part of the total program was found to be unavailable. In view of this, and of increasing internal instability in the country, IDA declined to consider the application for the full amount requested. Since complete withdrawal of support from the highway administration would probably have resulted in the abandonment and consequent loss of the good results achieved over the years, IDA felt it appropriate to make an interim credit of $350,000 to provide for completion of improvement work now underway and continued ordinary maintenance for about 1 year.

HONDURAS HIGHWAYS	$9 million credit signed May 12, 1961

This development credit will make $9 million available to Honduras to assist in carrying out a program of highway development and maintenance. The program being financed includes a 62-mile extension of the Western Highway of Honduras, from its present terminus at Santa Rosa de Copan to the border of El Salvador; the construction of feeder roads in Western Honduras; the continuation for two years of a highway maintenance program; and a highway planning survey.

The highway extension will traverse a region which, although one of the most populous in Honduras, has remained until now inaccessible by road and limited mainly to subsistence agriculture. The new road should stimulate production on existing farms and open new land to settlement; it will also provide the first direct link between Puerto Cortes on the Caribbean in the north with El Salvador and Guatemala in the south, and should thus greatly reduce transport costs between the rapidly developing northwestern region of Honduras and the other two countries, contributing to the economic integration of all three.

INDIA HIGHWAYS	$60 million credit signed June 21, 1961

The credit will cover half the cost of improvements to the National Highways of India during the first 3-1/2 years of the Third Five-Year Plan which began April 1, 1961. The funds will be used mainly for the construction of about 660 miles of highways, including 19 major bridges, which will open up some of the less developed parts of India, improve connections between important agricultural and industrial centers, and relieve traffic congestion in the vicinities of the two principal cities and ports, Calcutta and Bombay.

Demand for rail and road transport rose very rapidly with the growth of agricultural and industrial production during the Second Five-Year Plan, and this trend is expected to continue during the Third Five-Year Plan. While the railways must expand to meet the growing demand for long distance and bulk movements of freight, there is also pressing need for an improved road network to enable motor vehicle transport to make the shorter hauls and to move high-value goods. The IDA credit will help to finance works to eliminate some of the major deficiencies in the 15,000-mile National Highways system which links the main centers of population. All the works are located in the region of the Gangetic Plains in northern India, and in coastal areas around Calcutta and Bombay where population density is highest, and where 40% of India's vehicles are registered.

INDIA
IRRIGATION

$6 million credit
signed September 6, 1961

The credit will assist in financing the drilling and equipping of 800 tubewells for the irrigation of 320,000 acres of land in Uttar Pradesh, the most populous State in India and one which produces about a third of the country's wheat and sugar and about half the barley. The wells will be built and operated by the State's Irrigation Department which has had long and successful experience in tubewell irrigation. The project should make possible a substantial increase in the agricultural output of the State. The Government of India is re-lending the equivalent of the credit to the State of Uttar Pradesh for 12 years, at 4-1/8% interest per annum.

INDIA
IRRIGATION

$8 million credit
signed November 22, 1961

This credit will assist in financing the Salandi project for the irrigation of about 225,000 acres in the State of Orissa in eastern India. The Government of India will re-lend the equivalent of the credit to the State of Orissa, repayable over 10 years, including 3 years grace, at 4% interest per annum. The area is now under dry farming and produces only one crop a year; crop failures are frequent because of the unreliability of rainfall. With irrigation, double cropping will be possible on almost 40% of the land; higher yields should be obtained for rice, the main crop, and new crops will be introduced. The project includes the construction of a dam on the Salandi River, a 45-mile main canal and about 450 miles of distribution canals and related structures. The State of Orissa will also provide technical assistance to farmers who will use the irrigation water.

INDIA
IRRIGATION

$4.5 million credit
signed November 22, 1961

The credit will help to finance completion of the Shetrunji project for the irrigation of 86,000 acres in an arid but fertile area of the State of Gujarat in western India. The Government of India will finance 50% of the cost of the project; the equivalent of the credit will be applied against this contribution and will be re-lent to the State of Gujarat, repayable over 10 years, with 3 years grace, at 4% interest per annum. Some of the civil works, including a dam across the Shetrunji River, have already been built. The work being undertaken to complete the project involves the building of about 94 miles of main and distribution canals, houses, workshops, buildings, and service roads. The State of Gujarat will provide technical services to farmers to bring about prompt utilization of the available water.

INDIA — $10 million credit
IRRIGATION AND DRAINAGE — signed November 22, 1961

With the introduction of perennial irrigation in the 19th century, the Punjab became one of the chief agricultural States in India. The extension of irrigation and the building of embankments for roads, railways and town sites, in the absence of adequate drainage, has caused the water table to rise, with the result that waterlogging is severe over wide areas of the State and agricultural production has been thereby reduced. The high water table has also aggravated the problem of flooding which occurs in years when the monsoon is heavy. The State Government of the Punjab is now constructing a system of adequate surface drainage and building embankments to keep rivers in their channels. The project being assisted by the IDA credit includes the construction of 17 miles of such embankments, the enlargement of 300 miles of existing drains, and the excavation of 2,000 miles of new drains. The Government of India is re-lending the equivalent of the credit to the State of Punjab, repayable over 30 years, including 5 years grace, at 4-1/2% interest per annum.

INDIA — $18.5 million credit
POWER — signed February 14, 1962

The credit will assist in financing an expansion of the electric power system of the Damodar Valley Corporation (DVC), a semi-autonomous governmental organization established in 1948 to execute a unified scheme for the development of the Valley. The Government of India and the States of Bihar and of West Bengal provide capital for the DVC construction program in the form of non-repayable advances at about 4-1/2% per annum; the credit will represent part of the Government's contribution.

The Damodar Valley is an area of some 9,250 square miles lying northwest of Calcutta. DVC has already completed several projects there for the generation and transmission of electric power and for irrigation and flood control, assisted by earlier World Bank loans totaling a net amount of $49.2 million. The IDA credit will help to finace the addition of a 140,000-kilowatt generating unit at the existing 165,000-kilowatt Durgapur thermal power station, and the expansion of transmission facilities. The project forms part of DVC's expansion program during India's Third Plan under which DVC plans to increase the capacity of its plants to 1,084,000 kilowatts, or more than double present capacity. This will be sufficient to meet the needs of its system by 1965, after which further expansion will be necessary to meet the requirements of the Damodar Valley area, now the site of four steel mills and many other heavy industries based on the rich mineral deposits of the Valley.

INDIA — $15 million credit
IRRIGATION — signed June 29, 1962

The credit will assist in financing a project being carried out by the State of Bihar to improve and extend the Sone irrigation system in the western part of the State, making possible the irrigation of about 1,000,000 crop-acres annually.

The Sone project area is located just west of the city of Patna on the Sone River, a tributary of the Ganges, and has been under irrigation for over 80 years. The primary reason for the present project is that the existing diversion weir needs to be replaced: the loss of water from leakage, along with heavy siltation, has led to serious operational difficulties. A new diversion barrage will now be built and the canal system, now comprising about 427 miles of canals on one side of the river and 1,235 miles on the other, is being remodeled and extended. The project should result in much higher crop yields and, when the water is fully utilized, the annual gross value of production will be nearly double the present level of 207 million rupees ($43 million). For this type of project, the Government of India provides 60% and the State of Bihar 40% of the finance; the Indian Government contribution, part of which the IDA credit will finance, is repayable by the State of Bihar over 7 to 15 years, at 4% interest per annum.

