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U.S. Treasury Dept.

Press Releases

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TREASURY DEPARTMENT

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TREASURY DEPARTMENT

United States Savings Bonds Issued and Redeemed ~~Through~~ ~~September~~ 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	$ 4,992	$ 11	.22
Series F & G-1941 - 1952	29,521	29,408	113	.38
UNMATURED				
Series E: 3/				
1941	1,838	1,566	272	14.80
1942	8,117	6,942	1,175	14.48
1943	13,069	11,200	1,869	14.30
1944	15,226	12,896	2,330	15.30
1945	11,923	9,872	2,051	17.20
1946	5,365	4,228	1,137	21.19
1947	5,060	3,812	1,248	24.66
1948	5,217	3,828	1,389	26.62
1949	5,136	3,684	1,452	28.27
1950	4,481	3,138	1,343	29.97
1951	3,880	2,710	1,171	30,18
1952	4,064	2,788	1,277	31.42
1953	4,626	3,034	1,592	34.41
1954	4,709	2,910	1,800	38.22
1955	4,863	2,898	1,964	40.39
1956	4,657	2,792	1,865	40.05
1957	4,376	2,555	1,821	41.61
1958	4,235	2,330	1,905	44.98
1959	3,962	2,132	1,830	46.19
1960	3,945	1,993	1,953	49.51
1961	3,959	1,809	2,149	54.28
1962	3,809	1,618	2,191	57.52
1963	4,220	1,415	2,805	66.47
1964	2,247	368	1,879	83.62
Unclassified	532	573	-41	-
Total Series E	133,516	93,091	40,425	30.28
Series H (1952 - Jan. 1957) 3/ ..	4,238	1,734	2,505	59.11
H (Feb. 1957 - 1964)	5,800	711	5,089	87.74
Total Series H	10,038	2,445	7,594	75.65
Total Series E and H	143,554	95,536	48,019	33.45
Series J and K (1952 - 1957)	3,718	2,235	4/ 1,483	39.89
All Series: Total matured	34,524	34,400	124	.36
All Series: Total unmatured	147,272	97,771	49,502	33.61
All Series: Grand Total	181,796	132,171	49,626	27.30

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

BUREAU OF THE PUBLIC DEBT

United States Savings Bonds Issued and Redeemed Through September 1964
(Dollar amounts in millions - rounded and will not necessarily add to totals)

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BUREAU OF THE PUBLIC DEBT

TREASURY DEPARTMENT

WASHINGTON, D.C.

October 1, 1964

FOR IMMEDIATE RELEASE

WITHHOLDING OF APPRAISEMENT ON DINITROSOPENTAMETHYLENETETRAMINE (DNPT)

The Treasury Department is instructing customs field officers to withhold appraisement of dinitrosopentamethylenetetramine imported from Japan pending a determination as to whether this merchandise is being sold in the United States at less than fair value. Notice to this effect is being published in the Federal Register.

Dinitrosopentamethylenetetramine (DNPT) is a chemical blowing agent used in making expanded, or cellular, rubber and plastic, commonly known as foam rubber and foam plastic.

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 allegation in this case was received on February 17, 1964. The dollar value of imports received during the period September 1, 1963, through August 1964 was approximately $80,000.

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FOR RELEASE A. M. NEWSPAPERS,
Tuesday, October 6, 1964.

October 5, 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 July 9, 1964, and the other series to be dated October 8, 1964, which were offered on September 30, were opened at the Federal Reserve Banks on October 5. 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 January 7, 1965		:	182-day Treasury bills maturing April 8, 1965	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.098 a/	3.568%	:	98.110 b/	3.738%
Low	99.091	3.596%	:	98.105	3.748%
Average	99.094	3.582% 1/	:	98.107	3.744% 1/

a/ Excepting one tender of $800,000; b/ Excepting two tenders totaling $500,000
45% of the amount of 91-day bills bid for at the low price was accepted
63% 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	$ 44,954,000	$ 44,954,000	:	$ 19,452,000	$ 4,742,000
New York	1,387,406,000	764,406,000	:	1,274,151,000	653,109,000
Philadelphia	29,829,000	15,729,000	:	7,042,000	2,042,000
Cleveland	22,434,000	22,434,000	:	38,734,000	25,034,000
Richmond	13,884,000	13,884,000	:	6,084,000	5,184,000
Atlanta	30,647,000	28,097,000	:	21,820,000	19,546,000
Chicago	179,445,000	128,435,000	:	123,235,000	94,275,000
St. Louis	40,291,000	34,631,000	:	12,294,000	9,909,000
Minneapolis	21,412,000	18,312,000	:	7,463,000	4,589,000
Kansas City	33,027,000	33,027,000	:	14,478,000	12,438,000
Dallas	25,744,000	18,194,000	:	11,078,000	5,878,000
San Francisco	83,539,000	77,989,000	:	98,589,000	64,159,000
TOTALS	$1,912,612,000	$1,200,092,000 c/		$1,634,420,000	$900,905,000 d/

c/ Includes $240,183,000 noncompetitive tenders accepted at the average price of 99.094
d/ Includes $77,915,000 noncompetitive tenders accepted at the average price of 98.107
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 3.87%, 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 semi-annual compounding if more than one coupon period is involved.

TREASURY DEPARTMENT

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Chicago	179,445,000	128,435,000	123,235,000	94,275,000
St. Louis	40,291,000	34,631,000	12,294,000	9,909,000
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TOTALS	$1,912,612,000	$1,200,092,000 c/	$1,634,420,000	$900,905,000 d/

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1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 3.67%, for the 91-day bills, and 3.87%, 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 semi-annual compounding if more than one coupon period is involved.

~~BETA MODIFIED~~

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

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

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

~~BETA - MODIFIED~~

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

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 ~~(16)~~ or less for the additional bills dated July 16, 1964 ~~(17)~~, (91 ~~(18)~~ days remaining until maturity date on January 14, 1965 ~~(19)~~) and noncompetitive tenders for $100,000 ~~(20)~~ or less for the 182 ~~(21)~~ -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Banks on October 15, 1964 ~~(22)~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 15, 1964 ~~(23)~~. Cash

~~Exhibit 2-A~~

~~BETA - MODIFIED~~

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
~~XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX (1)~~

October 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 ~~(2)~~, or thereabouts, for cash and in exchange for Treasury bills maturing October 15, 1964 ~~(3)~~, in the amount of $ 2,201,685,000 ~~(4)~~, as follows:

91 ~~(5)~~ -day bills (to maturity date) to be issued October 15, 1964 ~~(6)~~, in the amount of $ 1,200,000,000 ~~(7)~~, or thereabouts, representing an additional amount of bills dated July 16, 1964 ~~(8)~~, and to mature January 14, 1965 ~~(9)~~, originally issued in the amount of $ 902,495,000 ~~(10)~~, the additional and original bills to be freely interchangeable.

182 ~~(11)~~ -day bills, for $ 1,000,000,000 ~~(12)~~, or thereabouts, to be dated October 15, 1964 ~~(13)~~, and to mature April 15, 1965 ~~(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/~~XXXXXXX~~ Daylight Saving time, Friday, October 9, 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

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WASHINGTON, D.C.

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

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less for the additional bills dated July 16, 1964, (91-days remaining until maturity date on January 14, 1965) and noncompetitive tenders for $100,000 or less for the 182-day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Banks on October 15, 1964, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 15, 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

"The draft convention will undergo minor technical revision as a result of discussions held in the past week and will then be submitted to the respective governments for signature. After signature, it will be submitted to the U. S. Senate and the Israeli Cabinet for approval.

"The United States delegation was headed by Stanley S. Surrey, Assistant Secretary of the Treasury, and the Israeli delegation by Ariel Ariely, Director of State Revenue."

The following cable was received by State Department and dictated over the phone by Mr. Vernon Setser to Miss McAnallen (Mr. Tillinghast's office), October 6, 1964, 5:30 P.M.:

AmEmbassy Tel Aviv, from Surrey for Setser, passed Treasury for Manning and Stone

The following is an agreed joint press release on U.S.-Israel tax convention. Request Treasury to issue release 10:00 A.M., Wednesday, October 7, Washington time, to parallel release in Israel (4:00 P.M., Israeli time):

"Agreement on the substantive provisions of a draft income tax convention between the United States and Israel to promote international trade and investment and to eliminate double taxation was announced today by delegations from the two countries.

"In addition to provisions commonly found in tax treaties, e.g., dealing with permanently established and visiting businessmen, technicians, students and professors, the draft convention provides that the United States will grant to its taxpayers who make investments in qualified enterprises in Israel a credit against tax equal to 7 percent of their capital investments in such enterprises. Provision is also made for the transfer of technical know-how and related services in exchange for shares in a corporation without creating a current tax liability in either of the two countries.

"The draft also contains, for the first time in such conventions, a provision empowering the competent authorities to make adjustment in liability, including refunds or credits, to avoid double taxation in appropriate cases. Such adjustments may be necessary when, for example, disparate allocations of income are made in relation to trade transactions between an Israeli and a related U. S. company.

TREASURY DEPARTMENT

WASHINGTON, D.C.

October 7, 1964

FOR IMMEDIATE RELEASE:

AGREEMENT ON TAX CONVENTION DRAFT
REACHED BY THE UNITED STATES AND ISRAEL

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TREASURY DEPARTMENT

WASHINGTON, D.C.

October 7, 1964

FOR IMMEDIATE RELEASE

WITHHOLDING OF APPRAISEMENT ON CHLORINATED PARAFFIN

The Treasury Department is instructing customs field officers to withhold appraisement of chlorinated paraffin from England, manufactured by Imperial Chemical Industries Limited, England, 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.

Chlorinated paraffins are a series of compounds having a variety of uses, such as oil additives, plasticizer-extenders for plastics, etc.

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 allegation in this case was received on September 10, 1964, and was made by the Dover Chemical Corporation, Dover, Ohio. The dollar value of imports received during the period from May 15, 1964, to date was approximately $5,000.

TREASURY DEPARTMENT

WASHINGTON, D.C.

October 7, 1964

FOR IMMEDIATE RELEASE

WITHHOLDING OF APPRAISEMENT ON CHLORINATED PARAFFIN

The Treasury Department is instructing customs field officers to withhold appraisement of chlorinated paraffin from England, manufactured by Imperial Chemical Industries Limited, England, 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.

Chlorinated paraffins are a series of compounds having a variety of uses, such as oil additives, plasticizer-extenders for plastics, etc.

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The allegation in this case was received on September 10, 1964, and was made by the Dover Chemical Corporation, Dover, Ohio. The dollar value of imports received during the period from May 15, 1964, to date was approximately $5,000.

TREASURY DEPARTMENT

WASHINGTON, D.C.

October 8, 1964

FOR IMMEDIATE RELEASE

TREASURY MARKET TRANSACTIONS IN SEPTEMBER

During September 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 $169,822,500.00.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

October 8, 1964

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D-1361

TREASURY DEPARTMENT
Washington

FOR SIMULTANEOUS RELEASE IN
PEORIA AND WASHINGTON AT 11:00 A.M.,CDT
FRIDAY, OCTOBER 9, 1964

REMARKS BY THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
AT FOUNDER'S DAY CEREMONIES
AT ROBERTSON MEMORIAL FIELDHOUSE, BRADLEY UNIVERSITY
PEORIA, ILLINOIS
FRIDAY, OCTOBER 9, 1964, 11:00 A.M., C.D.T.

Although this is my first visit to Bradley, I feel very much at home here -- not alone because I've long been a fan of your classic basketball teams, but because of the many of your graduates in Government service, including five dedicated public servants who are now serving with distinction in my own Treasury Department.

It is a great privilege for me to follow in the footsteps of a distinguished predecessor, Secretary of the Treasury Lyman Gage, who sixty-seven years ago spoke at Bradley University's first Founder's Day and dedicated the original Bradley Hall.

The address he delivered on that occasion calls to mind an old French saying: "Plus ca change, plus c'est la meme chose." Freely translated, this means, "The more things change, the more they are the same."

Secretary Gage's remarks -- which have a familiar and pertinent ring today -- were devoted to refuting the pessimists of his time, who held that rapid changes in society were impoverishing the people and undermining values, morals -- everything that had made America great.

My predecessor categorically rejected these claims and cited chapter and verse to demonstrate that, in truth, the preceding forty years had seen great and continuing advances at all levels of society.

Over the intervening years since Secretary Gage addressed a Bradley audience, the world has weathered so much tumult and change that the imagination must strain to its utmost to barely grasp them. We have seen the relatively simple world of yesteryear expand into a world of incredible complexity. We have passed through two devastating World Wars, and achieved such a capacity for mutual destruction that a third World War is now unthinkable.

Six years after Secretary Gage spoke on this campus, people could hardly credit the headlines which told of two brothers named Wright who had actually taken a flying-machine aloft at a place called Kitty Hawk. We now read without surprise of earth-created satellites mingling with the other planets, and of man-made rockets landing on the moon.

But today, just as sixty-seven years ago, there are some among us who cry havoc. They charge that the rights of the individual are being overwhelmed by an evil bureaucracy in Washington, that the morals of our people are distintegrating, that the United States is somehow losing its role as the leader of the Free World.

This portrayal of our present situation echoes the unfounded fears of sixty-seven years ago. One merely has to lift one's eyes from the trees that too often obstruct our vision and discover the majesty of the forest around us, to perceive that the warnings of today's Cassandras are no more soundly based than those at the turn of the century.

If I may be permitted to borrow a phrase that is seeing much use today, we all of us know in our hearts that life in these United States has never before been better or fuller for more and more of our citizens.

Why is it, then, that men of good will, are tempted to look backward towards what generation after generation, when in a nostalgic mood, have labelled the good old days? It is because, along with its triumphs, the present always brings new and difficult problems, problems to which the answers are not readily apparent. It is often far easier to look back at what we know than to look forward into the unknown. But that is not the way that America has been built. Nor is it the road to a stronger and better America in the years to come.

The simple fact is that as we move forward, our horizons must advance with us. We must continually aim at something better. We must strive to improve the status quo. For history clearly demonstrates that when nations or peoples become content with things as they are or immerse themselves in dreams of their past, their days are numbered. A more vigorous people will surely supplant them.

In this Fall of 1964, the main danger that confronts us from within does not lie in our supposed failure to recapture the conditions and values of a past that surely could never have been as idyllic as it is sometimes painted. The main danger is that we may refuse to face up squarely to the realities of the present -- that we may be lacking in the resiliance and strength and determination to build upon and improve present day realities in order to assure a brighter future for all Americans -- that we may permit ourselves to be so distracted by bickering and suspicion that we will ignore our great national task of hastening the day when every individual in America will have the opportunity to develop his talents to the limits of his capacity, unhindered by barriers of any sort, be they barriers of poverty, disease, color or creed.

That great task is in some measure shared by every American, by every one of our private institutions, and by each of our governments, local, state and national. For in a democracy such as ours, the highest public interest must center in the individual human person and in the creation and nourishment of a climate in which he can grow and thrive.

One of the basic premises of our democracy is that no man is exactly like another. One may be blessed with a higher I.Q. or greater physical strength, have a different interest, or be more industrious or more ambitious. These are natural differences, and the very purpose of a democratic society is to afford them free play. If allowed to flourish, these are the differences that move America forward and enrich our life.

There are, however, other differences -- differences of race, of religion, of economic circumstance -- differences that, while natural enough in themselves, may grow into artificial barriers that can frustrate talent, deny growth and development, and withhold legitimate rewards. As long as those barriers exist, we must struggle mightily to bring them down. For they will increase in size and power to the exact degree that we relax our efforts against them.

This is the dual challenge that every generation of Americans must face anew: the challenge of encouraging individual potential, and of removing barriers to its growth and development. It is by meeting this dual challenge in all the changing forms that it assumes from generation to generation, that America keeps faith with one of its most cherished commitments -- the commitment to equality of opportunity for every American.

That commitment must be of foremost concern to the men and women who serve our citizenry in government, be it at the local, state, or national level. And that commitment can only be carried out in the light of current realities.

One of those realities is the fact that, as the world grows more complex, government must inevitably reflect that complexity if it hopes to cope with it. In the early days of our Revolution, we could rely heavily on local militia to protect us against foreign attack. Today, we need an armed force infinitely more powerful than could possibly be developed by any State government. Today we are building a great interstate highway system linking all the states with highways built to standard specifications -- highways which could never be built without Federal guidance and help. And although none of us are as yet satisfied that we have found the perfect answer, think of the suffering and chaos that would fall upon our farm population if today's Federal government took no interest in any of our farm problems.

Naturally, we want to make sure that the Federal government does not intrude on matters that can be handled privately or at the state and local level. And we want to make equally sure that State and local governments do not trespass where private institutions can do the job. Rather we should aim for a close working partnership between the private sector of our society and government at all levels -- a partnership in which government at any level shall enter only when and where it is needed, but a partnership in which there shall be no holding back when the necessity for government participation becomes apparent.

One of our greatest needs today is for an ever-expanding supply of highly trained talent to cope with the mounting complexities of modern life and the explosive rate of technological progress. The fact is that, despite the impressive performance of our economy in recent years, there are still considerably more than 3 million people unemployed. And those millions of young people born in the early postwar years are just beginning to enter the labor force, and will be entering it in ever-increasing numbers over the next few years.

At the same time technological change will be moving at an even more rapid pace than today, eliminating unskilled labor and steadily raising the level of educational accomplishment required to hold down a job. There is simply no question but that our future success in providing work for our people will be critically dependent upon our success in training them for the increasingly complex jobs of the future.

That need for training constitutes a formidable challenge to our entire educational system -- both public and private -- as well as to private individuals and private enterprise, and to government. We are, I am convinced, doing a great deal to meet that challenge. The new University Hall and the fine new building that you are dedicating today -- Bradley Hall -- are both of them excellent examples of how vital a role private philanthropy is playing in the progress and vigor of our educational system throughout the country.

In their turn, our States and local communities -- while often hampered by severe financial limitations -- are working ceaselessly to help our public educational system keep pace with the rapidly growing demands that are made upon it.

And, finally, the record of the 88th Congress, which adjourned only last week, demonstrates beyond question how diligently the Federal Government is working to meet its share of the responsibility for assuring adequate educational opportunities for our citizens. I doubt that any Congress in our nation's history has accomplished more to further education and training than the 88th Congress. Let me cite just a few of its accomplishments:

The $1.2 billion Higher Education Facilities Act of 1963 will aid college construction over a three-year period. More than 2,000 institutions will benefit from its provisions in meeting anticipated enrollment increases of 350,000 students each year.

The $956 million Vocational Education Act of 1963 will permit many thousands of youngsters out of school and out of work to obtain the technical and vocational training they need so much.

The Health Professions Educational Assistance Act will facilitate the construction of teaching facilities for physicians, nurses, public health personnel and other specialists so desperately needed by our expanding population. It will also extend loans to needy students of medicine, dentistry and osteopathy.

The Manpower Development and Training Act has blazed an entirely new trail, opening up a new and important way to offset the problems of technological unemployment.

And then there is the newly strengthened and broadened National Defense Education Act, the last major piece of legislation approved by the Congress before it adjourned last week. It will help 250,000 students to pursue a college education and, among many other things, will also substantially increase the supply of badly needed teachers.

Through accomplishments such as these, the 88th Congress has won wide acclaim as "The Congress of Educational Opportunity" -- a title that, along with their many other contributions to the nation's welfare, should serve the members of that Congress as a just and lasting cause for pride.

Unfortunately, no matter how important a role government can play in helping to provide opportunities for the growth of the individual -- in education as in other spheres -- there are those who still believe that between government and individual creativity there is some kind of inherent and absolute antagonism. I quarrel with that view, as I think most Americans do.

I am convinced, as I think most Americans are, that one of the Government's prime obligations is to foster individual freedom and creativity, and to promote conditions in our land in which those qualities can flourish. This requires a genuinely free and open society in which talent can seek its own level with as few extraneous obstacles as possible.

The attainment of that kind of society must not be the exclusive concern of any one sector of our society, but the common concern of all. It should be the concern of every American and every private institution in America. It should be the concern of government at every level.

If all Americans, if all our private institutions, if all levels of government, thus join together, then we can confront the complexities and challenges of today's world full of confidence that they shall serve, not as obstacles, but as springboards toward a greater America for all of our citizens.

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TREASURY DEPARTMENT
Washington

FOR SIMULTANEOUS RELEASE
IN NEW YORK AND WASHINGTON
AT 12:00 NOON, EDT
THURSDAY, OCTOBER 8, 1964

REMARKS BY THE HONORABLE ROBERT V. ROOSA
UNDER SECRETARY OF THE TREASURY FOR MONETARY AFFAIRS
TO THE NEW YORK CHAMBER OF COMMERCE
AT THE CHAMBER, 65 LIBERTY STREET, NEW YORK, NEW YORK
THURSDAY, OCTOBER 8, 1964, 12:00 NOON (EDT)

MONEY FLOWS AND BALANCE OF PAYMENTS ADJUSTMENT

This speech may have more than the usual reasons for making my efforts of this kind disappointing; so I hasten to acknowledge them in advance. One is that I will do my best, despite any subconscious inclinations to the contrary, to avoid making any comment that could have a bearing of any kind on the market's current interpretations of where monetary policy may now be heading. Another is that I will also do my best, while suppressing all natural inclinations, to make no comment that could bear in any conceivable way upon the course of the current election campaign. And a third is that I have not been able to finish my text in time to permit release to the press in advance, so that I will probably stray some distance from the few prepared remarks that I have been able to set down.

Behind that defensive barricade, I would now like to talk with you for a few minutes about some of the implications of the work that has been going on recently to appraise, and where necessary to improve, the arrangements the world now has for assuring adequate international liquidity.

Last week, talking in Philadelphia, I had an opportunity to describe the steps being taken to improve further the arrangements for international financial cooperation -- arrangements that have been expanded rather quickly in the past few years and for which we now need some more orderly regularization. Next week, at a meeting of the National Industrial Conference Board, I will have an opportunity to elaborate some of the arguments that can be made for, and against, various proposals that have been made for adding to international liquidity. I refer, of course, to suggestions for introducing in the future some new form of international reserve asset, to be used alongside gold and the foreign exchange which has supplemented gold, most notably the dollar, the pound sterling, and for some parts of the world, the French franc.

Today, I propose to leave both cooperation and the creation of new reserve assets aside, and take a look instead at some aspects of balance of payments adjustment. That means, of course, the processes through which countries in external deficit, or external surplus, get themselves back into equilibrium. And as all of you know so well, when the overall payments flow of a business, or a nation, can be so managed that current receipts closely balance current outpayments, the need for an idle balance of working cash, or for drawing on credit, can be kept to a minimum. That is why any methods that can be relied upon to limit, and reverse, a tendency which one country or another develops toward heavy balance of payments deficits, or another develops toward large surpluses, will also contribute importantly toward reducing the over-all need for liquidity itself.

There is often a dangerous propensity among us to feel that more money is the adequate answer to any problem -- until, of course, we find that an excess of money creates inflation and intensifies imbalance. In large or increasing amounts, liquidity may only mask over for a time, rather than help to resolve, the real disparities that develop among countries in the flow of trade and payments. In international affairs, as in the home economy, the need is for ample, but not superfluous, liquidity. And it is one of the built-in safeguards of a system based upon credit -- credit that rests upon appraisal and judgment -- that a reasonable balance can be found. The mechanism itself tends, with a measure of over-all guidance from the financial authorities of government, to be self-adjusting.

It is fully as important, moreover, to find ways of reducing balance of payments swings as it is to assure the reserves or credit facilities needed to finance imbalances over the period that correction back toward equilibrium is taking place. That is why the United States, after seven lean years of balance of payments deficits, must get back to equilibrium in real terms. This cannot be accomplished through any mirror trick of monetary magic. We must go through our own process of adjustment.

I need not repeat today, much as I do wish to emphasize, the details of our current national balance of payments effort, as these have been working themselves out through larger exports, reduced governmental expenditures abroad, some inflow of capital to offset our large outflows, and the interaction of many other forces. The fusion of.private effort and Government stimulus has, at the gradual but determined pace which usually characterizes fundamental changes brought about through the market place, produced reassuring results.

We have, it now seems clear, been on the right path -- promoting investment for greater productivity as the basis for price and cost stability, and evolving an unprecedented change in the "mix" of fiscal, monetary and debt management policies as the Government's principal contribution toward this aim. Though the United States still has the most rugged part of that path yet to travel in order to reach real equilibrium, and though we are now at the stage for intensified rather than relaxed effort, it is possible to begin to read some lessons from this experience.

The representatives of the various governments which meet in Working Party 3 of the OECD have recently been asked to make a special effort to distill, from the experience of all these countries since convertibility became general at the end of 1958, any "rules of the game" that might improve the processes of balance of payments adjustment among nations. Without anticipating the results of that major undertaking, I would like to suggest some of the conclusions that seem, at least in my judgment, already warranted as to (1) the conditions that must be placed upon adjustment aims, (2) the nature of differences among countries for which any "rules" must be adapted, and (3) the methods which can appropriately and effectively be used to bring about equilibrium.

The days of simple reliance upon monetary policy, for any and all cases, I am going to dare to suggest, may possibly be gone forever. While there will still be many cases of imbalance for which monetary policy can provide the principal corrective, and while it will no doubt play an active role in all, the patterns of its influence will probably be increasingly varied; the range of appropriate variations in interest rates may begin to narrow; and the complex industrialized economies may find their own free markets creating so many new forms of liquidity instruments that the traditional methods and criteria of monetary control may have to be re-examined in a number of these countries.

These are not meant as flat assertions; rather as provocative questions. But perhaps you may agree they are questions worth asking if I am able to sum up what I have in mind on the limiting conditions, the nature, and the methods of the adjustment processes which countries would now find sufficiently acceptable to be relied upon.

1. Limiting Conditions

One way of looking at the limiting conditions is to list the things which most countries simply cannot any longer deliberately set out to do.

(a) They cannot intentionally, for more than a few months at most, attempt to stop their own domestic growth; few could dare attempt to turn it backward; though its upward pace can, of course, be altered.

(b) They cannot deliberately, with the exception of transitional or structural changes of comparatively short duration, increase unemployment -- either of men or of resources.

(c) They cannot induce severe price deflation, with its implications not only for growth, and employment, but also for profits.

(d) They cannot for long pursue policies of intentional inflation, though this is a somewhat weaker constraint than that of deflation.

(e) They cannot make frequent large changes in their exchange rates, once they have reached the stage of establishing a parity.

Or to put these conditions positively, most countries are now committed to support sustained domestic growth, to assure maximum employment, to avoid depression, to check accelerating booms, and to maintain fixed rates of exchange (within the narrow margins of variation permitted by the International Monetary Fund).

Is it to be wondered that, in these circumstances, once convertibility was re-established among most of the industrialized countries, the earlier forms of monetary action, which so often relied upon correction through contraction, have been succeeded by approaches that have seemed to some of us, at times, a bit unorthodox?

2. The Nature of Significant Differences Among Countries

As approaches have changed, it has also become increasingly clear that there are wide differences among countries in their sensitivity to one mix of policies or another, and that any new "rules of the game," if countries are going to be able to live by them, will have to be adapted to such differences as the following:

(a) Differences in the stage of development, of manpower and resources;

(b) Differences in the composition of product, as between raw materials and manufactures;

(c) Differences in the proportion between external transactions that flow through the balance of payments and total transactions (that is, between foreign and domestic transactions);

(d) Differences in internal market structure, in restrictive practices, or in domestic subsidies, not only for goods but also for various kinds of capital and credit;

(e) Differences in comparative size, causing differences in the extent to which a given country must take into account the effect of its own actions upon all others;

(f) Differences in the extent to which a country's currency, or its credit facilities, or its capital markets, may be utilized by others, with a resulting convergence upon reserve currency countries, for example, of many of the pressures released or exerted by other countries.

This is by no means an exhaustive list. It does starkly underline, however, the extent to which modern progress has meant a fanning out of countries into a number of general types, in contrast with earlier periods when all countries were much more nearly the same -- and when perhaps two groupings could account for nearly all of them. I do not imply that progress has been synonymous with chaos, but I do ask whether we should not expect that our methods of maintaining viable balance among countries should have become as complex and varied as are their national economies, and the commitments and priorities of their domestic economic policies.

3. Methods of Adjustment

If my questions have any validity, then, they suggest that the United States has been making the right kind of an attempt, whether or not we have found the right combination of answers, in our own balance of payments program over recent years. Trial and error can be expensive, if not destructive, so that neither we nor other countries can afford to hop about, changing the direction or emphasis of the attack on the U. S. deficit, or upon the German or French surpluses, for example. What we can do -- at the price of more wear and tear in trans-Atlantic jet travel than may be sensible or sustainable for the long run -- is to maintain close and continuous contact with other countries, among whom the similarities may be somewhat greater than the differences, and to submit each other to persistent cross-examination and criticism, particularly concerning our interactions upon each other.

It is out of just such exposure that much of the stimulus for, if not the actual content of, a considerable part of our own mix of balance of payments policies has been evolved. And in the process we have, so far as the United States is concerned, found ourselves developing a series of measures on the governmental side which could, quite understandably, be critically viewed as patchwork improvisation. But there has through it all been a pattern. Our starting premise has been price and cost stability. Our primary effort has been to use fiscal and monetary measures to stimulate the productivity that will support growth and provide expanding incomes and profits within the framework of price stability. At the same time, we have trimmed Government spending of dollars overseas, tried to spur exports, and where necessary put a brake upon an accelerating outflow of either short-term funds or long-term capital. Meanwhile, as the deficits gradually shrank, without imposing harsh repercussions on others, we sought such means of financing the deficits that remained as would, over the longer run, also make some contribution toward more diversified credit facilities for the international liquidity needs of the future.

What I think we also learned in this process (and this explains the title I have selected for these remarks), is that some of our traditional conceptions -- of reliance solely, or mainly, upon the "tight money" that depends upon very high interest rates to overcome a deficit -- are not likely very often to fit the needs of the United States economy, nor the conditions which most countries impose on the adjustment process, over the years ahead. And I suspect that some of the surplus countries are reaching similar conclusions, from the other side.

For the impact of really tight money, or severely constricted credit, in the United States over these past several years would have been of doubtful assistance, to say the least, in progress toward adjustment in real terms, while perhaps attracting an inflow of funds that would have given us the superficial satisfaction of apparent balance. And conversely, easy money in the rapidly expanding economies of Europe would have fanned the inflation which their rising costs and wages were already causing, leading at the same time to an outflow of funds that would have given a superficial impression that their underlying surpluses were disappearing.

The main reason for these paradoxical developments is that our traditional views on the role of monetary policy in correcting international imbalance presumed a different sort of world. Countries with external deficits were supposed to have full employment and rising prices; countries with external surpluses were supposed to have underemployment and comparatively low prices. For these conditions, tight money could meet both the foreign and the domestic needs of the deficit country; easy money could meet both the external and the internal needs of the surplus country.
I do not want to say that such circumstances will not recur. What I do say is that we cannot presume that this will be the only pattern.

Within the past year there has been further sharp evidence of the new circumstances, and their significance. Take Italy and the Netherlands as examples. Without doing justice to either, I may perhaps generalize that Italy's situation at the beginning of the year was one of rising external deficit coupled with severe inflationary pressure at home -- on the surface, one of the classic cases. Yet Italy was also undergoing the most extensive structural readjustment, internally, of any of the leading industrial countries. The government acted; the private sector responded. There were some new taxes; there was a firm control over credit, including limitation on foreign borrowing by Italian banks; there was no increase in the discount rate. Following announcement of a tailored package of short-run external credits, the situation was turned abruptly around. Italy is now in surplus. We all hope a lasting improvement has been accomplished. But to have relied entirely on further increases in interest rates, in the circumstances, would indeed have only caused an inflow of funds that might have defeated -- not supported -- the over-all effort to restore equilibrium.

In the case of the Netherlands, without reviewing all of the relevant story, a deficit had also developed early this year after some period of surplus on balance. The government had, somewhat earlier, deliberately accepted a controlled degree of inflation as part of the corrective needed for restoring a balance in payments, but that seemed to begin to get out of hand. Internal restraint became necessary. The credit markets were tightened and interest rates raised to heights that had not been seen in the Netherlands for some years. The result? An unprecedented volume of funds has been repatriated or invested in the Netherlands just as its balance of payments seemed to be moving back into equilibrium. Tight money has not, at least not unmistakably, been the sole and satisfactory answer.

It is such experience that has persuaded so many of us that we must try to develop new methods, or new combinations of old methods, among most of the more industrialized countries over these past few years. It is certainly not a reason to turn toward selective controls of any kind, for the longer run, and certainly not to become restrictionist instead of expansionist in our outlook for freedom of trade and payments. It is to say, as Chairman Martin has said so often, that none of us can be isolationist in economic policy. And I would add, as I am sure he would, none of us can afford to be rigid in the development of economic policy.

FOR RELEASE A. M. NEWSPAPERS,
Saturday, October 10, 1964.

October 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 July 16, 19 and the other series to be dated October 15, 1964, which were offered on October 5, opened at the Federal Reserve Banks on October 9. Tenders were invited for $1,200, or thereabouts, of 91-day bills and for $1,000,000,000, or thereabouts, of 182-day The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing January 14, 1965		:	182-day Treasury bills maturing April 15, 1965	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Annual Rate
High	99.098 a/	3.568%	:	98.118 b/	3.723%
Low	99.093	3.588%	:	98.115	3.729%
Average	99.095	3.580% 1/	:	98.116	3.726% 1/

a/ Excepting one tender of $150,000; b/ Excepting two tenders totaling $1,000,000
7 percent of the amount of 91-day bills bid for at the low price was accepted
47 percent of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 41,963,000	$ 21,070,000	:	$ 26,039,000	$ 11,9
New York	1,484,523,000	674,733,000	:	1,673,386,000	834,0
Philadelphia	33,892,000	18,892,000	:	8,967,000	3,69
Cleveland	29,868,000	29,868,000	:	48,414,000	18,9
Richmond	12,055,000	12,055,000	:	6,704,000	4,57
Atlanta	41,860,000	34,512,000	:	17,447,000	9,30
Chicago	188,835,000	136,025,000	:	171,029,000	65,30
St. Louis	48,653,000	41,267,000	:	15,629,000	11,30
Minneapolis	23,743,000	18,383,000	:	8,178,000	4,47
Kansas City	32,448,000	29,918,000	:	14,133,000	10,01
Dallas	29,773,000	16,123,000	:	11,228,000	6,10
San Francisco	184,724,000	167,634,000	:	90,455,000	20,8
TOTALS	$2,152,337,000	$1,200,080,000 c/		$2,091,609,000	$1,000,5

c/ Includes $263,241,000 noncompetitive tenders accepted at the average price of 99.
d/ Includes $86,023,000 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 return these bills would provide yields of 3.66%, for the 91-day bills, and 3.85%, for 182-day bills. Interest rates on bills are quoted in terms of bank discount with 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 In contrast, yields on certificates, notes, and bonds are computed in terms of est 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 ing if more than one coupon period is involved.

TREASURY DEPARTMENT

WASHINGTON, D.C.

R RELEASE A. M. NEWSPAPERS,
turday, October 10, 1964.