INDIA — $13 million credit
IRRIGATION — signed July 18, 1962

The credit will help to complete an irrigation project to supply 152,000 acres in the Purna River Valley in the State of Maharashtra, and to provide a 15,000-kilowatt hydroelectric power station. The Purna project will introduce irrigated agriculture to a drought-stricken area in the western part of the Indian high plateau. The resulting higher yields in crops are expected to increase the value of production about sixfold. The project includes the construction of two dams on the Purna River, a 50-mile main canal and about 250 miles of distribution canals with associated works. Provision is made for a water management program, to be carefully administered with the help of a consultant, to avoid dangers of water-logging and salinity. In addition, the State will provide services to farmers in the project area to improve farming practices and to meet their requirements for fertilizer and for agricultural credit.

The Government of India customarily finances 60% of the cost of irrigation schemes of this type and the IDA credit will be part of this contribution, which is made available to the State of Maharashtra in the form of interest-bearing advances repayable in 7 to 15 annual installments, with an appropriate grace period, at 4% per annum.

INDIA — $17.5 million credit
POWER — signed August 8, 1962

A World Bank loan of $18.7 million, made in 1959, assisted construction of the first stage of the Koyna hydroelectric project, which is now coming into operation with installed capacity of 240,000 kilowatts. This new credit will help to finance the second stage of the project, increasing its capacity to 580,000 kilowatts. The Government of India is financing the entire cost of the project through annual advances and in this case also the IDA credit will form part of the Government's contribution, which is repayable by the State of Maharashtra over 20 years, after a ten-year period of grace, at an interest rate determined annually and now standing at 4-1/2% per annum. At the completion of Stage II, the Koyna project, one of the largest hydro-electric undertakings in India, will nearly double the capacity of the electricity system serving the highly industrialized Bombay-Poona area. Stage I of the Koyna project included the construction of the storage dam, the tunnel system, the underground powerhouse and associated transmission facilities. Stage II includes raising the dam to its design height of 280 feet above the river bed; the installation of four 75,000-kilowatt units to complete the power station; the construction of a second 40,000-kilowatt power station at the foot of the dam; strengthening the transmission system to Bombay; and construction of transmission lines to the site of a new aluminum factory to be built on the west coast 45 miles from Koyna.

INDIA
PORT OF BOMBAY

$18 million credit
signed September 14, 1962

The credit will assist a five-year program to expand facilities at the Port of Bombay for both cargo and passenger traffic. The Indian Government will make available the equivalent of the credit to the Trustees of the Port of Bombay in the form of a 25-year loan including a 5-year grace period at 5-3/4% interest per annum. Cargo traffic through Bombay has doubled in the past ten years to a total of about 15 million tons. Passenger traffic has also risen as long-distance passenger liners and cruise ships have called at the port in increasing numbers in recent years. The increased traffic has put a great strain on port facilities, particularly those for handling the larger cargo vessels.

The expansion program, based on the recommendations of consultants, includes the construction of four additional deep-water berths at Alexander Dock; a new ferry wharf adjacent to Prince's Dock so as to release three harbor-wall berths for deep-water berthing; an extension of Ballard Pier to provide an additional berth and a new building equipped to accommodate passenger and cargo traffic; dredging of the main harbor channel; new floating craft, including a new drag-suction dredge, two grab dredges, seven tugs, four harbor launches and one salvage-cum-water boat; and improved port equipment and services.

INDIA TELECOMMUNICATIONS — $42 million credit signed September 14, 1962

The Indian Post and Telegraphs Department will use the IDA funds for the purchase abroad over the next two years of equipment to expand and improve telephone and telegraph services. India has only about 1.2 telephones per 1,000 inhabitants, compared with an average of 5 per 1,000 for Asia, 46 for the entire world and 300 to 400 for most highly developed countries. The backlog of registered applications for new subscriber services amounts to some 50% of those installed and even this percentage may understate the effective demand.

The telegraph system is equally unable to cope with demand. Most telegraph offices in India are still equipped with Morse Code sounders, hand-operated at 25 words per minute, as against the international speed of 66 words per minute by mechanical processes.

Accordingly, the Indian Third Five-Year Plan aims at increasing telephone subscriber sets from 461,000 to 761,000 between 1961 and 1965 and raising the capacity of the central exchanges from 412,600 to 758,100 lines. The telegraph service will be improved by building new telegraph offices, installing telecommunications equipment operating at the international speed and considerably expanding the teleprinter service. The total investment involved is estimated at the equivalent of $280 million, of which $100 million is required in foreign currencies. The IDA credit will be made available to the Posts and Telegraphs Department as a permanent non-amortized investment by the Central Government bearing a 4-1/4% annual dividend.

INDIA
RAILWAYS

$67.5 million credit
signed March 22, 1963

India's railway system, one of the world's largest and most successful, is the country's most important carrier of long-distance freight and passenger traffic. Its continuing expansion and modernization is central to India's development plans. Under both the Second Five-Year Plan (1955-61) and the current Third Plan (1961-66), the Railways account for about one-fifth of all investments in the public sector. In particular, the foreign exchange cost of the Railway's development program has been substantial. Considerable help in meeting it has been provided by World Bank loans totaling $378 million since 1957 -- by far the largest amount the Bank has lent for any single enterprise.

The foreign exchange cost of the 1961-66 program is expected to reach the equivalent of Rs. 2,490 million ($523 million), despite the fact that India, by developing local manufacture of railway equipment, has somewhat reduced its dependence on imports; electric locomotives, for instance, are now built by the Indian Railways, and by 1966 most of the locomotives needed will be locally produced.

The IDA credit will help the Indian Railways to finance planned imports of track, materials, components and equipment needed during 1963 to build locomotives and rolling stock in India, and also to finance imports needed for the electrification program and various other items required to increase carrying capacity.

The IDA credit will be made available to the Indian Railways in the form of a permanent non-amortized investment by the Central Government in the Railways bearing a 4-1/2% annual dividend.

INDIA
POWER

$20 million credit
signed May 24, 1963

This credit will assist construction of a 120,000-kilowatt thermoelectric power station near Kothagudem, in the center of the large Singareni coal fields in the northern part of the State of Andhra Pradesh. A reservoir will also be built to supply cooling water, and a 150-mile transmission line will be constructed to connect with other power facilities. The project is part of a State program to relieve the power shortage which has for many years hampered the development of industry and agriculture. Although installed generating capacity in Andhra Pradesh was increased from 43,000 to 213,000 kilowatts during India's first two Five-Year Plans, this was insufficient to keep up with demand, which is rising by about 20% each year. The Kothagudem station has therefore been designed to allow for further expansion. Over two-thirds of the future demand is expected to come from industry.

The project will be built and operated by the Andhra Pradesh State Electricity Board, assisted by consultants during construction. The reservoir will be built by the State Government. As in the Koyna project, the Government of India is financing the entire cost of the project through annual advances, including the proceeds of the IDA credit. The State of Andhra Pradesh will repay the advances over a period of 20 years, after a grace period corresponding to the construction period, at interest of 4-1/2% annually. The State Government will make part of the proceeds availabl to the State Electricity Board on the same repayment terms, but at 5% annual interest.