October 9, 1964

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Low	99.093	3.588%	98.115	3.729%
Average	99.095	3.580% 1/	98.116	3.726% 1/

Excepting one tender of $150,000; b/ Excepting two tenders totaling $1,000,000
percent of the amount of 91-day bills bid for at the low price was accepted
percent of the amount of 182-day bills bid for at the low price was accepted

TAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 41,963,000	$ 21,070,000	$ 26,039,000	$ 11,984,000
New York	1,484,523,000	674,733,000	1,673,386,000	834,056,000
Philadelphia	33,892,000	18,892,000	8,967,000	3,691,000
Cleveland	29,868,000	29,868,000	48,414,000	18,925,000
Richmond	12,055,000	12,055,000	6,704,000	4,575,000
Atlanta	41,860,000	34,512,000	17,447,000	9,303,000
Chicago	188,835,000	136,025,000	171,029,000	65,389,000
St. Louis	48,653,000	41,267,000	15,629,000	11,203,000
Minneapolis	23,743,000	18,383,000	8,178,000	4,478,000
Kansas City	32,448,000	29,518,000	14,133,000	10,014,000
Dallas	29,773,000	16,123,000	11,228,000	6,122,000
San Francisco	184,724,000	167,634,000	90,455,000	20,808,000
TOTALS	$2,152,337,000	$1,200,080,000 c/	$2,091,609,000	$1,000,548,000 d/

Includes $263,241,000 noncompetitive tenders accepted at the average price of 99.095
Includes $86,023,000 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 3.66%, 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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Notes to Accompany Tables on Reserves and Credit Facilities

Table Column No.

1. *Gold.* Figures are published data from *International Financial Statistics.*
2. *Foreign Exchange.* Figures are published in *IFS.*
3. Subtotal of (1) and (2) represents the sum of gold and foreign exchange (primary reserves).
4. *Gold Tranche,* including super gold tranche, is published in *IFS.*
5. *Special U.S. Bonds* represent U.S. Government nonmarketable obligations payable in foreign currencies or in U.S. dollars, with an original maturity of more than one year, and convertible at the option of the holder into short-term Treasury obligations.
6. *Swaps Used by Other Party* represent that part of a reciprocal swap arrangement that corresponds to a swing credit that has been drawn upon by the other party, and is therefore an asset of the drawee country. Where swaps have been activated and amounts are held in the form of foreign exchange, they appear under "foreign exchange". The total amounts for swaps included in the tables will always add up to twice the original amount available to one party in the case of a group of countries that includes both parties to the swap.
7. *Miscellaneous* includes, but is not limited to, forward or other availabilities, long-term mobilizable securities and other foreign assets that have been acquired by monetary authorities, such as IBRD notes, etc.

Table Column No.

9. *Total Reserves* represent the sum of primary and other reserves. Total may not be statistically exact since some countries treat special U.S. bonds as part of foreign exchange reserves and therefore there may be some element of double counting. This also applies to Columns 8, 18 and 19.
10. *Swaps Unactivated.* This represents the standby facilities that have been established under swap agreements but not activated in the sense of reciprocal acquisition of foreign exchange.
11. *IMF Standbys.* This column would include standby facilities that can be drawn upon without further policy review; there was one of these in existence on December 31, 1963.
12. *Other Credit Lines.* This column would include bilateral or other assured credit lines that may exist now or in the future.
14. *Other IMF Tranches.* The amount shown in this column (together with the amount in column 11) represents for each country the undrawn portion of four credit tranches, which if drawn in full would bring the currency holdings of the IMF in that country's currency to 200 percent of quota.
15. *Potential Credit Lines.* This column registers the potentiality of other credit facilities that may be negotiated, or may be available after negotiation under some kind of policy review.
18. *Total of Other Reserves and Credit Facilities.* This is the sum of all the items except gold and foreign exchange reserves.

TABLE IV—OFFICIAL RESERVES AND CREDIT FACILITIES[1]

December 31, 1959–December 31, 1963 [In billions of U.S. dollars equivalent]

	RESERVES									CREDIT FACILITIES									
	GOLD AND FOREIGN EXCHANGE			OTHER						ASSURED				SUBJECT TO NEGOTIATION					
	Gold	Foreign exchange	Sub-total (1)+(2)	Gold[2] tranche	Special U.S. bonds	Swaps used by other party	Mis-cella-neous	Sub-total (4) to (7)	Total reserves (3)+(8)	Swaps unacti-vated	IMF stand-bys[3]	Other credit lines	Sub-total (10, 11, 12)	Other IMF[4] tranches	Poten-tial credit lines	Sub-total (14)+(15)	Total credit facilities (13)+(16)	Total (8)+(17)	Grand total (9)+(17)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
The Eight:																			
1959	9.34	6.07	15.41	.86	0	0	n.a.	.86	16.27	0	0		0	3.80		3.80	3.80	4.66	20.07
1963	13.62	9.88	23.50	1.80	.61	.16	n.a.	2.57	26.07	.95	0		.95	3.74		3.74	4.69	7.26	30.76
Change	+4.28	+3.81	+8.09	+.94	+.61	+.16	n.a.	+1.71	+9.80	+.95	0		+.95	-.06		-.06	+.89	+2.60	+10.69
Switzerland:																			
1959	1.93	.13	2.06	0	0	0	n.a.	0	2.06	0	0		0	0		0	0	0	2.06
1963	2.82	.25	3.07	0	.05	.08	n.a.	.13	3.20	.08	0		.08	0		0	.08	.21	3.28
Change	+.89	+.12	+1.01	0	+.05	+.08	n.a.	+.13	+1.14	+.08	0		+.08	0		0	+.08	+.21	+1.22
The Eight and Switzerland:																			
1959	11.27	6.20	17.47	.86	0	0	n.a.	.86	18.33	0	0		0	3.80		3.80	3.80	4.66	22.13
1963	16.44	10.13	26.57	1.80	.66	.24	n.a.	2.70	29.27	1.03	0		1.03	3.74		3.74	4.77	7.47	34.04
Change	+5.17	+3.93	+9.10	+.94	+.66	+.24	n.a.	+1.84	+10.94	+1.03	0		+1.03	-.06		-.06	+.97	+2.81	+11.91
United Kingdom:																			
1959	2.51	.24	2.75	.07	0	0	n.a.	.07	2.82	0	0		0	1.95		1.95	1.95	2.02	4.77
1963	2.48	.17	2.65	.49	0	0	n.a.	.49	3.14	.50	.51		1.01	1.44		1.44	2.45	2.94	5.59
Change	-.03	-.07	-.10	+.42	0	0	n.a.	+.42	+.32	+.50	+.51		+1.01	-.51		-.51	+.50	+.92	+.82
United States:																			
1959	19.51	0	19.51	2.00	0	0	n.a.	2.00	21.51	0	0		0	4.12		4.12	4.12	6.12	25.63
1963	15.60	.21	15.81	1.04	0	.05	n.a.	1.09	16.90	1.58	0		1.58	4.12		4.12	5.70	6.79	22.60
Change	-3.91	+.21	-3.70	-.96	0	+.05	n.a.	-.91	-4.61	+1.58	0		+1.58	0		0	+1.58	+.67	-3.03
Reserve Countries:																			
1959	22.02	.24	22.26	2.07	0	0	n.a.	2.07	24.33	0	0		0	6.07		6.07	6.07	8.14	30.40
1963	18.08	.38	18.46	1.53	0	.05	n.a.	1.58	20.04	2.08	.51		2.59	5.56		5.56	8.15	9.73	28.19
Change	-3.94	+.14	-3.80	-.54	0	+.05	n.a.	-.49	-4.29	+2.08	+.51		+2.59	-.51		-.51	+2.08	+1.59	-2.21
Group of Ten:																			
1959	31.36	6.31	37.67	2.93	0	0	n.a.	2.93	40.60	0	0		0	9.87		9.87	9.87	12.80	50.47
1963	31.70	10.26	41.96	3.33	.61	.21	n.a.	4.15	46.11	3.03	.51		3.54	9.30		9.30	12.84	16.99	58.95
Change	+.34	+3.95	+4.29	+.40	+.61	+.21	n.a.	+1.22	+5.51	+3.03	+.51		+3.54	-.57		-.57	+2.97	+4.19	+8.48
Group of Ten and Switzerland:																			
1959	33.29	6.44	39.73	2.93	0	0	n.a.	2.93	42.66	0	0		0	9.87		9.87	9.87	12.80	52.53
1963	34.52	10.51	45.03	3.33	.66	.29	n.a.	4.28	49.31	3.11	.51		3.62	9.30		9.30	12.92	17.20	62.23
Change	+1.23	+4.07	+5.30	+.40	+.66	+.29	n.a.	+1.35	+6.65	+3.11	+.51		+3.62	-.57		-.57	+3.05	+4.40	+9.70
Rest of World:																			
1959	4.59	12.66	17.25	.32	0	0	n.a.	.32	17.57	0	0		0	3.03		3.03	3.03	3.35	20.60
1963	5.68	14.56	20.24	.61	.05	0	n.a.	.66	20.90	.05	0		.05	4.18		4.18	4.23	4.89	25.13
Change	+1.09	+1.90	+2.99	+.29	+.05	0	n.a.	+.34	+3.33	+.05	0		+.05	+1.15		+1.15	+1.20	+1.54	+4.53
All Countries:																			
1959	37.88	19.10	56.98	3.25	0	0	n.a.	3.25	60.23	0	0		0	12.90		12.90	12.90	16.15	73.13
1963	40.20	25.07	65.27	3.94	.71	.29	n.a.	4.94	70.21	3.16	.51		3.67	13.48		13.48	17.15	22.09	87.36
Change	+2.32	+5.97	+8.29	+.69	+.71	+.29	n.a.	+1.69	+9.98	+3.16	+.51		+3.67	+.58		+.58	+4.25	+5.94	+14.23
BIS:																			
1959	-.13	0	-.13	0	0	0	n.a.	0	-.13	0	0		0	0		0	0	0	-.13
1963	-.28	0	-.28	0	0	.15	n.a.	.15	-.13	.01	0		.01	0		0	.01	.16	-.12
Change	-.15	0	-.15	0	0	+.15	n.a.	+.15	0	+.01	0		+.01	0		0	+.01	+.16	+.01
Other International Organizations:																			
1959	2.44	0	2.44	0	0	0	n.a.	0	2.44	0	0		0	0		0	0	0	2.44
1963	2.36	0	2.36	0	0	0	n.a.	0	2.36	0	0		0	0		0	0	0	2.36
Change	-.08	0	-.08	0	0	0	n.a.	0	-.08	0	0		0	0		0	0	0	-.08

[1] Data for other reserves and credit facilities are incomplete and partly estimated.

[2] Including super gold tranche.

[3] Beyond the gold tranche.

[4] Including standbys subject to policy performance.

n.a. Not available.

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TABLE III—OFFICIAL RESERVES AND CREDIT FACILITIES[1]

December 31, 1953–December 31, 1963 [In billions of U.S. dollars equivalent]

	RESERVES									CREDIT FACILITIES									
	GOLD AND FOREIGN EXCHANGE			OTHER						ASSURED				SUBJECT TO NEGOTIATION					
	Gold	Foreign exchange	Sub-total (1)+(2)	Gold[2] tranche	Special U.S. bonds	Swaps used by other party	Miscellaneous	Sub-total (4) to (7)	Total reserves (3)+(8)	Swaps unactivated	IMF standbys[3]	Other credit lines	Sub-total (10, 11, 12)	Other IMF[4] tranches	Potential credit lines	Sub-total (14) +(15)	Total credit facilities (13)+(16)	Total (8)+(17)	Grand total (9)+(17)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
The Eight:																			
1953	4.03	4.74	8.77	.26	0	0	n.a.	.26	9.03	0	0		0	1.48		1.48	1.48	1.74	10.51
1963	13.62	9.88	23.50	1.80	.61	.16	n.a.	2.57	26.07	.95	0		.95	3.74		3.74	4.69	7.26	30.76
Change	+9.59	+5.14	+14.73	+1.54	+.61	+.16	n.a.	+2.31	+17.04	+.95	0		+.95	+2.26		+2.26	+3.21	+5.52	+20.25
Switzerland:																			
1953	1.46	.31	1.77	0	0	0	n.a.	0	1.77	0	0		0	0		0	0	0	1.77
1963	2.82	.25	3.07	0	.05	.08	n.a.	.13	3.20	.08	0		.08	0		0	.08	.21	3.28
Change	+1.36	−.06	+1.30	0	+.05	+.08	n.a.	+.13	+1.43	+.08	0		+.08	0		0	+.08	+.21	+1.51
The Eight and Switzerland:																			
1953	5.49	5.05	10.54	.26	0	0	n.a.	.26	10.80	0	0		0	1.48		1.48	1.48	1.74	12.28
1963	16.44	10.13	26.57	1.80	.66	.24	n.a.	2.70	29.27	1.03	0		1.03	3.74		3.74	4.77	7.47	34.04
Change	+10.95	+5.08	+16.03	+1.54	+.66	+.24	n.a.	+2.44	+18.47	+1.03	0		+1.03	+2.26		+2.26	+3.29	+5.73	+21.76
United Kingdom:																			
1953	2.26	.28	2.54	.12	0	0	n.a.	.12	2.66	0	0		0	1.30		1.30	1.30	1.42	3.96
1963	2.48	.17	2.65	.49	0	0	n.a.	.49	3.14	.50	.51		1.01	1.44		1.44	2.45	2.94	5.59
Change	+.22	−.11	+.11	+.37	0	0	n.a.	+.37	+.48	+.50	+.51		+1.01	+.14		+.14	+1.15	+1.52	+1.63
United States:																			
1953	22.10	0	22.10	1.37	0	0	n.a.	1.37	23.47	0	0		0	2.75		2.75	2.75	4.12	26.22
1963	15.60	.21	15.81	1.04	0	.05	n.a.	1.09	16.90	1.58	0		1.58	4.12		4.12	5.70	6.79	22.60
Change	−6.50	+.21	−6.29	−.33	0	+.05	n.a.	−.28	−6.57	+1.58	0		+1.58	+1.37		+1.37	+2.95	+2.67	−3.62
Reserve Countries:																			
1953	24.36	.28	24.64	1.49	0	0	n.a.	1.49	26.13	0	0		0	4.05		4.05	4.05	5.54	30.18
1963	18.08	.38	18.46	1.53	0	.05	n.a.	1.58	20.04	2.08	.51		2.59	5.56		5.56	8.15	9.73	28.19
Change	−6.28	+.10	−6.18	+.04	0	+.05	n.a.	+.09	−6.09	+2.08	+.51		+2.59	+1.51		+1.51	+4.10	+4.19	−1.99
Group of Ten:																			
1953	28.39	5.02	33.41	1.75	0	0	n.a.	1.75	35.16	0	0		0	5.53		5.53	5.53	7.28	40.69
1963	31.70	10.26	41.96	3.33	.61	.21	n.a.	4.15	46.11	3.03	.51		3.54	9.30		9.30	12.84	16.99	58.95
Change	+3.31	+5.24	+8.55	+1.58	+.61	+.21	n.a.	+2.40	+10.95	+3.03	+.51		+3.54	+3.77		+3.77	+7.31	+9.71	+18.26
Group of Ten and Switzerland:																			
1953	29.85	5.33	35.18	1.75	0	0	n.a.	1.75	36.93	0	0		0	5.53		5.53	5.53	7.28	42.46
1963	34.52	10.51	45.03	3.33	.66	.29	n.a.	4.28	49.31	3.11	.51		3.62	9.30		9.30	12.92	17.20	62.23
Change	+4.67	+5.18	+9.85	+1.58	+.66	+.29	n.a.	+2.53	+12.38	+3.11	+.51		+3.62	+3.77		+3.77	+7.39	+9.92	+19.77
Rest of World:																			
1953	4.47	11.78	16.25	.14	0	0	n.a.	.14	16.39	0	0		0	1.61		1.61	1.61	1.75	18.00
1963	5.68	14.56	20.24	.61	.05	0	n.a.	.66	20.90	.05	0		.05	4.18		4.18	4.23	4.89	25.13
Change	+1.21	+2.78	+3.99	+.47	+.05	0	n.a.	+.52	+4.51	+.05	0		+.05	+2.57		+2.57	+2.62	+3.14	+7.13
All Countries:																			
1953	34.32	17.11	51.43	1.89	0	0	n.a.	1.89	53.32	0	0		0	7.14		7.14	7.14	9.03	60.46
1963	40.20	25.07	65.27	3.94	.71	.29	n.a.	4.94	70.21	3.16	.51		3.67	13.48		13.48	17.15	22.09	87.36
Change	+5.88	+7.96	+13.84	+2.05	+.71	+.29	n.a.	+3.05	+16.89	+3.16	+.51		+3.67	+6.34		+6.34	+10.01	+13.06	+26.90
BIS:																			
1953	.08	0	.08	0	0	0	n.a.	0	.08	0	0		0	0		0	0	0	.08
1963	−.28	0	−.28	0	0	.15	n.a.	.15	−.13	.01	0		.01	0		0	.01	.16	−.12
Change	−.20	0	−.20	0	0	+.15	n.a.	+.15	−.05	+.01	0		+.01	0		0	+.01	+.16	−.04
Other International Organizations:																			
1953	1.86	0	1.86	0	0	0	n.a.	0	1.86	0	0		0	0		0	0	0	1.86
1963	2.36	0	2.36	0	0	0	n.a.	0	2.36	0	0		0	0		0	0	0	2.36
Change	+.50	0	+.50	0	0	0	n.a.	0	+.50	0	0		0	0		0	0	0	+.50

[1] Data for other reserves and credit facilities are incomplete and partly estimated.
[2] Including super gold tranche.
[3] Beyond the gold tranche.
[4] Including standbys subject to policy performance.
n.a. Not available.

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TABLE II—OFFICIAL RESERVES AND CREDIT FACILITIES [1]

December 31, 1959—December 31, 1963

[In billions of U.S. dollars equivalent]

	RESERVES									CREDIT FACILITIES									
	GOLD AND FOREIGN EXCHANGE			OTHER						ASSURED				SUBJECT TO NEGOTIATION					
	Gold	Foreign exchange	Sub-total (1)+(2)	Gold [2] tranche	Special U.S. bonds	Swaps used by other party	Mis-cella-neous	Sub-total (4) to (7)	Total reserves (3)+(8)	Swaps unacti-vated	IMF stand-bys [3]	Other credit lines	Sub-total (10, 11, 12)	Other IMF [4] tranches	Poten-tial credit lines	Sub-total (14) +(15)	Total credit facilities (13)+(16)	Total (8)+(17)	Grand total (9)+(17)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
The Eight and Switzerland:																			
1959	11.27	6.20	*17.47*	.86	0	0	n.a.	.86	*18.33*	0	0		0	3.80		3.80	*3.80*	*4.66*	*22.13*
1963	16.44	10.13	*26.57*	1.80	.66	.24	n.a.	2.70	*29.27*	1.03	0		1.03	3.74		3.74	*4.77*	*7.47*	*34.04*
Change	+5.17	+3.93	+*9.10*	+.94	+.66	+.24	n.a.	+1.84	+*10.94*	+1.03	0		+1.03	−.06		−.06	+*.97*	+*2.81*	+*11.91*
Group of Ten and Switzerland:																			
1959	33.29	6.44	*39.73*	2.93	'0	0	n.a.	2.93	*42.66*	0	0		0	9.87		9.87	*9.87*	*12.80*	*52.53*
1963	34.52	10.51	*45.03*	3.33	.66	.29	n.a.	4.28	*49.31*	3.11	.51		3.62	9.30		9.30	*12.92*	*17.20*	*62.23*
Change	+1.23	+4.07	+*5.30*	+.40	+.66	+.29	n.a.	+1.35	+*6.65*	+3.11	+.51		+3.62	−.57		−.57	+*3.05*	+*4.40*	+*9.70*
Rest of World:																			
1959	4.59	12.66	*17.25*	.32	0	0	.n.a.	.32	*17.57*	0	0		0	3.03		3.03	*3.03*	*3.35*	*20.60*
1963	5.68	14.56	*20.24*	.61	.05	0	n.a.	.66	*20.90*	.05	0		.05	4.18		4.18	*4.23*	*4.89*	*25.13*
Change	+1.09	+1.90	+*2.99*	+.29	+.05	0	n.a.	+.34	+*3.33*	+.05	0		+.05	+1.15		+1.15	+*1.20*	+*1.54*	+*4.53*
All Countries:																			
1959	37.88	19.10	*56.98*	3.25	0	0	n.a.	3.25	*60.23*	0	0		0	12.90		12.90	*12.90*	*16.15*	*73.13*
1963	40.20	25.07	*65.27*	3.94	.71	.29	n.a.	4.94	*70.21*	3.16	.51		3.67	13.48		13.48	*17.15*	*22.09*	*87.36*
Change	+2.32	+5.97	+*8.29*	+.69	+.71	+.29	n.a.	+1.69	+*9.98*	+3.16	+.51		+3.67	+.58		+.58	+*4.25*	+*5.94*	+*14.23*

[1] Data for other reserves and credit facilities are incomplete and partly estimated.
[2] Including super gold tranche.
[3] Beyond the gold tranche.
[4] Including standbys subject to policy performance.
n.a. Not available.

Appendix II—Page 1

TABLE I—OFFICIAL RESERVES AND CREDIT FACILITIES[1]

December 31, 1953-December 31, 1963

[In billions of U.S. dollars equivalent]

	RESERVES									CREDIT FACILITIES									
	GOLD AND FOREIGN EXCHANGE			OTHER						ASSURED				SUBJECT TO NEGOTIATION					
	Gold	Foreign exchange	Sub-total (1)+(2)	Gold[2] tranche	Special U.S. bonds	Swaps used by other party	Mis-cella-neous	Sub-total (4) to (7)	Total reserves (3)+(8)	Swaps unacti-vated	IMF stand-bys[3]	Other credit lines	Sub-total (10, 11, 12)	Other IMF[4] tranches	Poten-tial credit lines	Sub-total (14)+(15)	Total credit facilities (13)+(16)	Total (8)+(17)	Grand total (9)+(17)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
The Eight and Switzerland:																			
1953	5.49	5.05	*10.54*	.26	0	0	n.a.	.26	*10.80*	0	0		0	1.48		1.48	*1.48*	*1.74*	*12.28*
1963	16.44	10.13	*26.57*	1.80	.66	.24	n.a.	2.70	*29.27*	1.03	0		1.03	3.74		3.74	*4.77*	*7.47*	*34.04*
Change	+10.95	+5.08	+*16.03*	+1.54	+.66	+.24	n.a.	+2.44	+*18.47*	+1.03	0		+1.03	+2.26		+2.26	+*3.29*	+*5.73*	+*21.76*
Group of Ten and Switzerland:																			
1953	29.85	5.33	*35.18*	1.75	0	0	n.a.	1.75	*36.93*	0	0		0	5.53		5.53	*6.53*	*7.28*	*42.46*
1963	34.52	10.51	*45.03*	3.33	.66	.29	n.a.	4.28	*49.31*	3.11	.51		3.62	9.30		9.30	*12.92*	*17.20*	*62.23*
Change	+4.67	+5.18	+*9.85*	+1.58	+.66	+.29	n.a.	+2.53	+*12.38*	+3.11	+.51		+3.62	+3.77		+3.77	+*7.39*	+*9.92*	+*19.77*
Rest of World:																			
1953	4.47	11.78	*16.25*	.14	0	0	n.a.	.14	*16.39*	0	0		0	1.61		1.61	*1.61*	*1.75*	*18.06*
1963	5.68	14.56	*20.24*	.61	.05	0	n.a.	.66	*20.90*	.05	0		.05	4.18		4.18	*4.23*	*4.89*	*25.13*
Change	+1.21	+2.78	+*3.99*	+.47	+.05	0	n.a.	+.52	+*4.51*	+.05	0		+.05	+2.57		+2.57	+*2.62*	+*3.14*	+*7.13*
All Countries:																			
1953	34.32	17.11	*51.43*	1.89	0	0	n.a.	1.89	*53.32*	0	0		0	7.14		7.14	*7.14*	*9.03*	*60.46*
1963	40.20	25.07	*65.27*	3.94	.71	.29	n.a.	4.94	*70.21*	3.16	.51		3.67	13.48		13.48	*17.15*	*22.09*	*87.36*
Change	+5.88	+7.96	+*13.84*	+2.05	+.71	+.29	n.a.	+3.05	+*16.89*	+3.16	+.51		+3.67	+6.34		+6.34	+*10.01*	+*13.06*	+*26.90*

[1] Data for other reserves and credit facilities are incomplete and partly estimated.
[2] Including super gold tranche.
[3] Beyond the gold tranche.
[4] Including standbys subject to policy performance.
n.a. Not available.

for adding to the supply of created reserves that serves the international monetary system. The fundamental decision that will have to be taken, when the time is reached for actual consideration of such possibilities, is whether the gain -- from following any of these possible lines -- is worth the risk.

I have not today tried to face this final question. I am convinced that the students and the practitioners of international monetary finance will be greatly benefitted by a thorough and extensive international debate on the pros and cons of proposals of the kind I have so briefly outlined today. Whether then to follow any variant of any of these approaches, and if so, when, can be best debated after much more progress has been made in sorting out the issues inherent in the various approaches themselves.

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quotas of countries whose currencies can be used in Fund drawings.

But there is another way in which gold tranche claims can also be increased. It would be relatively simple, whenever the time seemed appropriate, to permit countries to pay all or a part of their gold subscriptions, in connection with a quota increase, through giving the Fund a callable claim on gold. Such a Fund claim on callable gold, corresponding to the customary business practice of subscribing capital that is not fully paid in, could be exercised by the Fund in accordance with agreed voting procedures. The right of making payment in whole or in part through gold certificates could be granted to countries according to agreed criteria of reasonable acceptability.

But before I get carried away with this particular version of the money-creating process, it is important to note that this, as any other form of money creation, can be possible only if it proceeds under arrangements and policies that will sustain confidence in the bank itself and in the currency which it issues -- in this case the Monetary Fund and claims upon it. There are obvious and dangerous risks that would have to be provided against in the instituting of any arrangement of this kind. Agreed standards of eligibility for making payment in this form, and procedures for determining the Fund's need for calling up the gold, could become the subject of extensive and difficult negotiation. But, of course, there are risks of the same type in any effort to introduce a new method, beyond those methods with which the financial community is already fully familiar, when other countries in the earlier post-war years drew that amount of dollars on balance from the Fund. And up through 1962, as we encountered heavy deficits, we financed a significant part of them through the use of that $1.3 billion as other countries made repayments to the Fund in dollars which might otherwise have remained outstanding as added liquid claims upon us, or perhaps have been used by receiving central banks to exercise their rightful claim to purchase gold from our monetary stocks.

Italy experienced the same usefulness of the super gold tranche when, as a part of its balance of payments financing earlier this year, a substantial part of the amount it drew from the Fund did not have to be repaid. For Italy's super gold tranche claim represented merely a taking back, for its own use, of resources that had already been put into the Fund when, in earlier years, other countries made drawings of lire from the Fund.

What may develop, then, over the years as more of the countries with useable currencies acquire larger quotas in the Fund, is that more of such countries, more of the time, will hold super gold tranche drawing rights in the Fund. These will represent additional highly liquid and fully transferable primary reserve assets from the point of view of the originating country. To those countries which have drawn these currencies from the Fund, they will represent foreign exchange holdings acquired on a borrowed basis, for use in meeting some of the swings in their balance of payments requirements for which liquidity of some kind had to be obtained. For this kind of expansion in reserve assets, nothing is needed save additional reliance upon the Fund and a relatively steady increase in the

Creating Reserves Through Existing Fund Facilities

Whether or not either of the two preceding approaches proved practicable at some stage in the future, it is probably fair to say that any approach through the Monetary Fund is less likely than an entirely separate new entity to cause a divisive fragmentation among the monetary authorities of the various countries of the world. Action through the Fund is probably also much more likely to build upon, rather than to supplant, the existing currency and credit facilities in use in the international monetary system of today. That is an important consideration pointing toward a third, and more modest, possibility for introducing an additional element of reserve asset creation into the system. For this third possibility would build entirely on existing arrangements with a minimum of changes and a maximum of continued reliance for settlement among countries through transactions in the actual currencies used in foreign exchange trading among the nationals of these countries. This third approach would simply be to make explicit a fuller reliance upon gold tranche rights as an actual part of the owned reserves of member countries of the Fund.

As I attempted to explain when we were looking at the tables, the so-called super gold tranche is already the result of a form of reserve asset creation -- though we have all become familiar with its operation without many of us appreciating that reserve assets were actually being created. The monetary authorities of the United States, to be sure, have realized for some time that they had acquired $1.3 billion of a "hidden reserve"

There are, to be sure, serious risks on both sides of this suggestion, that is, both in terms of the deposit or similar borrowing arrangements and in terms of the investment possibilities. Agreement on criteria, and the necessity for periodic review and revision of the criteria, might also become an exercise in futility, leading to a stalemate or contraction in the supply of actually available liquid resources. Moreover, on the depositing side, great care would be needed to avoid making the deposits so attractive as to discourage efforts of surplus countries to bring their international accounts into balance or to deter member countries from accepting actual quota increases of an appropriate amount, such as the occasion of the regularly schedule quinquennial Fund quota reviews. On the investment side, questions would certainly be raised as to the liquidity of the Fund itself, if it added potential short-term obligations, available virtually on call, while acquiring what might prove to be relatively illiquid investments of longer-term. Moreover, such investments are likely to involve a greater loss potential, and there would have to be an adequate provision for this problem, if its new ventures were not to undermine the prestige it has thus far attained as the responsible and reliable center of the world's monetary system.

These are only a few of the risks. I have not even begun to mention the difficulties that would be encountered in establishing criteria. Nonetheless, I would no more wish to imply that these approaches should be dismissed than I would wish to suggest that the CRU no longer deserves careful attention and examination.

Deposits and Investments Through the International Monetary Fund

One possible way around some of the difficulties just mentioned would be to establish a much looser arrangement, through which individual strong countries whose currencies are used by the Fund -- subject to general conditions agreed upon by all members of the International Monetary Fund -- could help further to satisfy the liquidity requirements of the international community. This might be for particular countries to make voluntary deposits of their own currency with the Fund (or alternatively, the Fund itself might borrow from such countries in their own currencies). Such deposits would be above the amounts of their currency required for their own quotas. The country could be given drawing rights comparable to those of the super gold tranche as "compensation" for the deposit. [illegible]

The additional resources thus obtained might, of course, be held by the Fund for use in meeting regular drawing requests. If this method should not prove sufficient to assure adequate liquidity for the rest of the world, at least in the form of owned reserves, the Fund might use these deposits of currencies, according to some agreed criteria, for making investments. The investments might flow to the assistance of many of the less developed countries if the Fund were to purchase obligations, say, of the IBRD, which might perhaps in turn make some of its resources available to the International Development Association. Or another possibility, subject to a greater degree both of credit risk and of difficulty in allocation among countries, would be for the Fund to invest directly in the securities of certain countries -- possibly countries with well-established securities markets.

The countries that see a need for global constriction of reserves should be able to exert a clear influence upon the result, but one may question whether they individually or as a group should be able to exercise a full veto upon the views and needs of the countries which see scope for expansion. There might instead be a serious risk that countries in balance of payments surplus should, when their surpluses have continued long or become large, rely mainly upon their power to limit the world's money supply in order to try to achieve balance, rather than fully re-examining their potential for additional imports, for example, or for making capital exports. In such circumstances, any other advancing countries might suffer severe constraint or hardship, perhaps unnecessarily. There is, therefore, inherent in reliance upon a single definitive scheme, such as the CRU, the risk of placing too much dependence for the future upon precise control over the international money supply -- a risk that most countries have long since learned to avoid in handling their own domestic affairs. At home, most countries instead attempt now to influence the entire spectrum of internal liquidity, and rely in fact upon the self-enforcing restraints of the credit-granting process.

I mention these risks frankly, and argumentatively, because that is the way to full and fruitful examination. I do not wish to imply that I, or anyone in the United States Government, considers the case for the CRU closed. I do think the necessary evaluation would be less than complete if questions of this kind could not be resolved before any future step toward a CRU were seriously considered.

circumstances would have to make net payments to any of the other countries, in this ratio, not only as a result of the direct balance of payments relations between the United States and that country, but also reflecting the net use of dollars by all other countries in the world, as they employed their dollar holdings to settle balances which they owed to any of the other members of the group.

A third requirement, implied by what I have already said, is that the actual use of the CRU's would be necessarily limited to members of the participating group. There would thus be no assurance that the aggregate of liquidity available to all other countries would remain adequate, merely because certain large countries at the center of the system were assuring an adequate volume of reserves for themselves. Nor could it be certain, given the apparent dependence upon a unanimity rule, that even the supply of CRU's would be increased adequately over time.

In effect, the present system which operates through a series of checks and balances, as countries acquire more of a particular kind of reserve asset than they might wish to hold, would be replaced by one clearly dependent upon a specified voting arrangement. There would be both the logic and the rigidity of clear-cut, voted decisions. One serious question is whether a monetary system, dependent both upon usage and upon confidence, and serving variable needs which have always in the past required the element of flexibility inherent in the relationship between money creation and credit extension, can be reduced entirely to a voting system -- even if one could be devised without a unanimity requirement.

of the decision-making process would very likely have to depend upon a unanimous vote of the participating countries. There would, for example, probably have to be unanimous agreement on the total amount of CRU's to be created and upon the shares that each country would have in the initial total of created assets. Similar agreement as to total and shares would appear to be needed whenever any subsequent increases might occur.

A second requirement that has been considered essential by many proponents is that, once issued, the holdings of the composite reserve unit should have a fixed relationship to the gold holdings of each of the participants. To be sure, a transition period would be contemplated, pending some further substantial redistribution of gold holdings among the participating countries. But from the very beginning, the transfers related to net current settlements among the participants would be made, so it is proposed, by payment or receipt of CRU's and gold in a fixed ratio. The ratio would be determined by the proportion which the total gold holdings of all participating countries would bear to the total of CRU's in existence.

If the CRU were to have been created at the end of 1963, for example, by the Group of Ten countries plus Switzerland, their combined gold holdings, as shown in column 1 of table 1, were approaching $35 billion. If the group decided to begin by creating $1 billion equivalent of CRU's, then all net settlements among members of the group would proceed on the basis of $35 of gold and $1 of CRU claims. The United States in these it would give up some of its own currency and receive, instead of a specific claim on another currency, a generalized claim on all currencies being deposited in the pool.

Each of the countries participating in the pool would then presumably undertake, when in surplus, to accept such claims in settlement of its net balance of payments gains vis-a-vis the other participating countries, or to pay out such claims when in deficit. The actual procedures for settlement, and the equally important procedures for determining the amount of such pooled claims to be created, could, according to the proponents of this approach, be resolved in various ways. But when one attempts to begin to transcribe this appealingly simple concept into specific procedures, several serious problems begin to appear.

First, of course, there is the necessity of deciding which countries may be included in a select group of this kind. That also means determining, and agreeing upon, the criteria which would permit the addition of other countries, or require the exclusion of some, at a later time. Perhaps even more troublesome, doubts begin to arise concerning each other's internal policies, if countries are to be mutually dependent upon each other for the creation of an important part of their own primary reserves. Some may see a mutual interest in determining the relationship that should prevail between each country's holdings of reserves in the common pool and its own creation of internal credit. Perhaps such questions can be resolved without an impairment of sovereignty that would exceed realistic possibilities, but, even then, it seems already agreed, some aspects of the European Payments Union that evolved under the Marshall Plan. A second approach would rely instead upon the International Monetary Fund, permitting strong currency countries to deposit some amount of their currencies with the Fund, while the Fund in turn would put these into active circulation by making investments for its own account, for example, through purchasing bonds of the International Bank. A third approach, also centered upon the IMF, would give more explicit recognition as international reserve assets to the gold tranche and super gold tranche claims to which I have already referred in describing the tables.

Perhaps now we can glance somewhat more closely at each of the three approaches, recognizing that there are many variants of each and that adequate examination will require months and years, rather than a few minutes.

Composite or Collective Reserve Unit

The proponents of this approach regard it as a convenient form for, in effect, multilateralizing and making permanent some part of the money creation potential that is inherent in swap arrangements. Working through the BIS as a central clearing house, participating countries could deposit agreed amounts of their own currencies in a common pool and receive initially an equal amount of claims on the common pool. Or, conceivably, countries could deposit some part of their own existing holdings of gold with the BIS and receive claims on the resulting pool. In effect, each would be making entries on the books of its own monetary authority quite similar to those it makes in the case of any activated swap. In this case,

IV.