JORDAN
AMMAN WATER SUPPLY

$2 million credit
signed December 22, 1961

The credit will be used to help finance expansion and improvement of the water supply system in the capital city of Amman. The works to be undertaken include the development of several new wells, pumping stations, improvement of existing water mains, additional storage capacity, water treatment facilities and a laboratory for water testing. The Government of Jordan will re-lend the equivalent of the credit to the Municipality, repayable over 23 years, including 3 years grace, at 4% interest per annum.

The population of Amman has doubled over the past ten years. Measures have been taken by the Municipal Government to adapt the water supply system to the increase in demand, but they have been inadequate to provide even a minimum supply of safe water. The project which the IDA credit will assist falls within the framework of a 25-year master plan and should provide a safe and dependable supply of water sufficient to meet the city's requirements until 1972.

JORDAN — $3 million credit
AGRICULTURAL CREDIT PROGRAM — signed December 12, 1963

The credit will be used to provide additional resources for the lending program of the Agricultural Credit Corporation (ACC), a semi-autonomous government agency. Loans to cooperatives and individual farmers are an important part of a program being carried out by the government to increase agricultural production and thereby lessen Jordan's dependence on imported foodstuffs which now account for nearly a third of all imports. ACC will make loans for the reclamation and improvement of land, the establishment of permanent plantations, irrigation and on-farm development. There will also be modest investments in farm mechanization, in livestock production and in farm and storage buildings. The Government of Jordan will relend the proceeds of the credit to the ACC for 20 years including a 10-year grace period with interest at 3-1/4% per annum. The ACC will relend the funds at 5-1/4% per annum at maturities appropriate to individual projects.

JORDAN — $3.5 million credit
WATER SUPPLY — signed December 12, 1963

The credit will be used to improve the water supply systems of Jerusalem and three other cities in Jordan. The main components of the projects involve collection works, transmission mains, pumping facilities, reservoirs and related facilities. Existing distribution systems in the project areas will also be expanded and improved.

The Central Water Authority (CWA), the government agency responsible for the development of Jordan's water resources, will employ management consultants and make their services available to the operating agencies, and also assist in the operation of the water systems. The IDA credit will cover two-thirds of the total cost, including all the foreign exchange costs. The remaining costs will be covered by loans from the Municipal Loan Fund of the Jordan Development Board and local water authorities' revenues. The proceeds of this credit will be relent by the Government of Jordan to the Central Water Authority for a period of 23 years including a 3-year grace period with interest at 4% per annum.

KOREA	$14 million credit
RAILWAY DEVELOPMENT	signed August 17, 1962

The proceeds of this credit are being used by the National Railroad -- Korea's principal means of transport -- for the purchase abroad of 115 passenger cars and 935 coal cars, and for the services of foreign consultants to assist in the establishment of a modern accounting and statistical system. These are among the key items in a five-year program, 1962-66, to increase capacity and improve efficiency.

The most serious problem facing the Railroad has been insufficient equipment for the movement of coal and for passenger cars. Since 1953 coal production has risen from less than a million tons to over five million tons; as a result, whereas Korea spent $25 million on coal imports as late as 1956, it is now an exporter of coal. This is by far the most important commodity carried by the Railroad and accounts for almost 50% of commercial revenue freight. Passenger traffic, which contributes significantly more to the Railroad's gross revenues than freight, is also growing. Additional cars are needed to replace many obsolete passenger cars and 500 converted box cars still in use for passenger service, as well as to provide for future demand.

The Government of Korea is re-lending the proceeds of this credit to the Korean National Railroad for 25 years including a 1 year grace period at 5-3/4% per annum.

NICARAGUA
MANAGUA WATER SUPPLY

$3 million credit
signed September 7, 1962

This credit will help to finance the first stage of a 20-year program to increase and improve water supplies to the capital city of Managua. The program is required to meet the needs of a growing population, many of whom are now without piped water, and to reduce the present high incidence of water-borne disease. The Government of Nicaragua will re-lend the proceeds of the credit to Empresa Aguadora de Managua for repayment over 24 years, including a four-year grace period, at 6% per annum.

The first stage of the project, which is being carried out with the assistance of foreign engineering consultants, includes new pumping facilities for increased supply; substantial improvements and extensions of the transmission and distribution systems; new service connections and meters; and improved chlorination and meter repair facilities. A study of existing and possible supplementary water supply sources is also to be undertaken.

PAKISTAN
IRRIGATION PROJECT

$1 million credit
signed October 19, 1961

The credit will assist the East Pakistan Water and Power Development Authority in the execution of the Dacca/Narayanganj/Demra irrigation project. The project, the first of its kind in East Pakistan, is designed to increase agricultural production in a densely populated and poor area, and will serve as a pilot project for the development of similar schemes elsewhere in East Pakistan. The equivalent of the IDA credit will be re-lent by the Pakistan Government to the Province of East Pakistan, repayable over 32 years, including 5 years grace, at 4% interest per annum.

The project will be carried out on an area of 20,600 acres of land immediately southeast of Dacca, where most of the land is flooded every year to a depth of from 5 to 15 feet after the monsoon rains. At present it produces one crop of rice a year and lies unused until the next annual flood. Under the development scheme, a dual purpose pumping station will regulate the supply of water: during the monsoon, excess water will be pumped out of the area, and during the rest of the year water will be pumped in from the Lakhya River for distribution through canals to be excavated in the area. This will make possible three crops annually on most of the land and two crops on the remainder, thus tripling annual average production per acre.

PAKISTAN — $2 million credit
INLAND PORTS PROJECT — signed November 22, 1961

This credit will help to finance a program to improve inland water transport in East Pakistan where, in general, it is the most economical means of transport and in some areas the only means of transport. About 60% of the two billion ton-miles of freight carried annually in East Pakistan is transported by watercraft. In the Greater Dacca area alone, the most important commercial center, over six million passengers use water transport annually.

In 1958 the Inland Water Transport Authority was established as an agency of the East Pakistan Government to provide river conservancy services, to operate and improve inland ports, terminals and storage facilities, and to supervise inland water transportation operations. The equivalent of the IDA credit will be re-lent by the Pakistan Government to the Province of East Pakistan, repayable over 25 years, with 5 years grace, at 4% interest per annum, to assist the first phase of the Authority's program to be carried out under Pakistan's Second Five-Year Plan. The principal works to be undertaken consist of the installation of cargo and passenger facilities at the five main inland river ports, Dacca, Khulna, Narayanganj, Barisal and Chandpur. The IDA credit will also pay for the services of experts to assist the Authority for a period of at least two years, and for a study of navigable waterways that will lead to recommendations for detailed surveys.

PAKISTAN
DRAINAGE AND SALINITY CONTROL

$18 million credit
signed June 29, 1962

This credit will assist a project being carried out by the West Pakistan Water and Power Development Authority to restore the productivity of more than 300,000 acres of farmland in the Khairpur area in West Pakistan. Khairpur is located on the left bank of the Indus River near the Sukkur Barrage, about 300 miles north of Karachi, and is part of the Indus Basin, the most important area of irrigation in Pakistan. The Basin extends 800 miles northward from the mouth of the Indus River on the Arabian Sea to the Salt Range Mountains and has been under large-scale perennial irrigation since the turn of the century. Lack of suitable drainage facilities has led to the progressive deterioration of several million acres of fertile land in the last ten years.