The creation of a new reserve asset depends ultimately upon the readiness of the monetary authorities of various countries to accept a claim of some sort upon other countries as a suitable addition to their own reserves. Much of the reserve asset creation thus far has rested upon the readiness of all, or at any rate most, countries to accept direct claims upon the reserve currency countries. Part, too, as we have seen in reviewing the tables, has arisen from the readiness of Fund members to accept claims upon the Fund.

There are not at present any other individual countries who are willing to accept the obligations and the exposure implied by serving alone as a reserve currency country. Nor is there any limited group of countries now prepared to act together to function in a manner comparable to the role fulfilled by the present reserve currencies. This means, so long as these national attitudes continue, that any different form of reserve asset creation in the future will probably have to occur through some kind of an international institution.

There are broadly three ways in which this further evolution, if it is to come about, might occur. One would be for a group of the leading industrialized countries to join together to form a collective or composite reserve unit. Various approaches of this kind have been suggested during the course of the Group of Ten discussions, most of them looking to the Bank for International Settlements to serve as the international institution at the center, in a manner somewhat comparable to the role it performed for

International Monetary Fund, although still subject to some negotiation if and when need might arise, accounted for about two-thirds of the increase in credit facilities.

It is against the background of this pattern of evolution in the development both of reserves and of credit facilities over the past decade that we must orient our thinking in looking ahead toward the next decade and beyond. The decisions taken in Tokyo give assurance that another major advance in the supply of credit facilities will be formally approved sometime next year, as increases aggregating $4 to $5 billion are established in the quotas of member countries in the Fund. Alongside this development, the arrangements agreed bupon by the Group of Ten, as summarized in the Ministerial Statement, assure the further elaboration and use of bilateral credit facilities. These, joined with whatever modest further gains may occur in holdings of gold, or of foreign exchange, assure a reasonable adequacy in the global supply of liquidity, and in the access to liquidity, over the next few years.

What the Fund and various governments will be studying, however, and what we want to encourage in the financial, business, and academic communities, is consideration of the methods that might be appropriate, if we reach a stage in which purposive further additions are to be made in owned reserves -- additions that would be reflected in column 9 of our various tables, whether or not they were specifically identified with the items embraced in any of the preceding columns as we now know them.

liquidity during the decade from 1953 to 1963 was provided by net increases in the monetary holdings of gold -- although, as I have already mentioned, a significant redistribution of those holdings did also occur. A substantially larger part of total reserves, and of liquidity, came from added holdings of foreign exchange -- which over this decade consisted almost entirely of dollars. But gold and foreign exchange together (column 3) still only accounted for but slightly more than one-half of the total growth in liquidity shown in column 19. Actually, the other forms of additions to reserves, mainly reflecting the fact that IMF quotas were increased about midway in this decade, provided more than $3 billion of the total change in reserves, representing roughly half as much as the growth of gold itself as a component of total reserves.

Some $10 billion, or a little more than one-third of the total growth in liquidity, came, however, from credit facilities that were superimposed upon the supply of actual reserves. These credit facilities divide logically into two kinds, those which have been fully negotiated and are available, at least for short-term use, virtually on call, and the others which would be available only on the basis of some further negotiation, although all necessary legal authorization on the part of any countries concerned would have been completed. On a rough basis, assured arrangements, mainly in the form of agreed swaps that were not actually in use at the end of 1963, accounted for about one-third of the increase in liquidity brought about through credit facilities, and credits potentially available through the in case of need be virtually transferred to, say, the German Bundesbank, being re-issued in that event in German marks. Transfers of exactly this kind occurred last Spring, when the Italian authorities were able to use these assets, acquired in an earlier period of Italian surplus, to help finance a deficit in their accounts that was running strongly in the direction of Germany.

A somewhat similar effect is obtained through the reserves noted in column 6. For when the United States draws on a swap line, previously arranged with Switzerland, for example, the Swiss National Bank obtains a corresponding claim on our own Federal Reserve. At the least, the Swiss National Bank can be certain that it will come into additional funds when the United States pays off the swap on maturity and, for that reason, could carry its claim for future reversal of the swap as a sort of reserve asset. But the useability of the claim is even greater than that. If for any reason Switzerland should want to use some part of these dollar swap claims, it can draw at will, though of course after mutual consultation, against the balances set up to its credit at the moment the Federal Reserve initially activated its own drawing of Swiss francs under the swap arrangement.

This quick attempt to summarize the concepts lying behind these columns of figures may be more confusing than clarifying, but the essential point comes out if you glance with me at the bottom row in Table 1. What this shows is that little more than one-fifth of the total growth in world

The gold tranche consists, of course, not only of the drawing rights acquired by countries when they pay gold into the Fund as a part of their quota subscriptions, but it also includes those drawing rights acquired by a country when its own currency has been made available by the Fund to some other country in need of credit. This latter type of asset, known colloquially as the "super gold tranche," is useable, like the gold tranche itself, virtually on demand by the country whose currency has previously been paid out by the Fund. Moreover, unlike a drawing in the regular gold tranche, such a drawing in the super gold tranche need not be repaid. What this means is that whenever German marks or Dutch guilders or French francs, for example, are drawn by some country from the Fund -- and the drawing is not offset through repayment of the same currencies by some other country discharging an earlier debt to the Fund -- then Germany or the Netherlands or France has, in effect, added to its own reserves. It has acquired a super gold tranche equal to the net amount of its own currency drawn from the Fund.

It is not only through the Monetary Fund, however, that our existing arrangements for credit facilities are already capable of providing countries with a useable reserve asset. For the bilateral facilities developed more recently may create similar kinds of claims. Column 5 refers to special bonds that the United States, as a reserve currency country, has sold to ready buyers among the monetary authorities abroad. These bonds, while initially denominated in Italian lire, for example, and purchased by the Italian monetary authorities from the United States, can

Ministerial Statement. Tables 1 and 2 are condensed summaries, the first showing over-all changes in international liquidity for the decade which ended at the close of 1963; the second shows the changes over the four years ending on the same date -- the period when most of the bilateral credit facilities were introduced. Tables 3 and 4 cover the same two spans of time, but show much more detailed breakdowns among groupings of countries. While I would like to commend these tabulations to much wider attention and deeper study than any of us have yet been able to give them, I can today only highlight the analysis that these data suggest by referring to the column headings which are, of course, the same across the top of each of the four tables.

As you see, the liquidity available in the world today is fairly easily divided between reserves, which are owned outright and are readily useable by the holder, and "credit facilities," which in effect provide ways for some countries to lend existing reserves to other countries, directly or through an international institution, in order to meet particular needs for monetary reserves. The reserves themselves, as shown by the column headings, include not only the traditional forms of holdings in gold and foreign exchange with which most of us have long been familiar, but they also include other forms that are becoming increasingly important. Some countries, for example, already consider their so-called gold tranche claims on the Fund (column 4) as a part of their foreign exchange reserves. However treated statistically, these drawing rights are clearly close alternatives to gold or outright holdings of foreign exchange.

Not because the need for added creation of reserve assets is actually upon us, but because any deliberate innovation in the monetary field must be carefully studied well in advance, both the International Monetary Fund and the associated "Group of Ten" (that is, ten of the leading industrialized countries with the participation of Switzerland) are looking more closely at this question. Pushing beyond their studies of the past year, which appraised the present functioning of the international monetary system, they intend now to analyze the potentialities for the actual creation of additional owned reserves, whenever such need may arise in the future. If anything ever comes of all this, it will be the closest approach to successful alchemy that the world has yet attempted. The implication of any decisively new arrangements could be far-reaching for the functioning of every money-using economy, but particularly for the Free World. That is why this is no matter for swift, or precipitate, or sentimentalized decision. It requires long and careful study, to be followed by extensive and extended negotiation. No one need apologize for taking time for appraisal where the money that men believe in, and rely upon, is involved.

III.

It is not only useful in evaluating what we now have, but also in sorting out some of the possible lines on which actual reserve creation might proceed in the future, to step aside for a moment to look at the tables to which I have just referred. The tables begin on page 17 of the still another phase has been reached in this monetary evolution. Spurred by the existence of large and continuing deficits in the United States balance of payments, but by no means necessarily related to the existence or continuance of such deficits, an impressive new array of bilateral credit facilities has also been developed. Through these credit facilities, countries whose currencies have reached a stage of world-wide useability have joined with the United States, in effect, to make still more intensive use of the existing supplies of international monetary reserves. They have, if I may make a loose analogy to the nomenclature of Irving Fisher's old equation, added to the M' and the V' of the world's monetary system.

In a moment, I want to turn with you to the statistical tables included in the Ministerial Statement that has been distributed to each of you, in order to note more systematically the way in which this array of gold, reserve currencies, multilateral credit facilities, and bilateral credit facilities has now developed. But all of that will only serve as an introduction for the special attention I would like to draw, today, toward what may become a still further stage in the evolution of the international monetary system -- that in which, supplementing all we now have, there may by international agreement be further arrangements introduced for creating additional primary reserves. This would mean the introduction of some additional form of internationally acceptable reserve asset which countries could hold alongside the gold, or the dollars, or other foreign exchange or other claims which now meet the "owned reserve" part of global liquidity requirements.

general control over their own price developments in the quest for monetary stability.

II.

Needed expansion in the liquidity that has been available for the world at large, since World War II, has come in three ways. (1) Gold supplies have themselves increased, but even more importantly, gold holdings have been massively redistributed from the United States to other countries. (2) Dollars, and to some extent sterling, and for some areas the French franc, have provided reserves that many countries could hold alongside gold, or as a substitute for gold, in their central monetary institutions -- reserves which both supported the necessary internal expansion of money and credit and also provided the means of payment for settling the net balance of accounts between each country and the world outside. (3) As a further supplement to gold and reserve currencies, the International Monetary Fund since World War II has been providing a form of multilateral credit facility, through which additional use could be made of the existing supplies of gold, or reserve currencies, or even of other convertible currencies as these gained in strength and acceptability.

Viewed against the pace of monetary advance over the past century, the range and flexibility of the additional liquidity made available since World War II has been remarkable. But within the past four or five years the reports published in August by the International Monetary Fund and by the Group of Ten, but also virtually every address or comment at the meetings, reflected an awareness, not often explicit, of something else -- essential to the whole -- which most of us now consider as certain and secure as the fifteenth stone of the garden at the Ryoanji shrine. It went without saying at Tokyo that the price of gold, having been fixed for three decades at $35 per ounce, is now taken as the cornerstone of the international monetary system.

The world has long since, to be sure, left behind the simplicity and the rigidity of the older "pure" gold standard. But men everywhere continue to acknowledge, or to sense, the need for a fixed reference point to which all other currencies and measures of value can be related. After a succession of disastrous experiences related to changes in the gold price itself, the world has since 1934 come to accept the limiting constraint of a fixed price of gold, while building upon that base an expanding structure of money and credit to support the almost incredible growth that the world has since experienced, both in physical production and in population.

While the process of economizing on the use of gold has certainly also involved some slippage, as many world prices have moved upward, the readiness and ability of the United States to maintain the convertibility of its dollar for gold at the fixed maximum price has remained as a firm anchor, to which one currency after another has been tied (through convertibility with the dollar) as countries have sought to exert meaningful and

TREASURY DEPARTMENT
Washington

FOR SIMULTANEOUS RELEASE
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WEDNESDAY, OCTOBER 14, 1964

REMARKS BY THE HONORABLE ROBERT V. ROOSA
UNDER SECRETARY OF THE TREASURY FOR MONETARY AFFAIRS
AT THE CONFERENCE ON "INTERNATIONAL FINANCING -- 1964"
OF THE NATIONAL INDUSTRIAL CONFERENCE BOARD, INC.
THE WALDORF-ASTORIA, NEW YORK, NEW YORK
WEDNESDAY, OCTOBER 14, 1964, 12:30 P.M. (EDT)

THE FUTURE OF THE INTERNATIONAL MONETARY SYSTEM

I.

Following the recent Annual Meetings of the Bank and Fund in Japan, some of my colleagues were able to visit Kyoto, the ancient capital of our host country, for a little longer than I. They came back particularly fascinated with a rock garden they had seen there, created more than 450 years ago by an artist who fused aesthetic experience with a striking reflection of the philosophy of his Zen-Buddhist religion. For he created a garden consisting solely of fifteen rocks, of widely varying shape, located in a rectangular bed of fine stones. He so placed the fifteen rocks that the viewer can never see more than fourteen of them, no matter from what angle he approaches the garden. Anyone viewing the garden, I am told, always has a sense or awareness of something more than meets the eye.

Without that artistry, many of us have had a similar experience in the course of the past year's study of the international monetary system, on which the Tokyo meetings were so largely concentrated. For not only

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Without that artistry, many of us have had a similar experience in the course of the past year's study of the international monetary system, on which the Tokyo meetings were so largely concentrated. For not only the reports published in August by the International Monetary Fund and by the Group of Ten, but also virtually every address or comment at the meetings, reflected an awareness, not often explicit, of something else -- essential to the whole -- which most of us now consider as certain and secure as the fifteenth stone of the garden at the Ryoanji shrine. It went without saying at Tokyo that the price of gold, having been fixed for three decades at $35 per ounce, is now taken as the cornerstone of the international monetary system.

The world has long since, to be sure, left behind the simplicity and the rigidity of the older "pure" gold standard. But men everywhere continue to acknowledge, or to sense, the need for a fixed reference point to which all other currencies and measures of value can be related. After a succession of disastrous experiences related to changes in the gold price itself, the world has since 1934 come to accept the limiting constraint of a fixed price of gold, while building upon that base an expanding structure of money and credit to support the almost incredible growth that the world has since experienced, both in physical production and in population.

While the process of economizing on the use of gold has certainly also involved some slippage, as many world prices have moved upward, the readiness and ability of the United States to maintain the convertibility of its dollar for gold at the fixed maximum price has remained as a firm anchor, to which one currency after another has been tied (through convertibility with the dollar) as countries have sought to exert meaningful and general control over their own price developments in the quest for monetary stability.

II.

Needed expansion in the liquidity that has been available for the world at large, since World II, has come in three ways. (1) Gold supplies have themselves increased, but even more importantly, gold holdings have been massively redistributed from the United States to other countries. (2) Dollars, and to some extent sterling, and for some areas the French franc, have provided reserves that many countries could hold alongside gold, or as a substitute for gold, in their central monetary institutions -- reserves which both supported the necessary internal expansion of money and credit and also provided the means of payment for settling the net balance of accounts between each country and the world outside. (3) As a further supplement to gold and reserve currencies, the International Monetary Fund since World War II has been providing a form of multilateral credit facility, through which additional use could be made of the existing supplies of gold, or reserve currencies, or even of other convertible currencies as these gained in strength and acceptability.

Viewed against the pace of monetary advance over the past century, the range and flexibility of the additional liquidity made available since World War II has been remarkable. But within the past four or five years still another phase has been reached in this monetary evolution. Spurred by the existence of large and continuing deficits in the United States balance of payments, but by no means necessarily related to the existence or continuance of such deficits, an impressive new array of bilateral credit facilities has also been developed. Through these credit facilities, countries whose currencies have reached a stage of world-wide useability have joined with the United States, in effect, to make still more intensive use of the existing supplies of international monetary reserves. They have, if I may make a loose analogy to the nomenclature of Irving Fisher's old equation, added to the M' and the V' of the world's monetary system.

In a moment, I want to turn with you to the statistical tables included in the Ministerial Statement that has been distributed to each of you, in order to note more systematically the way in which this array of gold, reserve currencies, multilateral credit facilities, and bilateral credit facilities has now developed. But all of that will only serve as an introduction for the special attention I would like to draw, today, toward what may become a still further stage in the evolution of the international monetary system -- that in which, supplementing all we now have, there may by international agreement be further arrangements introduced for creating additional primary reserves. This would mean the introduction of some additional form of internationally acceptable reserve asset which countries could hold alongside the gold, or the dollars, or other foreign exchange or other claims which now meet the "owned reserve" part of global liquidity requirements.

Not because the need for added creation of reserve assets is actually upon us, but because any deliberate innovation in the monetary field must be carefully studied well in advance, both the International Monetary Fund and the associated "Group of Ten" (that is, ten of the leading industrialized countries with the participation of Switzerland) are looking more closely at this question. Pushing beyond their studies of the past year, which appraised the present functioning of the international monetary system, they intend now to analyze the potentialities for the actual creation of additional owned reserves, whenever such need may arise in the future. If anything ever comes of all this, it will be the closest approach to successful alchemy that the world has yet attempted. The implication of any decisively new arrangements could be far-reaching for the functioning of every money-using economy, but particularly for the Free World. That is why this is no matter for swift, or precipitate, or sentimentalized decision. It requires long and careful study, to be followed by extensive and extended negotiation. No one need apologize for taking time for appraisal where the money that men believe in, and rely upon, is involved.

III.

It is not only useful in evaluating what we now have, but also in sorting out some of the possible lines on which actual reserve creation might proceed in the future, to step aside for a moment to look at the tables to which I have just referred. The tables begin on page 17 of the Ministerial Statement. Tables 1 and 2 are condensed summaries, the first showing over-all changes in international liquidity for the decade which ended at the close of 1963; the second shows the changes over the four years ending on the same date -- the period when most of the bilateral credit facilities were introduced. Tables 3 and 4 cover the same two spans of time, but show much more detailed breakdowns among groupings of countries. While I would like to commend these tabulations to much wider attention and deeper study than any of us have yet been able to give them, I can today only highlight the analysis that these data suggest by referring to the column headings which are, of course, the same across the top of each of the four tables.