The project area comprises 355,000 acres of land which has been under irrigation since 1932. The water table is now less than five feet from the surface over 130,000 acres, and is rising at an average rate of nearly four inches annually. As the water table rises, evaporation leaves a residue of salt in the soil; as a result, about 20% of the project area has so far gone out of production and there has been a general decline in crop yields; continued deterioration of the soils would endanger the livelihood of tens of thousands of families.

The Khairpur project aims to lower the groundwater level through pumping and drainage. In addition, salt concentrations in surface soils will be flushed out by heavy irrigation and drainage. The project will not only prevent a further decline in productivity, but will make possible an increase in farm production valued at 52 million rupees ($11 million) annually. The equivalent of the credit will be re-lent by the Pakistan Government to the Province of West Pakistan, repayable over 30 years, including 5 years grace, at 4% interest per annum.

PAKISTAN
INDUSTRIAL ESTATES

$6.5 million credit
signed November 2, 1962

The development of estates to accommodate small and medium-sized industrial enterprises, with the objective of increasing their productive efficiency, is a feature of Pakistan's Second Five-Year Plan (1960-65). Such enterprises employ about 80% of Pakistan's industrial workers and account for about 40% of industrial production, and many of them manufacture items that are produced in highly mechanized establishments in industrialized countries.

The IDA credit will be used by the West Pakistan Industrial Development Corporation (WPIDC) for the development of two industrial estates near Lahore, for loans for the purchase of machinery and equipment by enterprises settling on the estates and for the provision of technical and managerial assistance to estates in other areas of West Pakistan. Each estate will cover about 100 acres and will accommodate from 300 to 350 enterprises. WPIDC will provide certain common production facilities, and assist in obtaining credit and raw materials and in marketing.

The proceeds of the credit will be made available to the Industrial Development Corporation by the Government of Pakistan through the West Pakistan Provincial Government. An estimated $5.3 million, which will be used for capital requirements, will be repaid by WPIDC to the Provincial Government over a period of 25 years, including five years of grace, with interest at 4% a year. The balance of about $1.2 million will be made available by the Provincial Government to WPIDC as a grant for technical assistance facilities and services.

PAKISTAN
FLOOD CONTROL

$5 million credit
signed June 26, 1963

This credit will assist a project to protect about 400,000 acres of cultivated land in East Pakistan from flooding by the Teesta and Brahmaputra Rivers. The project should enable farmers in the area to increase the net value of crop production by the equivalent of $6 million annually, mainly in rice production, most of which is locally consumed.

An earthen embankment 135 miles long is to be constructed along the right banks of the Teesta and Brahdmaputra Rivers. Eight regulators will be installed, two for the discharge of internal drainage water and six for controlled intake of flood water. The project also includes the provision of technical assistance and extension services to farmers to enable them to obtain the maximum advantage from the flood protection and to guide them in the establishment of satisfactory cropping and rotation patterns and improved agricultural practices.

The project will be built and operated by the East Pakistan Water and Power Development Authority. The credit will be re-lent on IDA terms by the Central Government of Pakistan to the Province of East Pakistan, which will re-lend an equivalent amount to the Authority for repayment over a period of 25 years, including a five-year grace period, with interest at 4% a year.

PAKISTAN — $9 million credit
FLOOD CONTROL — signed July 26, 1963

The credit will finance half the cost of a flood protection, drainage, and irrigation project for 135,320 acres of flat deltaic plain, near Chandpur in East Pakistan. As a result of floods during the monsoon and too little rain in the winter, together with primitive farming practices, yields per acre are extremely low, although the soil is potentially highly productive. The controlled distribution of water to farms in the area will make it possible to grow crops throughout the year and greatly increase agricultural output. When the project is in full operation, farm incomes will be doubled in one of the most densely populated agricultural districts of the world.

The project, which includes 108 miles of compacted earth embankments, is expected to take 3 years to complete, at a total cost estimated at the equivalent of $18.2 million. It will be financed from the proceeds of the IDA credit, together with additional funds advanced by the Provincial Government of East Pakistan to the East Pakistan Water and Power Development Authority, which will execute and operate the project. The proceeds of the credit will be relent on the same terms by the Central Government to the Provincial Government, which will in turn relend the funds to the East Pakistan Water and Power Development Authority for 25 years, including a 5-year grace period with interest at 4% a year.

PAKISTAN — $50 million credits
WATER SUPPLY — signed August 16, 1963

These two credits, totaling $50 million, will assist in financing water supply and sewerage projects in the cities of Dacca and Chittagong in the Province of East Pakistan: $26 million for the Dacca project and $24 million for that in Chittagong. Dacca is the capital and leading commercial center, and Chittagong is the main port in the Province. The availability of sewerage facilities and an adequate supply of pure water in these cities should improve health, increase individual productivity and earnings, and help to create conditions favorable to further commercial and industrial growth.

To ensure that the new systems will be run efficiently as single units, the Provincial Government will establish for each city a Water Supply and Sewerage Authority, which will be responsible for carrying out the project and operating the facilities. The total cost of the Dacca project is estimated at the equivalent of $50 million; the estimated cost of the Chittagong project is equivalent to $43 million. The IDA credits will finance the foreign exchange requirements; the local currency costs will be covered by loans from the Provincial Government and by the Authorities' own resources.

The Government of Pakistan will relend the proceeds of the IDA credits to the Province of East Pakistan, and the Provincial Government in turn will relend an equivalent amount to the Dacca and Chittagong Water Supply and Sewarage Authorities. The Dacca Authority will repay its loan to the Provincial Government in rupees over 20 years, after a 5-1/2 year grace period, with interest at 3-1/2 per cent a year. The Chittagong Authority will repay its loan in rupees over a period of 25 years, after a 5-1/2 year grace period, with the same interest rate; the longer repayment period is justified by the higher investment relative to the lower population density and different geographic conditions in Chittagong.

PARAGUAY — $3 million credit
CATTLE DEVELOPMENT — signed December 26, 1963

This credit equivalent to $3.6 million will help finance a program to improve and increase cattle production. IDA funds will be used for a project to be carried out over a 3-year period to provide facilities basic to rational cattle management on a large number of selected ranches in Paraguay. Investment in cattle production is the quickest means of strengthening Paraguay's economic position since cattle raising is the country's principal industry and the main source of foreign exchange earnings, accounting for as much as one-third of total foreign exchange earnings in recent years.

The total investment of $6 million, $3.6 million from IDA and $2.4 million from domestic sources, represents a large injection of capital into the most vital sector of the economy. It will provide new employment opportunities for a large number of people and also increase exports of meat products thereby providing needed foreign exchange.

Most of the IDA credit will be lent to ranchers to assist in financing facilities needed to improve livestock management. Loans will be for 12 years including a 4-year grace period at 9% per annum. A small portion of this credit will be lent to contractors to finance imports of machinery needed to build stock watering facilities. These loans will be for 3 to 5 years with interest at 9%. All loans will be made by the Central Bank which will utilize funds received in repayment of loans financed from the IDA credit in a revolving fund to make further loans for ranch development, for a period of 20 years from the date of the IDA credit.

PARAGUAY — $6 million credit
HIGHWAY PROGRAM — signed October 26, 1961

The credit will help to finance the cost being incurred by the Paraguayan Government for the improvement of the country's most important highway, between the capital city of Asuncion and Encarnación, the second largest town. The highway crosses the eastern section of Paraguay, connecting with a number of feeder roads which serve a heavily populated area containing some of the country's best farming and cattle-raising land. With the exception of a 40-mile section built to all-weather standards with the assistance of a World Bank loan in 1951, this is a narrow, dirt or gravel road, sections of which are closed during the rainy season. With the assistance of the IDA credit, the highway will be widened and given a permanent bituminous surface over the remaining 190 miles, making it passable in all seasons; a new two-lane bridge will be built over the Tebicuary River where now all vehicles must cross by one primitive ferry. The credit will also be used for the purchase of imported maintenance equipment.

SUDAN — $13 million credit
AGRICULTURE — signed June 14, 1961

The Roseires Dam project on the Blue Nile provided the occasion for the first joint IDA-World Bank operation, the IDA credit being extended in conjunction with a Bank loan of $19.5 million. The German Government also took an important share in this operation by providing, through Kreditanstalt für Wiederaufbau, a long-term loan equivalent to $18.4 million. A total of $50.9 million is thus being made available to the Sudan to finance this important extension of irrigation, on which depends the future development of the country.

The water to be stored by the dam, which will cross the Blue Nile at a point about 66 miles downstream from the Ethiopian border, will more than double supplies available for irrigation during periods of seasonal shortage. It will make it possible to bring nearly 900,000 acres under irrigation for the first time, and also greatly to increase yields and diversify crop production in other areas where water supplies are at present inadequate. The dam will be about ten miles long, with a concrete central section 196 feet high and more than two-thirds of a mile long. Because of work interruptions in flood seasons, construction is expected to take several years.

SWAZILAND HIGHWAY PROJECT — $2.8 million credit signed March 14, 1962

Swaziland, a British dependency in southern Africa, has an area of 6,700 square miles and a population of 250,000. There is as yet no railway and the territory is completely dependent on road transport. Since 1958 the Government has been carrying out a construction program to improve the roads, particularly the main trunk roads. This credit will help to finance the construction to all-weather standards of the most important highway in Swaziland, extending 112 miles across the country from the South African borden on the west to the Mozambique border on the east. The new highway will stimulate economic growth and facilitate external trade. It will link the most productive agricultural, forestry and mineral areas with the largest township, and will open new land for cultivation.

SYRIA HIGHWAY DEVELOPMENT — $8.5 million credit signed December 26, 1963

The credit will help to finance the improvement of two of the most important highways in Syria: the road from Damascus to Aleppo, the country's principal north-south trunk highway, and the road from Aleppo to Raqqa, the transport route for produce coming from the main agricultural areas in the east. The improvements should reduce vehicle operating costs, achieve substantial savings in road maintenance expenditures, and expedite the movement of goods between Syria's largest cities and between producing and marketing centers. IDA funds will also finance consultants' services for a program to reorganize and strengthen the Department of Highways and Bridges, and for an over-all survey of the country's roads to serve as a basis for future highway investment.

TANGANYIKA $4.6 million credit
EDUCATION signed December 20, 1963

This credit, the first by the World Bank group in Tanganyika since it became independent in 1961, will help finance the construction and equipment of two new schools and the extension and equipment of 53 others. This will provide an additional 6,900 places for students. The expansion of secondary schools is vital to the economic development of Tanganyika. To meet the pressing demand for secondary school graduates the government has initiated a program to increase the number of secondary school places to 24,300 in the five-year period, July 1962 to June 1967. Several countries have agreed to provide qualified teachers for the schools.

TANGANYIKA $14 million credit
HIGHWAY PROJECT signed February 5, 1964

The credit will help to finance the construction or improvements of eight main roads totaling 734 miles in length in various parts of the country. The roads are important both for production and trade as they serve areas now producing cash crops or areas with a potential for agriculture, the country's chief economic activity. As a result of the project there will be better routes for a growing volume of traffic, lower transport costs, faster transportation of agricultural produce to consuming centers and ports, and savings in road maintenance costs.

The wide dispersion of Tanganyika's population of 9.5 million requires an extensive transportation network. The railways serve only parts of the country and the road system is of primary importance. The present road system extends over 21,000 miles, of which nearly half are main roads serving as trunk routes between provincial centers and with neighboring countries. The quality of the main roads is very uneven with paved or gravel sections near the towns and long stretches between towns with only earth surfacing.

The road project being assisted by IDA is a step toward the construction of an interconnected highway system that can be used in all kinds of weather. The works to be carried out include some realignment, the replacement of a number of poorly sited and narrow bridges, improvement of drainage and the paving of certain sections.

The project will be executed by the Public Works Division of the Tanganyika Ministry of Communications, Power and Works, assisted by consultants on part of the work. The total cost is estimated at the equivalent of $18.8 million. The IDA credit will finance the foreign exchange requirements, estimated at about 75% of the total cost; the local currency costs will be met by the Government of Tanganyika. With the exception of one road, which is already being built by the Public Works Division, all the roads will be built by contractors selected on the basis of international competitive bidding. The roads are scheduled for completion by June 1967.

TUNISIA — $5 million credit
SCHOOL CONSTRUCTION — signed September 17, 1962

Tunisia's development planning lays great stress on education; the country has few natural resources and improvement of the living standards of the four million inhabitants is particularly dependent on the development of human skills to form the basis for more productive agriculture and the expansion of industry and services. During the next three years the Government intends to spend $31 million equivalent on the expansion of secondary and middle education and the IDA credit will help to meet this cost, providing just over half the financing for the construction and equipment of six schools, for which there is particularly urgent need. In Tunis, the credit will finance the extension of a teachers' training college, a secondary school emphasizing mathematics and technical courses, and a new secondary school for girls. In Sfax, the second largest city of Tunisia, it will finance expansion of the Technical School. The remainder of the credit will be used to build two large middle schools in the provinces.

The credit was the first made by IDA for school construction, and also the first operation in Tunisia by either IDA or the Bank.

TURKEY
INDUSTRY

$5 million credit
signed November 23, 1962

The Turkish Government will re-lend the proceeds of this credit to the Industrial Development Bank of Turkey (IDB), which will in turn be enabled to lend foreign exchange to industrial enterprises in Turkey which require imports of equipment from abroad. IDB will pay the Government 5-1/2% per annum on amounts advanced and will re-lend at 8% with maturities appropriate to the individual projects.

IDB was established in 1950 through the joint efforts of Turkish private interests, the Government and the World Bank, and has made a substantial contribution to industrial development. It has become an important institutional source of long-term finance for private industry; it has pioneered in familiarizing Turkish industry with more modern techniques of investment planning; and it has earned a reputation as a competent adviser on the technical and financial aspects of industrial enterprises. Its credits, loans and equity participations have helped to bring additional private savings into industry, and thus to raise output and increase employment.

TURKEY
POWER

$1.7 million credit
signed February 1, 1963

The credit will help Turkey to increase the supply of electric power to help meet the demands of growing industries and commerce in the Adana area. It will enable the Cukurova Electric Company to install a new 18,000-kilowatt unit in its hydroelectric generating plant on the Seyhan River, and to meet the cost of engineering studies for two new power stations.

The area served by the company is a rich agricultural region with prosperous new industries which, along with a new port at Mersin equipped with a grain elevator and a flour mill, have led to rising demand for electric power. The company is now unable to meet peak demand, obliging large consumers to operate their own high-cost diesel units. Even the addition of the new unit at Seyhan will not fully meet power requirements. Plans are being drawn up for two additional plants: a thermal station at Mersin and a hydroelectric plant on the Kadincik River near Tarsus.