As you see, the liqudiity available in the world today is fairly easily divided between reserves, which are owned outright and are readily useable by the holder, and "credit facilities," which in effect provide ways for some countries to lend existing reserves to other countries, directly or through an international institution, in order to meet particular needs for monetary reserves. The reserves themselves, as shown by the column headings, include not only the traditional forms of holdings in gold and foreign exchange with which most of us have long been familiar, but they also include other forms that are becoming increasingly important. Some countries, for example, already consider their so-called gold tranche claims on the Fund (column 4) as a part of their foreign exchange reserves. However treated statistically, these drawing rights are clearly close alternatives to gold or outright holdings of foreign exchange.

The gold tranche consists, of course, not only of the drawing rights acquired by countries when they pay gold into the Fund as a part of their quota subscriptions, but it also includes those drawing rights acquired by a country when its own currency has been made available by the Fund to some other country in need of credit. This latter type of asset, known colloquially as the "super gold tranche," is useable, like the gold tranche itself, virtually on demand by the country whose currency has previously been paid out by the Fund. Moreover, unlike a drawing in the regular gold tranche, such a drawing in the super gold tranche need not be repaid. What this means is that whenever German marks or Dutch guilders or French francs, for example, are drawn by some country from the Fund -- and the drawing is not offset through repayment of the same currencies by some other country discharging an earlier debt to the Fund -- then Germany or the Netherlands or France has, in effect, added to its own reserves. It has acquired a super gold tranche equal to the net amount of its own currency drawn from the Fund.

It is not only through the Monetary Fund, however, that our existing arrangements for credit facilities are already capable of providing countries with a useable reserve asset. For the bilateral facilities developed more recently may create similar kinds of claims. Column 5 refers to special bonds that the United States, as a reserve currency country, has sold to ready buyers among the monetary authorities abroad. These bonds, while initially denominated in Italian lire, for example, and purchased by the Italian monetary authorities from the United States, can in case of need be virtually transferred to, say, the German Bundesbank, being re-issued in that event in German marks. Transfers of exactly this kind occurred last Spring, when the Italian authorities were able to use these assets, acquired in an earlier period of Italian surplus, to help finance a deficit in their accounts that was running strongly in the direction of Germany.

A somewhat similar effect is obtained through the reserves noted in column 6. For when the United States draws on a swap line, previously arranged with Switzerland, for example, the Swiss National Bank obtains a corresponding claim on our own Federal Reserve. At the least, the Swiss National Bank can be certain that it will come into additional funds when the United States pays off the swap on maturity and, for that reason, could carry its claim for future reversal of the swap as a sort of reserve asset. But the useability of the claim is even greater than that. If for any reason Switzerland should want to use some part of these dollar swap claims, it can draw at will, though of course after mutual consultation, against the balances set up to its credit at the moment the Federal

Reserve initially activated its own drawing of Swiss francs under the swap arrangement.

This quick attempt to summarize the concepts lying behind these columns of figures may be more confusing than clarifying, but the essential point comes out if you glance with me at the bottom row in Table 1. What this shows is that little more than one-fifth of the total growth in world liquidity during the decade from 1953 to 1963 was provided by net increases in the monetary holdings of gold -- although, as I have already mentioned, a significant redistribution of those holdings did also occur. A substantially larger part of total reserves, and of liquidity, came from added holdings of foreign exchange -- which over this decade consisted almost entirely of dollars. But gold and foreign exchange together (column 3) still only accounted for but slightly more than one-half of the total growth in liquidity shown in column 19. Actually, the other forms of additions to reserves, mainly reflecting the fact that IMF quotas were increased about midway in this decade, provided more than $3 billion of the total change in reserves, representing roughly half as much as the growth of gold itself as a component of total reserves.

Some $10 billion, or a little more than one-third of the total growth in liquidity, came however, from credit facilities that were superimposed upon the supply of actual reserves. These credit facilities divide logically into two kinds, those which have been fully negotiated and are available, at least for short-term use, virtually on call, and the others which would be available only on the basis of some further negotiation, although all necessary legal authorization on the part of any countries concerned would have been completed. On a rough basis, assured arrangements, mainly in the form of agreed swaps that were not actually in use at the end of 1963, accounted for about one-third of the increase in liquidity brought about through credit facilities, and credits potentially available through the International Monetary Fund, although still subject to some negotiation if and when need might arise, accounted for about two-thirds of the increase in credit facilities.

It is against the background of this pattern of evolution in the development both of reserves and of credit facilities over the past decade that we must orient our thinking in looking ahead toward the next decade and beyond. The decisions taken in Tokyo give assurance that another major advance in the supply of credit facilities will be formally approved sometime next year, as increases aggregating

$4 to $5 billion are established in the quotas of member countries in the Fund. Alongside this development, the arrangements agreed upon by the Group of Ten, as summarized in the Ministerial Statement, assure the further elaboration and use of bilateral credit facilities. These, joined with whatever modest further gains may occur in holdings of gold, or of foreign exchange, assure a reasonable adequacy in the global supply of liquidity, and in the access to liquidity,over the next few years.

What the Fund and various governments will be studying, however, and what we want to encourage in the financial, business, and academic communities, is consideration of the methods that might be appropriate, if we reach a stage in which purposive further additions are to be made in owned reserves -- additions that would be reflected in column 9 of our various tables, whether or not they were specifically identified with the items embraced in any of the preceding columns as we now know them.

IV.

The creation of a new reserve asset depends utlimately upon the readiness of the monetary authorities of various countries to accept a claim of some sort upon other countries as a suitable addition to their own reserves. Much of the reserve asset creation thus far has rested upon the readiness of all, or at any rate most, countries to accept direct claims upon the reserve currency countries. Part, too, as we have seen in reviewing the tables, has arisen from the readiness of Fund members to accept claims upon the Fund.

There are not at present any other individual countries who are willing to accept the obligations and the exposure implied by serving alone as a reserve currency country. Nor is there any limited group of countries now prepared to act together to function in a manner comparable to the role fulfilled by the present reserve currencies. This means, so long as these national attitudes continue, that any different form of reserve asset creation in the future will probably have to occur through some kind of an international institution.

There are broadly three ways in which this further evolution, if it is to come about, might occur. One would be for a group of the leading industrialized countries to join together to form a collective or composite reserve unit. Various approaches of this kind have been suggested during the course of the Group of Ten discussions, most of them looking to the Bank for International Settlements to serve as the international institution at the center, in a manner somewhat comparable to the role it performed for the European Payments Union that evolved under the Marshall Plan. A second approach would rely instead upon the International Monetary Fund, permitting strong currency countries to deposit some amount of their currencies with the Fund, while the Fund in turn would put these into active circulation by making investments for its own account, for example, through purchasing bonds of the International Bank. A third approach, also centered upon the IMF, would give more explicit recognition as international reserve assets to the gold tranche and super gold tranche claims to which I have already referred in describing the tables.

Perhaps now we can glance somewhat more closely at each of the three approaches, recognizing that there are many variants of each and that adequate examination will require months and years, rather than a few minutes.

Composite or Collective Reserve Unit

The proponents of this approach regard it as a convenient form for, in effect, multilateralizing and making permanent some part of the money creation potential that is inherent in swap arrangements. Working through the BIS as a central clearing house, participating countries could deposit agreed amounts of their own currencies in a common pool and receive initially an equal amount of claims on the common pool. Or, conceivably, countries could deposit some part of their own existing holdings of gold with the BIS and receive claims on the resulting pool. In effect, each would be making entries on the books of its own monetary authority quite similar to those it makes in the case of any activated swap. In this case, it would give up some of its own currency and receive, instead of a specific claim on another currency, a generalized claim on all currencies being deposited in the pool.

Each of the countries participating in the pool would then presumably undertake, when in surplus, to accept such claims in settlement of its net balance of payments gains vis-a-vis the other participating countries, or to pay out such claims when in deficit. The actual procedures for settlement, and the equally important procedures for determining the amount of such pooled claims to be created, could, according to the proponents of this approach, be resolved in various ways. But when one attempts to begin to transcribe this appealingly simple concept into specific procedures, several serious problems begin to appear.

First, of course, there is the necessity of deciding which countries may be included in a select group of this kind. That also means determining, and agreeing upon, the criteria which would permit the addition of other countries, or require the exclusion of some, at a later time. Perhaps even more troublesome, doubts begin to arise concerning each other's internal policies, if countries are to be mutually dependent upon each other for the creation of an important part of their own primary reserves. Some may see a mutual interest in determining the relationship that should prevail between each country's holdings of reserves in the common pool and its own creation of internal credit. Perhaps such questions can be resolved without an impairment of sovereignty that would exceed realistic possibilities, but, even then, it seems already agreed, some aspects of the decision-making process would very likely have to depend upon a unanimous vote of the participating countries. There would, for example, probably have to be unanimous agreement on the total amount of CRU's to be created and upon the shares that each country would have in the initial total of created assets. Similar agreement as to total and shares would appear to be needed whenever any subsequent increases might occur.

A second requirement that has been considered essential by many proponents is that, once issued, the holdings of the composite reserve unit should have a fixed relationship to the gold holdings of each of the participants. To be sure, a transition period would be contemplated, pending some further substantial redistribution of gold holdings among the participating countries. But from the very beginning, the transfers related to net current settlements among the participants would be made, so it is proposed, by payment or receipt of CRU's and gold in a fixed ratio. The ratio would be determined by the proportion which the total gold holdings of all participating countries would bear to the total of CRU's in existence.

If the CRU were to have been created at the end of 1963, for example, by the Group of Ten countries plus Switzerland, their combined gold holdings, as shown in column 1 of table 1, were approaching $35 billion. If the group decided to begin by creating $1 billion equivalent of CRU's, then all net settlements among members of the group would proceed on the basis of $35 of gold and $1 of CRU claims. The United States in these circumstances would have to make net payments to any of the other countries, in this ratio, not only as a result of the direct balance of payments relations between the United States and that country, but also reflecting the net use of dollars by all other countries in the world, as they employed their dollar holdings to settle balances which they owed to any of the other members of the group.

A third requirement, implied by what I have already said, is that the actual use of the CRU's would be necessarily limited to members of the participating group. There would thus be no assurance that the aggregate of liquidity available to all other countries would remain adequate, merely because certain large countries at the center of the system were assuring an adequate volume of reserves for themselves. Nor could it be certain, given the apparent dependence upon a unanimity rule, that even the supply of CRU's would be increased adequately over time.

In effect, the present system which operates through a series of checks and balances, as countries acquire more of a particular kind of reserve asset than they might wish to hold, would be replaced by one clearly dependent upon a specified voting arrangement. There would be both the logic and the rigidity of clear-cut, voted decisions. One serious question is whether a monetary system, dependent both upon usage and upon confidence, and serving variable needs which have always in the past required the element of flexibility inherent in the relationship between money creation and credit extension, can be reduced entirely to a voting system -- even if one could be devised without a unanimity requirement.

The countries that see a need for global constriction of reserves should be able to exert a clear influence upon the result, but one may question whether they individually or as a group should be able to exercise a full veto upon the views and needs of the countries which see scope for expansion. There might instead be a serious risk that countries in balance of payments surplus should, when their surpluses have continued long or become large, rely mainly upon their power to limit the world's money supply in order to try to achieve balance, rather than fully re-examining their potential for additional imports, for example, or for making capital exports. In such circumstances, any other advancing countries might suffer severe constraint or hardship, perhaps unnecessarily. There is, therefore, inherent in reliance upon a single definitive scheme, such as the CRU, the risk of placing too much dependence for the future upon precise control over the international money supply -- a risk that most countries have long since learned to avoid in handling their own domestic affairs. At home, most countries instead attempt now to influence the entire spectrum of internal liquidity, and rely in fact upon the self-enforcing restraints of the credit-granting process.

I mention these risks frankly, and argumentatively, because that is the way to full and fruitful examination. I do not wish to imply that I, or anyone in the United States Government, considers the case for the CRU closed. I do think the necessary evaluation would be less than complete if questions of this kind could not be resolved before any future step toward a CRU were seriously considered.

Deposits and Investments Through the International Monetary Fund

One possible way around some of the difficulties just mentioned would be to establish a much looser arrangement, through which individual strong countries whose currencies are used by the Fund -- subject to general conditions agreed upon by all members of the International Monetary Fund -- could help further to satisfy the liquidity requirements of the international community. This might be for particular countries to make voluntary deposits of their own currency with the Fund (or alternatively, the Fund itself might borrow from such countries in their own currencies). Such deposits would be above the amounts of their currency required for their own quotas. The country could be given drawing rights comparable to those of the super gold tranche as "consideration" for the deposit, in accordance with the conditions agreed upon.

The additional resources thus obtained might, of course, be held by the Fund for use in meeting regular drawing requests. If this method should not prove sufficient to assure adequate liquidity for the rest of the world, at least in the form of owned reserves, the Fund might use these deposits of currencies, according to some agreed criteria, for making investments. The investments might flow to the assistance of many of the less developed countries if the Fund were to purchase obligations, say, of the IBRD, which might perhaps in turn make some of its resources available to the International Development Association. Or another possibility, subject to a greater degree both of credit risk and of difficulty in allocation among countries, would be for the Fund to invest directly in the securities of certain countries -- possibly countries with well-established securities markets.

There are, to be sure, serious risks on both sides of this suggestion, that is, both in terms of the deposit or similar borrowing arrangements and in terms of the investment possibilities. Agreement on criteria, and the necessity for periodic review and revision of the criteria, might also become an exercise in futility, leading to a stalemate or contraction in the supply of actually available liquid resources. Moreover, on the depositing side, great care would be needed to avoid making the deposits so attractive as to discourage efforts of surplus countries to bring their international accounts into balance or to deter member countries from accepting actual quota increases of an appropriate amount, such as the occasion of the regularly schedule quinquennial Fund quota reviews. On the investment side, questions would certainly be raised as to the liquidity of the Fund itself, if it added potential short-term obligations, available virtually on call, while acquiring what might prove to be relatively illiquid investments of longer-term. Moreover, such investments are likely to involve a greater loss potential, and there would have to be an adequate provision for this problem, if its new ventures were not to undermine the prestige it has thus far attained as the responsible and reliable center of the world's monetary system.

These are only a few of the risks. I have not even begun to mention the difficulties that would be encountered in establishing criteria. Nonetheless, I would no more wish to imply that these approaches should be dismissed than I would wish to suggest that the CRU no longer deserves careful attention and examination.

Creating Reserves Through Existing Fund Facilities

Whether or not either of the two preceding approaches proved practicable at some stage in the future, it is probably fair to say that any approach through the Monetary Fund is less likely than an entirely separate new entity to cause a divisive fragmentation among the monetary authorities of the various countries of the world. Action through the Fund is probably also much more likely to build upon, rather than to supplant, the existing currency and credit facilities in use in the international monetary system of today. That is an important consideration pointing toward a third, and more modest, possibility for introducing an additional element of reserve asset creation into the system. For this third possibility would build entirely on existing arrangements with a minimum of changes and a maximum of continued reliance for settlement among countries through transactions in the actual currencies used in foreign exchange trading among the nationals of these countries. This third approach would simply be to make explicit a fuller reliance upon gold tranche rights as an actual part of the owned reserves of member countries of the Fund.

As I attempted to explain when we were looking at the tables, the so-called super gold tranche is already the result of a form of reserve asset creation -- though we have all become familiar with its operation without many of us appreciating that reserve assets were actually being created. The monetary authorities of the United States, to be sure, have realized for some time that they had acquired $1.3 billion of a "hidden reserve" when other countries in the earlier post-war years drew that amount of dollars on balance from the Fund. And up through 1962, as we encountered heavy deficits, we financed a significant part of them through the use of that $1.3 billion as other countries made repayments to the Fund in dollars which might otherwise have remained outstanding as added liquid claims upon us, or perhaps have been used by receiving central banks to exercise their rightful claim to purchase gold from our monetary stocks.

Italy experienced the same usefulness of the super gold tranche when, as a part of its balance of payments financing earlier this year, a substantial part of the amount it drew from the Fund did not have to be repaid. For Italy's super gold tranche claim represented merely a taking back, for its own use, of resources that had already been put into the Fund when, in earlier years, other countries made drawings of lire from the Fund.

What may develop, then, over the years as more of the countries with useable currencies acquire larger quotas in the Fund, is that more of such countries, more of the time, will hold super gold tranche drawing rights in the Fund. These will represent additional highly liquid and fully transferable primary reserve assets from the point of view of the originating country. To those countries which have drawn these currencies from the Fund, they will represent foreign exchange holdings acquired on a borrowed basis, for use in meeting some of the swings in their balance of payments requirements for which liquidity of some kind had to be obtained. For this kind of expansion in reserve assets, nothing is needed save additional reliance upon the Fund and a relatively steady increase in the quotas of countries whose currencies can be used in Fund drawings.

But there is another way in which gold tranche claims can also be increased. It would be relatively simple, whenever the time seemed appropriate, to permit countries to pay all or a part of their gold subscriptions, in connection with a quota increase, through giving the Fund a callable claim on gold. Such a Fund claim on callable gold, corresponding to the customary business practice of subscribing capital that is not fully paid in, could be exercised by the Fund in accordance with agreed voting procedures. The right of making payment in whole or in part through gold certificates could be granted to countries according to agreed criteria of reasonable acceptability.

But before I get carried away with this particular version of the money-creating process, it is important to note that this, as any other form of money creation, can be possible only if it proceeds under arrangements and policies that will sustain confidence in the bank itself and in the currency which it issues -- in this case the Monetary Fund and claims upon it. There are obvious and dangerous risks that would have to be provided against in the instituting of any arrangement of this kind. Agreed standards of eligibility for making payment in this form, and procedures for determining the Fund's need for calling up the gold, could become the subject of extensive and difficult negotiation. But, of course, there are risks of the same type in any effort to introduce a new method, beyond those methods with which the financial community is already fully familiar, for adding to the supply of created reserves that serves the international monetary system. The fundamental decision that will have to be taken, when the time is reached for actual consideration of such possibilities, is whether the gain -- from following any of these possible lines -- is worth the risk.

I have not today tried to face this final question. I am convinced that the students and the practitioners of international monetary finance will be greatly benefitted by a thorough and extensive international debate on the pros and cons of proposals of the kind I have so briefly outlined today. Whether then to follow any variant of any of these approaches, and if so, when, can be best debated after much more progress has been made in sorting out the issues inherent in the various approaches themselves.