The Turkish Government will re-lend the proceeds of the credit (except for the amount reserved for engineering studies) to the Cukurova Electric Company. The company will repay this loan over a period of 20 years with interest at a rate of 5-1/2% a year.

TURKEY
IRRIGATION

$20 million credit
signed May 31, 1963

Increased agricultural production has been given the highest priority in Turkey's development plans, both to meet domestic requirements and for export. This credit will finance the first stage of a project on the Adana Plain, under which 170,000 acres will be drained and irrigated, making possible a large increase in the volume and value of commercial crops.

The Adana Plain, potentially one of the richest areas in Turkey, lies on the southern coast between the Taurus Mountains and the Mediterranean Sea. The Seyhan River flows through the center of the Plain and the whole area is being developed as a multipurpose project comprising flood control, electric power and irrigation. Some irrigation works were built in the 1940's. Levees for flood control were completed in 1953, and the construction of a dam on the Seyhan River, an electric power plant and transmission lines were finished in 1956 with the help of a World Bank loan of $22.9 million.

The Government of Turkey will be responsible for carrying out the new project, which is estimated to cost the equivalent of $50 million. The public drainage and irrigation works should be completed and in operation by March 1966. Most of the on-farm works should be finished two years later.

RELENDING TERMS ON IDA PROJECTS

From Inception through February 29, 1964

Country	Project	Amount and Date of Credit	Sub-Borrower	Terms of Sub-Lending
China	Irrigation	$3.7 million Aug. 30, 1961	Local Irrigation Authorities	12% per annum for 20 years
China	Dredging	$2.2 million Aug. 30, 1961	Province of Taiwan	12% per annum; 15 years, including 3 year grace period
China	Water Supply	$4.4 million Sept. 6, 1961	Taipei Water Works	12% per annum; 23 years, including 3 year grace period
China	Industrial Development	$5.0 million Dec. 1, 1961	China Development Corporation	9.8% per annum, 30 years; CDC will relend at 14%, maturities appropriate to individual projects
India	Irrigation	$6.0 million Sept. 6, 1961	State of Uttar Pradesh	4-1/8% per annum; 12 years
India	Irrigation	$8.0 million Nov. 22, 1961	State of Orissa	4% per annum; repayable in 10 years, including 3 year grace period
India	Irrigation	$4.5 million Nov. 22, 1961	State of Gujarat	4% per annum; repayable in 10 years, including 3 year grace period
India	Irrigation	$10.0 million Nov. 22, 1961	State of Punjab	4-1/2%; repayable in 30 years, including 5 year grace period
India	Power	$18.5 million Feb. 14, 1962	Damodar Valley Corporation	4-1/2% per annum. No amortization, funds considered non-repayable advance by Central Government to DVC.

Country	Project	Amount and Date of Credit	Sub-Borrower	Terms of Sub-Lending
India	Irrigation	$15.0 million June 29, 1962	State of Bihar	4% per annum; annual advances repayable over 7 to 15 years, after appropriate grace period
India	Purna Irrigation	$13.0 million July 18, 1962	State of Maharashtra	4% per annum; 7-15 years plus grace period appropriate to individual projects
India	Koyna Power	$17.5 million August 8, 1962	State of Maharashtra	4-1/2% per annum; 30 years, including 10 year grace period. Rate of interest subject to annual determination.
India	Port of Bombay	$18.0 million Sept. 14, 1962	Trustees of the Port of Bombay	5-3/4% per annum; 25 years, including 5 year grace period
India	Telecommunications	$42.0 million Sept. 14, 1962	Posts and Telegraphs Department	4-1/4% dividend payable to Central Government; no amortization, funds considered as permanent investment by Central Government in Posts and Telegraphs Department.
India	Railway Improvement	$67.5 million March 22, 1963	Indian Railways	4-1/2% dividend payable to Central Government; no amortization, funds considered as permanent investments by Central Government in Railways.

Country	Project	Amount and Date of Credit	Sub-Borrower	Terms of Sub-Lending
India	Kothagudem Power	$20.0 million May 24, 1963	State of Andrha Pradesh	4-1/2% per annum; 20 years after grace period corresponding to construction period. State of make funds available to State Electricity Board at 5%, same maturity.
Jordan	Water Supply	$2.0 million Dec. 22, 1961	City of Amman	4% interest per annum; repayable over 23 years including 3 years grace period
Jordan	Water Supply	$3.5 million Dec. 12, 1963	Four Municipalities	4% per annum; 23 years, including 3 year grace period
Jordan	Agricultural Credit	$3.0 million Dec. 12, 1963	Agricultural Credit Corporation	3-1/4% per annum; 20 years, including 10 year grace period; Corporation to sub-lend at 5-1/4%, maturities appropriate to individual projects.
Korea	National Railroad	$14.0 million Aug. 17, 1962	Korean National Railroad	5-3/4% per annum; 25 years beginning 1964
Nicaragua	Managua Water Supply	$3.0 million Sept. 7, 1963	Empresa Aguadora de Managua	6% per annum; 24 years, including 4 year grace period
Pakistan	Irrigation	$1.0 million Oct. 19, 1961	Province of East Pakistan	4% interest per annum; repayable over 32 years, including 5 year grace period
Pakistan	Inland Ports	$2.0 million Nov. 22, 1961	Province of East Pakistan	4% interest per annum, repayable over 25 years, including 5 year grace period

Country	Project	Amount and Date of Credit	Sub-Borrower	Terms of Sub-Lending
Pakistan	Drainage and Salinity Control	$18.0 million June 29, 1962	Province of West Pakistan	4% per annum; repayable over 30 years, including 5 year grace period
Pakistan	Industrial Estates	$6.5 million Nov. 2, 1962	West Pakistan Industrial Developments Corporation	4% per annum; 25 years, including 5 year grace period
Pakistan	Brahmaputra Flood Control	$5.0 million June 26, 1963	East Pakistan Water and Power Development Authority	4% per annum; 25 years, including 5 year grace period
Pakistan	Chandpur Irrigation	$9.0 million July 26, 1963	East Pakistan Water and Power Development Authority	4% per annum; 25 years, including 5 year grace period
Pakistan	Dacca Water Supply	$26.0 million Aug. 16, 1963	East Pakistan Water and Power Development Authority	3-1/2% per annum; 25-1/2 years, including 5-1/2 year grace period
Pakistan	Chittagong Water Supply	$24.0 million Aug. 16, 1963	East Pakistan Water and Power Development Authority	3-1/2% per annum; 30-1/2 years, including 5-1/2 year grace period
Paraguay	Cattle Development	$3.6 million Dec. 26, 1963	Private Ranchers	9% per annum; 12 years, including 4 year grace period
Turkey	Development of Private Industry	$5.0 million Nov. 23, 1962	Industrial Development Bank of Turkey	5-1/2% per annum, maturity related to maturities of Bank's sub-loans; Bank to sub-lend at 8%, maturities appropriate to individual projects
Turkey	Cukurova Power	$1.7 million Feb. 1, 1963	Cukurova Electric Company	5-1/2% per annum; 20 years

Country Project Date of Credit Sub-Borrower Terms of Sub-Lending

Country	Project	Amount and Date of Credit	Sub-Borrower	Terms of Sub-Lending
Turkey	Cukurova Power	$1.7 million Feb. 1, 1963	Cukurova Electric Company	5-1/2% per annum; 20 years

NOTE: On IDA credits not contained in this listing, funds were utilized directly by department or agency of Central Government, without relending arrangements.

[illegible]

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.

~~DATA - MODIFIED~~

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

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $ 200,000 ~~(16)~~ or less for the additional bills dated January 2, 1964 ~~(17)~~, (91 ~~(18)~~ days remaining until maturity date on July 2, 1964 ~~(19)~~) and noncompetitive tenders for $ 100,000 ~~(20)~~ or less for the 182 ~~(21)~~ -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Banks on April 2, 1964 ~~(22)~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing April 2, 1964 ~~(23)~~. Cash

~~Exhibit 2-A~~

~~BETA-MODIFIED~~

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, March 25, 1964

(1)

TREASURY'S WEEKLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $ 2,200,000,000 (2), or thereabouts, for cash and in exchange for Treasury bills maturing April 2, 1964 (3), in the amount of $2,199,569,000 (4), as follows:

91 (5) -day bills (to maturity date) to be issued April 2, 1964 (6), in the amount of $ 1,300,000,000 (7), or thereabouts, representing an additional amount of bills dated January 2, 1964 (8), and to mature July 2, 1964 (9), originally issued in the amount of $ 800,466,000 (10), the additional and original bills to be freely interchangeable.

182 (11) -day bills, for $ 900,000,000 (12), or thereabouts, to be dated April 2, 1964 (13), and to mature October 1, 1964 (14).

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

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Standard time, Monday, March 30, 1964 (15). Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three

TREASURY DEPARTMENT

WASHINGTON, D.C.

March 25, 1964

FOR IMMEDIATE RELEASE

TREASURY'S WEEKLY BILL OFFERING

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91-day bills (to maturity date) to be issued April 2, 1964, in the amount of $1,300,000,000, or thereabouts, representing an additional amount of bills dated January 2,1964, and to mature July 2,1964, originally issued in the amount of $ 800,466,000, the additional and original bills to be freely interchangeable.

182-day bills, for $900,000,000, or thereabouts, to be dated April 2,1964, and to mature October 1, 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 Standard time, Monday, March 30, 1964. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

D-1176

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 January 2,1964 (91-days remaining until maturity date on July 2, 1964) 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 April 2, 1964, in cash or other immediately available funds or in a like face amount of Treasury bills maturing April 2, 1964. 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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June. Holders of silver certificates may redeem them for silver bullion at the monetary value of $1.292929292 an ounce at the New York and San Francisco Assay Offices, not at the Treasury. Thus, holders of silver certificates may continue to exercise their legal right to demand an amount of silver precisely equal to the silver content of a standard silver dollar.

While silver dollars have not been minted since 1935, nearly one-half billion of these coins have been put into circulation in the last hundred years. These silver dollars will continue to circulate freely alongside their paper money counterparts. The Congress has been considering appropriations that would provide for further coinage of silver dollars. Meanwhile, mint facilities are currently being fully utilized in supplying the subsidiary and minor coins that serve an essential function as a means of payment in all parts of the country, and for which there are no substitutes.

The eventual disposition of the existing small Treasury stocks of silver dollars will be carefully considered in the light of existing circumstances at a later date.

DRAFT
3/25/64

TREASURY TO REDEEM SILVER CERTIFICATES IN
BULLION INSTEAD OF SILVER DOLLARS

Treasury Secretary Douglas Dillon tonight announced that silver certificates will henceforth be redeemed in silver bullion only.

The Secretary explained that Treasury's dwindling stock of silver dollars has been channeled to the greatest extent feasible to certain Western states where some circulation of silver dollars has been traditional. However, heavy drains by coin collectors and dealers have now reduced the Treasury's stock of silver dollars, which was about 28 million on January 1, to approximately 3 million, virtually all of which have special numismatic value. These silver dollars cannot be equitably distributed by redeeming silver certificates. Moreover, their release would not serve any purpose in adding to the supply of circulating coins, since these silver dollars with special numismatic value would be entirely absorbed by coin dealers and collectors.

In providing that silver certificates will now be redeemed only in silver bullion, the Secretary of the Treasury has exercised an option provided in legislation passed by Congress last

TREASURY DEPARTMENT

WASHINGTON, D.C.

March 25, 1964

FOR IMMEDIATE RELEASE

TREASURY TO REDEEM SILVER CERTIFICATES IN
BULLION INSTEAD OF SILVER DOLLARS

Treasury Secretary Douglas Dillon tonight announced that silver certificates will henceforth be redeemed in silver bullion only.

The Secretary explained that Treasury's dwindling stock of silver dollars has been channeled to the greatest extent feasible to certain Western states where some circulation of silver dollars has been traditional. However, heavy drains by coin collectors and dealers have now reduced the Treasury's stock of silver dollars, which was about 28 million on January 1, to approximately 3 million, virtually all of which have special numismatic value. These silver dollars cannot be equitably distributed by redeeming silver certificates. Moreover, their release would not serve any purpose in adding to the supply of circulating coins, since these silver dollars with special numismatic value would be entirely absorbed by coin dealers and collectors.

In providing that silver certificates will now be redeemed only in silver bullion, the Secretary of the Treasury has exercised an option provided in legislation passed by Congress last June. Holders of silver certificates may redeem them for silver bullion at the monetary value of $1.292929292 an ounce at the New York and San Francisco Assay Offices, not at the Treasury. Thus, holders of silver certificates may continue to exercise their legal right to demand an amount of silver precisely equal to the silver content of a standard silver dollar.

While silver dollars have not been minted since 1935, nearly one-half billion of these coins have been put into circulation in the last hundred years. These silver dollars will continue to circulate freely alongside their paper money counterparts. The Congress has been considering appropriations that would provide for further coinage of silver dollars. Meanwhile, mint facilities are currently being fully utilized in supplying the subsidiary and minor coins that serve an essential function as a means of payment in all parts of the country, and for which there are no substitutes.

The eventual disposition of the existing small Treasury stocks of silver dollars will be carefully considered in the light of existing circumstances at a later date.

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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 interes 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 in 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 eithe 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.

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

All bidders are required to agree not to purchase or to sell, or to make any agreements with respect to the purchase or sale or other disposition of any bills of this issue at a specific rate or price, until after one-thirty p.m., Eastern Standard time, Friday, April 3, 1964.

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 April 8, 1964, provided, however, any qualified depositary will be permitted to make payment by credit in its Treasury tax and loan account for not more than 50 percent of the amount of 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

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, 4:00 P.M. March 26, 1964

TREASURY OFFERS $1 BILLION ONE-YEAR BILLS

The Treasury Department, by this public notice, invites tenders for $ 1,000,000, or thereabouts, of 357 -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 April 8, 1964, and will mature March 31, 1965 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 closin hour, one-thirty p.m., Eastern Standard time, Friday, April 3, 1964. Tende 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 an forwarded in the special envelopes which will be supplied by Federal Reserve Banks o 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 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.

March 26, 1964

FOR IMMEDIATE RELEASE

TREASURY OFFERS $1 BILLION ONE-YEAR BILLS

The Treasury Department, by this public notice, invites tenders for $1,000,000,000, or thereabouts, of 357-day Treasury bills, to be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided. The bills of this series will be dated April 8, 1964, and will mature March 31, 1965, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $50,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour,one-thirty p.m., Eastern Standard time, Friday, April 3, 1964. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

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 Standard time, Friday, April 3, 1964.