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TABLE I—OFFICIAL RESERVES AND CREDIT FACILITIES[1]

December 31, 1953-December 31, 1963

[In billions of U.S. dollars equivalent]

	RESERVES									CREDIT FACILITIES									
	GOLD AND FOREIGN EXCHANGE			OTHER						ASSURED				SUBJECT TO NEGOTIATION					
	Gold	Foreign exchange	Sub-total (1)+(2)	Gold[2] tranche	Special U.S. bonds	Swaps used by other party	Mis-cella-neous	Sub-total (4) to (7)	Total reserves (3)+(8)	Swaps unacti-vated	IMF stand-bys[3]	Other credit lines	Sub-total (10, 11, 12)	Other IMF[4] tranches	Poten-tial credit lines	Sub-total (14)+(15)	Total credit facilities (13)+(16)	Total (8)+(17)	Grand total (9)+(17)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
The Eight and Switzerland:																			
1953	5.49	5.05	10.54	.26	0	0	n.a.	.26	10.80	0	0		0	1.48		1.48	1.48	1.74	12.28
1963	16.44	10.13	26.57	1.80	.66	.24	n.a.	2.70	29.27	1.03	0		1.03	3.74		3.74	4.77	7.47	34.04
Change	+10.95	+5.08	+16.03	+1.54	+.66	+.24	n.a.	+2.44	+18.47	+1.03	0		+1.03	+2.26		+2.26	+3.29	+5.73	+21.76
Group of Ten and Switzerland:																			
1953	29.85	5.33	35.18	1.75	0	0	n.a.	1.75	36.93	0	0		0	5.53		5.53	5.53	7.28	42.46
1963	34.52	10.51	45.03	3.33	.66	.29	n.a.	4.28	49.31	3.11	.51		3.62	9.30		9.30	12.92	17.20	62.23
Change	+4.67	+5.18	+9.85	+1.58	+.66	+.29	n.a.	+2.53	+12.38	+3.11	+.51		+3.62	+3.77		+3.77	+7.39	+9.92	+19.77
Rest of World:																			
1953	4.47	11.78	16.25	.14	0	0	n.a.	.14	16.39	0	0		0	1.61		1.61	1.61	1.75	18.00
1963	5.68	14.56	20.24	.61	.05	0	n.a.	.66	20.90	.05	0		.05	4.18		4.18	4.23	4.89	25.13
Change	+1.21	+2.78	+3.99	+.47	+.05	0	n.a.	+.52	+4.51	+.05	0		+.05	+2.57		+2.57	+2.62	+3.14	+7.13
All Countries:																			
1953	34.32	17.11	51.43	1.89	0	0	n.a.	1.89	53.32	0	0		0	7.14		7.14	7.14	9.03	60.46
1963	40.20	25.07	65.27	3.94	.71	.29	n.a.	4.94	70.21	3.16	.51		3.67	13.48		13.48	17.15	22.09	87.36
Change	+5.88	+7.96	+13.84	+2.05	+.71	+.29	n.a.	+3.05	+16.89	+3.16	+.51		+3.67	+6.34		+6.34	+10.01	+13.06	+26.90

[1] Data for other reserves and credit facilities are incomplete and partly estimated.
[2] Including super gold tranche.
[3] Beyond the gold tranche.
[4] Including standbys subject to policy performance.
n.a. Not available.

TABLE II—OFFICIAL RESERVES AND CREDIT FACILITIES[1]

December 31, 1959—December 31, 1963

[In billions of U.S. dollars equivalent]

	RESERVES									CREDIT FACILITIES									
	GOLD AND FOREIGN EXCHANGE			OTHER						ASSURED				SUBJECT TO NEGOTIATION					
	Gold	Foreign exchange	Sub-total (1)+(2)	Gold[2] tranche	Special U.S. bonds	Swaps used by other party	Miscellaneous	Sub-total (4) to (7)	Total reserves (3)+(8)	Swaps unactivated	IMF standbys[3]	Other credit lines	Sub-total (10, 11, 12)	Other IMF[4] tranches	Potential credit lines	Sub-total (14)+(15)	Total credit facilities (13)+(16)	Total (8)+(17)	Grand total (9)+(17)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
The Eight and Switzerland:																			
1959	11.27	6.20	*17.47*	.86	0	0	n.a.	.86	*18.33*	0	0		0	3.80		3.80	*3.80*	*4.66*	*22.13*
1963	16.44	10.13	*26.57*	1.80	.66	.24	n.a.	2.70	*29.27*	1.03	0		1.03	3.74		3.74	*4.77*	*7.47*	*34.04*
Change	+5.17	+3.93	*+9.10*	+.94	+.66	+.24	n.a.	+1.84	*+10.94*	+1.03	0		+1.03	−.06		−.06	*+.97*	*+2.81*	*+11.91*
Group of Ten and Switzerland:																			
1959	33.29	6.44	*39.73*	2.93	0	0	n.a.	2.93	*42.66*	0	0		0	9.87		9.87	*9.87*	*12.80*	*52.53*
1963	34.52	10.51	*45.03*	3.33	.66	.29	n.a.	4.28	*49.31*	3.11	.51		3.62	9.30		9.30	*12.92*	*17.20*	*62.23*
Change	+1.23	+4.07	*+5.30*	+.40	+.66	+.29	n.a.	+1.35	*+6.65*	+3.11	+.51		+3.62	−.57		−.57	*+3.05*	*+4.40*	*+9.70*
Rest of World:																			
1959	4.59	12.66	*17.25*	.32	0	0	n.a.	.32	*17.57*	0	0		0	3.03		3.03	*3.03*	*3.35*	*20.60*
1963	5.68	14.56	*20.24*	.61	.05	0	n.a.	.66	*20.90*	.05	0		.05	4.18		4.18	*4.23*	*4.89*	*25.13*
Change	+1.09	+1.90	*+2.99*	+.29	+.05	0	n.a.	+.34	*+3.33*	+.05	0		+.05	+1.15		+1.15	*+1.20*	*+1.54*	*+4.53*
All Countries:																			
1959	37.88	19.10	*56.98*	3.25	0	0	n.a.	3.25	*60.23*	0	0		0	12.90		12.90	*12.90*	*16.15*	*73.13*
1963	40.20	25.07	*65.27*	3.94	.71	.29	n.a.	4.94	*70.21*	3.16	.51		3.67	13.48		13.48	*17.16*	*22.09*	*87.36*
Change	+2.32	+5.97	*+8.29*	+.69	+.71	+.29	n.a.	+1.69	*+9.98*	+3.16	+.51		+3.67	+.58		+.58	*+4.25*	*+5.94*	*+14.23*

[1] Data for other reserves and credit facilities are incomplete and partly estimated.

[2] Including super gold tranche.

[3] Beyond the gold tranche.

[4] Including standbys subject to policy performance.

n.a. Not available.

TABLE III—OFFICIAL RESERVES AND CREDIT FACILITIES[1]

December 31, 1953–December 31, 1963 [In billions of U.S. dollars equivalent]

	RESERVES									CREDIT FACILITIES									
	GOLD AND FOREIGN EXCHANGE			OTHER						ASSURED				SUBJECT TO NEGOTIATION					
	Gold	Foreign exchange	Sub-total (1)+(2)	Gold [2] tranche	Special U.S. bonds	Swaps used by other party	Mis-cella-neous	Sub-total (4) to (7)	Total reserves (3)+(8)	Swaps unacti-vated	IMF stand-bys [3]	Other credit lines	Sub-total (10, 11, 12)	Other IMF [4] tranches	Poten-tial credit lines	Sub-total (14)+(15)	Total credit facilities (13)+(16)	Total (8)+(17)	Grand total (9)+(17)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
The Eight:																			
1953	4.03	4.74	8.77	.26	0	0	n.a.	.26	9.03	0	0		0	1.48		1.48	1.48	1.74	10.51
1963	13.62	9.88	23.50	1.80	.61	.16	n.a.	2.57	26.07	.95	0		.95	3.74		3.74	4.69	7.26	30.76
Change	+9.59	+5.14	+14.73	+1.54	+.61	+.16	n.a.	+2.31	+17.04	+.95	0		+.95	+2.26		+2.26	+3.21	+5.52	+20.25
Switzerland:																			
1953	1.46	.31	1.77	0	0	0	n.a.	0	1.77	0	0		0	0		0	0	0	1.77
1963	2.82	.25	3.07	0	.05	.08	n.a.	.13	3.20	.08	0		.08	0		0	.08	.21	3.28
Change	+1.36	−.06	+1.30	0	+.05	+.08	n.a.	+.13	+1.43	+.08	0		+.08	0		0	+.08	+.21	+1.51
The Eight and Switzerland:																			
1953	5.49	5.05	10.54	.26	0	0	n.a.	.26	10.80	0	0		0	1.48		1.48	1.48	1.74	12.28
1963	16.44	10.13	26.57	1.80	.66	.24	n.a.	2.70	29.27	1.03	0		1.03	3.74		3.74	4.77	7.47	34.04
Change	+10.95	+5.08	+16.03	+1.54	+.66	+.24	n.a.	+2.44	+18.47	+1.03	0		+1.03	+2.26		+2.26	+3.29	+5.73	+21.76
United Kingdom:																			
1953	2.26	.28	2.54	.12	0	0	n.a.	.12	2.66	0	0		0	1.30		1.30	1.30	1.42	3.96
1963	2.48	.17	2.65	.49	0	0	n.a.	.49	3.14	.50	.51		1.01	1.44		1.44	2.45	2.94	5.59
Change	+.22	−.11	+.11	+.37	0	0	n.a.	+.37	+.48	+.50	+.51		+1.01	+.14		+.14	+1.15	+1.52	+1.63
United States:																			
1953	22.10	0	22.10	1.37	0	0	n.a.	1.37	23.47	0	0		0	2.75		2.75	2.75	4.12	26.22
1963	15.60	.21	15.81	1.04	0	.05	n.a.	1.09	16.90	1.58	0		1.58	4.12		4.12	5.70	6.79	22.60
Change	−6.50	+.21	−6.29	−.33	0	+.05	n.a.	−.28	−6.57	+1.58	0		+1.58	+1.37		+1.37	+2.95	+2.67	−3.62
Reserve Countries:																			
1953	24.36	.28	24.64	1.49	0	0	n.a.	1.49	26.13	0	0		0	4.05		4.05	4.05	5.54	30.18
1963	18.08	.38	18.46	1.53	0	.05	n.a.	1.58	20.04	2.08	.51		2.59	5.56		5.56	8.15	9.73	28.19
Change	−6.28	+.10	−6.18	+.04	0	+.05	n.a.	+.09	−6.09	+2.08	+.51		+2.59	+1.51		+1.51	+4.10	+4.19	−1.99
Group of Ten:																			
1953	28.39	5.02	33.41	1.75	0	0	n.a.	1.75	35.16	0	0		0	5.53		5.53	5.53	7.28	40.69
1963	31.70	10.26	41.96	3.33	.61	.21	n.a.	4.15	46.11	3.03	.51		3.54	9.30		9.30	12.84	16.99	58.95
Change	+3.31	+5.24	+8.55	+1.58	+.61	+.21	n.a.	+2.40	+10.95	+3.03	+.51		+3.54	+3.77		+3.77	+7.31	+9.71	+18.26
Group of Ten and Switzerland:																			
1953	29.85	5.33	35.18	1.75	0	0	n.a.	1.75	36.93	0	0		0	5.53		5.53	5.53	7.28	42.46
1963	34.52	10.51	45.03	3.33	.66	.29	n.a.	4.28	49.31	3.11	.51		3.62	9.30		9.30	12.92	17.20	62.23
Change	+4.67	+5.18	+9.85	+1.58	+.66	+.29	n.a.	+2.53	+12.38	+3.11	+.51		+3.62	+3.77		+3.77	+7.39	+9.92	+19.77
Rest of World:																			
1953	4.47	11.78	16.25	.14	0	0	n.a.	.14	16.39	0	0		0	1.61		1.61	1.61	1.75	18.00
1963	5.68	14.56	20.24	.61	.05	0	n.a.	.66	20.90	.05	0		.05	4.18		4.18	4.23	4.89	25.13
Change	+1.21	+2.78	+3.99	+.47	+.05	0	n.a.	+.52	+4.51	+.05	0		+.05	+2.57		+2.57	+2.62	+3.14	+7.13
All Countries:																			
1953	34.32	17.11	51.43	1.89	0	0	n.a.	1.89	53.32	0	0		0	7.14		7.14	7.14	9.03	60.46
1963	40.20	25.07	65.27	3.94	.71	.29	n.a.	4.94	70.21	3.16	.51		3.67	13.48		13.48	17.15	22.09	87.36
Change	+5.88	+7.96	+13.84	+2.05	+.71	+.29	n.a.	+3.05	+16.89	+3.16	+.51		+3.67	+6.34		+6.34	+10.01	+13.06	+26.90
BIS:																			
1953	.08	0	.08	0	0	0	n.a.	0	.08	0	0		0	0		0	0	0	.08
1963	−.28	0	−.28	0	0	.15	n.a.	.15	−.13	.01	0		.01	0		0	.01	.16	−.12
Change	−.20	0	−.20	0	0	+.15	n.a.	+.15	−.05	+.01	0		+.01	0		0	+.01	+.16	−.04
Other International Organizations:																			
1953	1.86	0	1.86	0	0	0	n.a.	0	1.86	0	0		0	0		0	0	0	1.86
1963	2.36	0	2.36	0	0	0	n.a.	0	2.36	0	0		0	0		0	0	0	2.36
Change	+.50	0	+.50	0	0	0	n.a.	0	+.50	0	0		0	0		0	0	0	+.50

[1] Data for other reserves and credit facilities are incomplete and partly estimated.
[2] Including super gold tranche.
[3] Beyond the gold tranche.
[4] Including standbys subject to policy performance.
n.a. Not available.

TABLE IV—OFFICIAL RESERVES AND CREDIT FACILITIES [1]

December 31, 1959–December 31, 1963 [In billions of U.S. dollars equivalent]

	RESERVES									CREDIT FACILITIES								
	GOLD AND FOREIGN EXCHANGE			OTHER						ASSURED				SUBJECT TO NEGOTIATION				
	Gold	Foreign exchange	Sub-total (1)+(2)	Gold [2] tranche	Special U.S. bonds	Swaps used by other party	Mis-cella-neous	Sub-total (4) to (7)	Total reserves (3)+(8)	Swaps unacti-vated	IMF stand-bys [3]	Other credit lines	Sub-total (10, 11, 12)	Other IMF [4] tranches	Poten-tial credit lines	Sub-total (14)+(15)	Total credit facilities (13)+(16)	Total (8)+(17)	Grand total (9)+(17)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
The Eight:																			
1959	9.34	6.07	15.41	.86	0	0	n.a.	.86	16.27	0	0		0	3.80		3.80	3.80	4.66	20.07
1963	13.62	9.88	23.50	1.80	.61	.16	n.a.	2.57	26.07	.95	0		.95	3.74		3.74	4.69	7.26	30.76
Change	+4.28	+3.81	+8.09	+.94	+.61	+.16	n.a.	+1.71	+9.80	+.95	0		+.95	−.06		−.06	+.89	+2.60	+10.69
Switzerland:																			
1959	1.93	.13	2.06	0	0	0	n.a.	0	2.06	0	0		0	0		0	0	0	2.06
1963	2.82	.25	3.07	0	.05	.08	n.a.	.13	3.20	.08	0		.08	0		0	.08	.21	3.28
Change	+.89	+.12	+1.01	0	+.05	+.08	n.a.	+.13	+1.14	+.08	0		+.08	0		0	+.08	+.21	+1.22
The Eight and Switzerland:																			
1959	11.27	6.20	17.47	.86	0	0	n.a.	.86	18.33	0	0		0	3.80		3.80	3.80	4.66	22.13
1963	16.44	10.13	26.57	1.80	.66	.24	n.a.	2.70	29.27	1.03	0		1.03	3.74		3.74	4.77	7.47	34.04
Change	+5.17	+3.93	+9.10	+.94	+.66	+.24	n.a.	+1.84	+10.94	+1.03	0		+1.03	−.06		−.06	+.97	+2.81	+11.91
United Kingdom:																			
1959	2.51	.24	2.75	.07	0	0	n.a.	.07	2.82	0	0		0	1.95		1.95	1.95	2.02	4.77
1963	2.48	.17	2.65	.49	0	0	n.a.	.49	3.14	.50	.51		1.01	1.44		1.44	2.45	2.94	5.59
Change	−.03	−.07	−.10	+.42	0	0	n.a.	+.42	+.32	+.50	+.51		+1.01	−.51		−.51	+.50	+.92	+.82
United States:																			
1959	19.51	0	19.51	2.00	0	0	n.a.	2.00	21.51	0	0		0	4.12		4.12	4.12	6.12	25.63
1963	15.60	.21	15.81	1.04	0	.05	n.a.	1.09	16.90	1.58	0		1.58	4.12		4.12	5.70	6.79	22.60
Change	−3.91	+.21	−3.70	−.96	0	+.05	n.a.	−.91	−4.61	+1.58	0		+1.58	0		0	+1.58	+.67	−3.03
Reserve Countries:																			
1959	22.02	.24	22.26	2.07	0	0	n.a.	2.07	24.33	0	0		0	6.07		6.07	6.07	8.14	30.40
1963	18.08	.38	18.46	1.53	0	.05	n.a.	1.58	20.04	2.08	.51		2.59	5.56		5.56	8.15	9.73	28.19
Change	−3.94	+.14	−3.80	−.54	0	+.05	n.a.	−.49	−4.29	+2.08	+.51		+2.59	−.51		−.51	+2.08	+1.59	−2.21
Group of Ten:																			
1959	31.36	6.31	37.67	2.93	0	0	n.a.	2.93	40.60	0	0		0	9.87		9.87	9.87	12.80	50.47
1963	31.70	10.26	41.96	3.33	.61	.21	n.a.	4.15	46.11	3.03	.51		3.54	9.30		9.30	12.84	16.99	58.95
Change	+.34	+3.95	+4.29	+.40	+.61	+.21	n.a.	+1.22	+5.51	+3.03	+.51		+3.54	−.57		−.57	+2.97	+4.19	+8.48
Group of Ten and Switzerland:																			
1959	33.29	6.44	39.73	2.93	0	0	n.a.	2.93	42.66	0	0		0	9.87		9.87	9.87	12.80	52.53
1963	34.52	10.51	45.03	3.33	.66	.29	n.a.	4.28	49.31	3.11	.51		3.62	9.30		9.30	12.92	17.20	62.23
Change	+1.23	+4.07	+5.30	+.40	+.66	+.29	n.a.	+1.35	+6.65	+3.11	+.51		+3.62	−.57		−.57	+3.05	+4.40	+9.70
Rest of World:																			
1959	4.59	12.66	17.25	.32	0	0	n.a.	.32	17.57	0	0		0	3.03		3.03	3.03	3.35	20.60
1963	5.68	14.56	20.24	.61	.05	0	n.a.	.66	20.90	.05	0		.05	4.18		4.18	4.23	4.89	25.13
Change	+1.09	+1.90	+2.99	+.29	+.05	0	n.a.	+.34	+3.33	+.05	0		+.05	+1.15		+1.15	+1.20	+1.54	+4.53
All Countries:																			
1959	37.88	19.10	56.98	3.25	0	0	n.a.	3.25	60.23	0	0		0	12.90		12.90	12.90	16.15	73.13
1963	40.20	25.07	65.27	3.94	.71	.29	n.a.	4.94	70.21	3.16	.51		3.67	13.48		13.48	17.15	22.09	87.36
Change	+2.32	+5.97	+8.29	+.69	+.71	+.29	n.a.	+1.69	+9.98	+3.16	+.51		+3.67	+.58		+.58	+4.25	+5.94	+14.23
BIS:																			
1959	−.13	0	−.13	0	0	0	n.a.	0	−.13	0	0		0	0		0	0	0	−.13
1963	−.28	0	−.28	0	0	.15	n.a.	.15	−.13	.01	0		.01	0		0	.01	.16	−.12
Change	−.15	0	−.15	0	0	+.15	n.a.	+.15	0	+.01	0		+.01	0		0	+.01	+.16	+.01
Other International Organizations:																			
1959	2.44	0	2.44	0	0	0	n.a.	0	2.44	0	0		0	0		0	0	0	2.44
1963	2.36	0	2.36	0	0	0	n.a.	0	2.36	0	0		0	0		0	0	0	2.36
Change	−.08	0	−.08	0	0	0	n.a.	0	−.08	0	0		0	0		0	0	0	−.08