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

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acceptance or rejection thereof. The Secretary of the Treasury expres: 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 t(these reservations, noncompetitive tenders for $200,000 or less withou stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Paymer 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 April 8, 1964, provided, however, any qualified depositary will be permitted to make payment by credit in its Treasury tax and loan account for not more than 50 percent of the amount of Treasury bills allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits when so notified by the Federal Reserve Bank of its District.

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

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

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TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR IMMEDIATE RELEASE March 26, 1964

TREASURY ANNOUNCES ONE BILLION NEW CASH BORROWING
AND REGULAR ONE-YEAR BILL

The Treasury Department announced today that it is offering an additional $1 billion, or thereabouts, of the 3-7/8% notes due August 13, 1965, that were originally issued as part of the February refunding offering which was made two months ago. Public holdings of this issue are $2.2 billion, a comparatively small amount for a quarterly maturity. The additional $1 billion offering will bring the total maturing on this quarterly date more nearly in line with other quarterly maturities and help to broaden the market tradeability of the issue. The notes are to be offered at a price of $99.70 (to yield about 4.10%), plus accrued interest from February 15, 1964, to April 8, 1964 ($5.64217 per $1,000).

Subscriptions will be received for one day only, on Tuesday, March 31. All subscriptions for the notes addressed to a Federal Reserve Bank or Branch, or to the Treasurer of the United States, Washington, D. C. 20220, and placed in the mail before midnight March 31 will be considered as timely.

Payment may be made through credit to Treasury Tax and Loan Accounts and will be due on April 8.

At the same time the Treasury announced its customary monthly offering of $1 billion of one-year Treasury bills. The auction will occur on Friday, April 3. Payment will be due on Wednesday, April 8, and may be made with 50% credit to Treasury Tax and Loan Accounts. Full details are contained in the Treasury's release inviting tenders for the bills.

Interest on the notes will be paid on August 15, 1964, and February 15 and August 13, 1965. The notes will be made available in registered as well as bearer form. All subscribers requesting registered notes will be required to furnish appropriate identifying numbers as required on tax returns and other documents submitted to the Internal Revenue Service.

Subscriptions to the 3-7/8% Treasury Notes, Series D-1965, from banking institutions for their own account, Federally-insured savings and loan associations, States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, Government Investment Accounts and dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, will be received without deposit. Subscriptions from all others must

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be accompanied by payment of 2 percent of the amount of notes applied for, not subject to withdrawal until after allotment. Subscriptions from commercial banks for their own account will be restricted in each case to an amount not exceeding 50 percent of the combined capital (not including capital notes or debentures), surplus and undivided profits of the subscribing bank.

The Secretary of the Treasury reserves the right to reject or reduce any subscription, to allot less than the amount of notes applied for, and to make different percentage allotments to various classes of subscribers.

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

All subscribers to the notes are required to agree not to purchase or to sell, or to make any agreements with respect to the purchase or sale or other disposition of the securities subscribed for under this offering at a specific rate or price, until after midnight March 31.

Tuesday, March 31, 1964.

March 30, 1964

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 January 2, 1964, and the other series to be dated April 2, 1964, which were offered on March [illegible], were opened at the Federal Reserve Banks on March 30. Tenders were invited for $1,300,000,000, or thereabouts, of 91-day bills and for $[illegible], 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 July 2, 1964 Price	Approx. Equiv. Annual Rate	182-day Treasury bills maturing October 1, 1964 Price	Approx. Equiv. Annual Rate
High	[illegible]	[illegible]	98.131	3.697%
Low	[illegible]	3.[illegible]	98.120	3.719
Average	[illegible]	[illegible] 1/	98.124	3.710% 1/

[illegible] of the amount of 91-day bills bid for at the low price was accepted
[illegible] of the amount of 182-day bills bid for at the low price was accepted

District	Applied For	Accepted	Applied For	Accepted
Boston	[illegible]	[illegible]	[illegible]	$ [illegible]
New York	[illegible]	[illegible]	1,[illegible]	[illegible]
Philadelphia	[illegible]	[illegible]	[illegible]	2,397,000
Cleveland	[illegible]	[illegible]	[illegible]	[illegible]
Richmond	[illegible]	[illegible]	2,321,000	2,311,000
Atlanta	[illegible]	[illegible]	[illegible]	6,291,000
Chicago	[illegible]	[illegible]	[illegible]	[illegible]
St. Louis	[illegible]	37,772,000	[illegible]	[illegible]
Minneapolis	[illegible]	[illegible]	[illegible]	3,736,000
Kansas City	[illegible]	[illegible]	[illegible]	[illegible]
Dallas	[illegible]	[illegible]	[illegible]	7,375,000
San Francisco	[illegible]	[illegible]	[illegible]	66,981,000
TOTALS	[illegible]	[illegible] a/	1,632,319,000	[illegible] b/

a/ Includes $211,215,000 noncompetitive tenders accepted at the average price of 99.10[illegible]
b/ Includes $[illegible] noncompetitive tenders accepted at the average price of 98.124
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of [illegible], for the 91-day bills, and [illegible], for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, March 31, 1964.

March 30, 1964

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 January 2, 1964, and the other series to be dated April 2, 1964, which were offered on March 25, were opened at the Federal Reserve Banks on March 30. Tenders were invited for $1,300,000,000, or thereabouts, of 91-day bills and for $900,000,000, 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 July 2, 1964		182-day Treasury bills maturing October 1, 1964	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.114	3.505%	98.131	3.697%
Low	99.106	3.537%	98.120	3.719%
Average	99.109	3.525% 1/	98.124	3.710% 1/

89% of the amount of 91-day bills bid for at the low price was accepted
60% of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 44,096,000	$ 14,096,000	$ 5,644,000	$ 5,644,000
New York	1,404,834,000	904,334,000	1,338,009,000	704,009,000
Philadelphia	23,066,000	8,066,000	7,397,000	2,397,000
Cleveland	28,196,000	26,996,000	19,156,000	14,024,000
Richmond	20,338,000	20,338,000	2,321,000	2,311,000
Atlanta	37,161,000	36,699,000	9,331,000	8,291,000
Chicago	182,514,000	125,194,000	132,433,000	67,033,000
St. Louis	42,882,000	37,772,000	9,594,000	8,094,000
Minneapolis	20,312,000	18,592,000	4,736,000	3,736,000
Kansas City	19,482,000	19,482,000	13,552,000	11,512,000
Dallas	25,896,000	19,786,000	8,775,000	7,375,000
San Francisco	113,200,000	69,105,000	81,371,000	66,981,000
TOTALS	$1,961,977,000	$1,300,460,000 a/	$1,632,319,000	$901,407,000 b/

a/ Includes $211,215,000 noncompetitive tenders accepted at the average price of 99.109
b/ Includes $55,742,000 noncompetitive tenders accepted at the average price of 98.124
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 3.61%, for the 91-day bills, and 3.83%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

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NEW BORROWING TOMORROW IDENTIFIED AS ADDITIONAL ISSUE

In response to numerous inquiries, the Treasury Department stated that the additional amount of $1 billion 3-7/8% notes maturing August 13, 1965, on which the subscription books will be open March 31, will be identifiable as an additional issue. This will be helpful to taxpayers in distinguishing the additional issue from the notes already outstanding. The additional amount of notes will, of course, be subject to the provisions of section 1232 of the Internal Revenue Code pertaining to original issue discount.

TREASURY DEPARTMENT

WASHINGTON, D.C.

March 30, 1964

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