[1] Data for other reserves and credit facilities are incomplete and partly estimated.
[2] Including super gold tranche.
[3] Beyond the gold tranche.
[4] Including standbys subject to policy performance.
n.a. Not available.

Notes to Accompany Tables on Reserves and Credit Facilities

Table Column No.

1. *Gold.* Figures are published data from *International Financial Statistics.*
2. *Foreign Exchange.* Figures are published in *IFS.*
3. Subtotal of (1) and (2) represents the sum of gold and foreign exchange (primary reserves).
4. *Gold Tranche,* including super gold tranche, is published in *IFS.*
5. *Special U.S. Bonds* represent U.S. Government nonmarketable obligations payable in foreign currencies or in U.S. dollars, with an original maturity of more than one year, and convertible at the option of the holder into short-term Treasury obligations.
6. *Swaps Used by Other Party* represent that part of a reciprocal swap arrangement that corresponds to a swing credit that has been drawn upon by the other party, and is therefore an asset of the drawee country. Where swaps have been activated and amounts are held in the form of foreign exchange, they appear under "foreign exchange". The total amounts for swaps included in the tables will always add up to twice the original amount available to one party in the case of a group of countries that includes both parties to the swap.
7. *Miscellaneous* includes, but is not limited to, forward or other availabilities, long-term mobilizable securities and other foreign assets that have been acquired by monetary authorities, such as IBRD notes, etc.

Table Column No.

9. *Total Reserves* represent the sum of primary and other reserves. Total may not be statistically exact since some countries treat special U.S. bonds as part of foreign exchange reserves and therefore there may be some element of double counting. This also applies to Columns 8, 18 and 19.
10. *Swaps Unactivated.* This represents the standby facilities that have been established under swap agreements but not activated in the sense of reciprocal acquisition of foreign exchange.
11. *IMF Standbys.* This column would include standby facilities that can be drawn upon without further policy review; there was one of these in existence on December 31, 1963.
12. *Other Credit Lines.* This column would include bilateral or other assured credit lines that may exist now or in the future.
14. *Other IMF Tranches.* The amount shown in this column (together with the amount in column 11) represents for each country the undrawn portion of four credit tranches, which if drawn in full would bring the currency holdings of the IMF in that country's currency to 200 percent of quota.
15. *Potential Credit Lines.* This column registers the potentiality of other credit facilities that may be negotiated, or may be available after negotiation under some kind of policy review.
18. *Total of Other Reserves and Credit Facilities.* This is the sum of all the items except gold and foreign exchange reserves.

In his tenure at the Treasury Mr. Bullitt has uphold the highest standards of public service and contributed significantly to the Department's part in maintaining America's position of strength and leadership in international affairs. He is justly deserving of the Treasury Department Exceptional Service Award.

CITATION
EXCEPTIONAL SERVICE AWARD
JOHN C. BULLITT

For the past three years John C. Bullitt has served as Deputy Assistant Secretary and then Assistant Secretary of the Treasury for International Affairs. His service has been truly distinguished.

These years have been a period of particularly heavy Treasury responsibilities in the international area. Mr. Bullitt's response to these responsibilities has been effective and imaginative. As Chairman of the Executive Committee of the Cabinet Committee on Balance of Payments, he has played a key role in the formulation and execution of policies which have been responsible for the improvement of this country's balance of payments deficit. As U. S. Executive Director of the World Bank and the officer of this Department with primary responsibility in the field of foreign assistance, his leadershipaand judgment have been in large measure responsible for recent initiatives designed to promote international cooperation in development programs.

to day decisions will show direct and immediate results in this struggle.

The final measure of public service is just that -- serving the people -- and John Bullitt did that at the Treasury and he will do it in New Jersey. I have every confidence that he, and the anti-poverty program in New Jersey will be very successful.

New Jersey is lucky to get him.

In recognition of the great contribution he has made to the United States Government during his service, I will now present to him the Treasury's Exceptional Service Award which carries with it the following citation:

(Reads citation and presents award)

service here. I know, also, that he has a strong determination to serve the people of New Jersey well and to make the poverty program in New Jersey a model for the entire nation.

I am sure that there are many difficult problems ahead for him, but I am equally sure that he will meet them energetically, effectively and capably.

The United States Government is losing a very able public servant but the people of New Jersey are gaining an extremely competent administrator. Governor Richard J. Hughes has made an extremely wise choice in John Bullitt. While we will miss his keen judgement and his unusual ability, I cannot help but feel honored that he has chosen to devote his energy to such a worthy task as fightigg poverty, and particularly in our own State of New Jersey. For in this war on poverty he of all people would want to be in the very front lines, where his day

I know that he really has his heart in his new job.

I can understand this and in a very real way I envy him, for there are few contributions that a man can make today greater than that of serving in President Johnson's war on poverty.

Knowing John Bullitt, I am not at all surprised that he would want to join in the attack on poverty. He has a strong desire to serve where he will be most useful and where he can make the greatest contribution to helping people in need.

As the President said: "I have been aware for some time that Governor Hughes wants you to return home to direct New Jersey's war against poverty, and I reluctantly accept your resignation because I can think of no more important assignment for a man of your considerable talents."

I know that John will bring to his new job the same tremendous energy and total dedication that have marked his

Douglas C.

REMARKS BY SECRETARY DILLON AT LUNCHEON FOR ASSISTANT SECRETARY JOHN BULLITT TUESDAY, OCTOBER 13, 1964

It is not an altogether happy occasion when we must say goodbye to a member of our small group who has worked so closely with us on so many of the important projects we have tackled during the past four years.

During his time at Treasury John Bullitt has been particularly concerned with the problems of the people in the developing nations. In negotiating international agreements and in arranging for the financing of development loans for these nations he has made a significant and lasting contribution to a better life for a great number of people in the world.

At the same time he has shown himself an able guardian of the best interests of the United States, and his work in helping to bring the balance of payments situation under control has earned the respect of all of us. I would like very much to keep John in the Treasury but I would be the last to ask him to stay, because

TREASURY DEPARTMENT

WASHINGTON, D.C.

October 14, 1964

FOR IMMEDIATE RELEASE

ASSISTANT SECRETARY BULLITT GIVEN EXCEPTIONAL SERVICE AWARD

Treasury Secretary Dillon presented the Treasury's Exceptional Service Award to Assistant Secretary John C. Bullitt at a ceremony yesterday. Mr. Bullitt leaves Treasury October 15 to head the State of New Jersey's Anti-Poverty Program, to which post he was appointed by Governor Richard J. Hughes

At the presentation, which took place at a luncheon given him yesterday by his friends and associates at the F Street Club, Secretary Dillon cited Mr. Bullitt for his work during the past 3 years, "a period of particularly heavy Treasury responsibility in the international area.

Secretary Dillon's remarks are attached.

REMARKS BY SECRETARY DOUGLAS DILLON AT LUNCHEON
FOR ASSISTANT SECRETARY JOHN C. BULLITT
TUESDAY, OCTOBER 13, 1964

It is not an altogether happy occasion when we must say goodbye to a member of our small group who has worked so closely with us on so many of the important projects we have tackled during the past four years.

During his time at Treasury John Bullitt has been particularly concerned with the problems of the people in the developing nations. In negotiating international agreements and in arranging for the financing of development loans for these nations he has made a significant and lasting contribution to a better life for a great number of people in the world.

At the same time he has shown himself an able guardian of the best interests of the United States, and his work in helping to bring the balance of payments situation under control has earned the respect of all of us. I would like very much to keep John in the Treasury but I would be the last to ask him to stay, because I know that he really has his heart in his new job.

I can understand this and in a very real way I envy him, for there are few contributions that a man can make today greater than that of serving in President Johnson's war on poverty.

Knowing John Bullitt, I am not at all surprised that he would want to join in the attack on poverty. He has a strong desire to serve where he will be most useful and where he can make the greatest contribution to helping people in need.

As the President said: "I have been aware for some time that Governor Hughes wants you to return home to direct New Jersey's war against poverty, and I reluctantly accept your resignation because I can think of no more important assignment for a man of your considerable talents."

I know that John will bring to his new job the same tremendous energy and total dedication that have marked his service here. I know, also, that he has a strong determination to serve the people of New Jersey well and to make the poverty program in New Jersey a model for the entire nation.

I am sure that there are many difficult problems ahead for him, but I am equally sure that he will meet them energetically, effectively and capably.

The United States Government is losing a very able public servant but the people of New Jersey are gaining an extremely competent administrator. Governor Richard J. Hughes has made an extremely wise choice in John Bullitt. While we will miss his keen judgment and his unusual ability, I cannot help but feel honored that he has chosen to devote his energy to such a worthy task as fighting poverty, and particularly in our own State of New Jersey. For in this war on poverty he of all people would want to be in the very front lines, where his day-to-day decisions will show direct and immediate results in this struggle.

The final measure of public service is just that -- serving the people -- and John Bullitt did that at the Treasury and he will do it in New Jersey. I have every confidence that he, and the anti-poverty program in New Jersey will be very successful.

New Jersey is lucky to get him.

In recognition of the great contribution he has made to the United States Government during his service, I will now present to him the Treasury's Exceptional Service Award which carries with it the following citation:

CITATION
EXCEPTIONATL SERVICE AWARD
JOHN C. BULLITT

For the past three years John C. Bullitt has served as Deputy Assistant Secretary and then Assistant Secretary of the Treasury for International Affairs. His service has been truly distinguished.

These years have been a period of particularly heavy Treasury responsibilities in the international area. Mr. Bullitt's response to these responsibilities has been effective and imaginative. As Chairman of the Executive Committee of the Cabinet Committee on Balance of Payments, he has played a key role in the formulation and execution of policies which have been responsible for the improvement of this country's balance of payments deficit. As U.S. Executive Director of the World Bank and the officer of this Department with primary responsibility in the field of foreign assistance, his leadership and judgment have been in large measure responsible for recent initiatives designed to promote international cooperation in development programs.

In his tenure at the Treasury Mr. Bullitt has upheld the highest standards of public service and contributed significantly to the Department's part in maintaining America's position of strength and leadership in international affairs. He is justly deserving of the Treasury Department Exceptional Service Award.

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

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

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

~~BETA -- MODIFIED~~

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

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $ 200,000 ~~(16)~~ or less for the additional bills dated July 23, 1964 ~~(17)~~, (91 ~~(18)~~ days remaining until maturity date on January 21, 1965 ~~(19)~~) and noncompetitive tenders for $ 100,000 ~~(20)~~ or less for the 182 ~~(21)~~ -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Banks on October 22, 1964 ~~(22)~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 22, 1964 ~~(23)~~. Cash

~~Exhibit 3-A~~

~~[illegible] - MODIFIED~~

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,

~~(1)~~ October 14, 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 ~~(2)~~, or thereabouts, for cash and in exchange for Treasury bills maturing October 22, 1964 ~~(3)~~, in the amount of $ 2,201,614,000 ~~(4)~~, as follows:

91 ~~(5)~~ -day bills (to maturity date) to be issued October 22, 1964 ~~(6)~~, in the amount of $ 1,200,000,000 ~~(7)~~, or thereabouts, representing an additional amount of bills dated July 23, 1964 ~~(8)~~, and to mature January 21, 1965 ~~(9)~~, originally issued in the amount of $ 899,827,000 ~~(10)~~, the additional and original bills to be freely interchangeable.

182 ~~(11)~~ -day bills, for $ 1,000,000,000 ~~(12)~~, or thereabouts, to be dated October 22, 1964 ~~(13)~~, and to mature April 22, 1965 ~~(14)~~.

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

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern ~~Standard~~ Daylight Saving time, Monday, October 19, 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.

October 14, 1964

OR IMMEDIATE RELEASE

TREASURY'S WEEKLY BILL OFFERING

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D-1367

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less for the additional bills dated July 23, 1964, (91-days remaining until maturity date on January 21, 1965) and noncompetitive tenders for $100,000 or less for the 182 -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Banks on October 22, 1964, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 22, 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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I will now introduce President George J. Kelly of the American Bankers Association who will tell you in more detail about the "Calling all Coins" campaign. I believe he will also show some films which will be used in the campaign and I would like to express the appreciation of the Treasury Department and of the United States Government to the artists who gave their time and talent to the preparation of these films.

If any of you have any questions on the campaign later on, Mr. Kelly will be here to answer questions and also our own Assistant Secretary of the Treasury Robert A. Wallace and Miss Eva Adams our Director of the Mint. [illegible]

And now here is Mr. Kelly. (for mon. [illegible] affairs in coin production should help to relieve what otherwise might have developed into a critical coin shortage.

perform a very real public service by increasing the voluntary return of coins to circulation and lessening the strain on the existing supply.

The truth is that the habit many people have of emptying the change from their pocket or purse into the bureau drawer or some other place of temporary safe-keeping has contributed materially to the coin shortage. By encouraging people to return these coins to circulation, the American Bankers Association is helping to avoid the possibility of this temporary shortage developing into a real nuisance for both retailers and consumers.

I am sure that public-spirited citizens will be quick to return to circulation whatever change they may have tucked away, and the combined result of this campaign and the increase

1965

Meanwhile the sixty additional coinage presses now being purchased and installed by the Mint will bring coin production up to an annual rate of more than 9 billion coins ~~by the end~~ in the next year. ~~of this fiscal year on June 30, 1965~~. That will give us a total production for ~~the~~ fiscal year 1965 of ~~about 8 1/2~~ EIGHT billion coins, NEARLY double last year's output. In addition, plans for a new mint in Philadelphia are moving forward. Furthermore, in order to discourage coin hoarding by speculators, for the present new coins minted in 1965 will continue to carry the 1964 date.

That means that we can look forward to the end of the coin shortage next year. However, in the meantime the temporary shortage of coins poses a serious problem particularly with the approach of the Christmas holidays and the expected increase in buying which always takes place at that time.

For that reason, the ABA campaign at this time will

The demand has increased for a number of reasons, including the steady growth in population and business and the increased use of vending machines and parking meters. There has also been a phenomenal rise in the number of amateur coin collectors, from 2 to 10 million in the past 5 years -- although the real problem has been coin speculators. These speculators have been buying up coins in quantity and keeping them off the market in hopes of higher numismatic value.

The Treasury is working both its mints -- at Denver and Philadelphia -- twenty-four hours a day, seven days a week and as a result, this year (fiscal 1965) they will produce ALMOST twice as many coins as they did last year (fiscal 1964). At present the mints are producing almost 20 million coins a day. This means that production is running at an annual rate of more than 7 billion coins, compared to a rate of 4.3 billion during fiscal 1964.

TREASURY DEPARTMENT

Washington, D.C.
October 14, 1964

FOR IMMEDIATE RELEASE

REMARKS BY THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
AT THE OPENING OF THE ABA CAMPAIGN, "CALLING ALL COINS"
ROOM 4121, MAIN TREASURY BUILDING, WASHINGTON, D.C.
WEDNESDAY, OCTOBER 14, 1964, 11 A.M. EDT.

I am happy to be here this morning to help President George J. Kelly, of the American Bankers Association, open its "Calling All Coins" campaign to help alleviate the coin shortage.this fall.

The Treasury is glad to cooperate in this campaign because the shortage of circulating coins is an immediate and serious problem. Although the Government has minted enough coins to handle all the nation's normal needs, a substantial number of these have disappeared from circulation at a time when the demand for coins is greater than we have ever known before.

TREASURY DEPARTMENT
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Meanwhile the sixty additional coinage presses now being purchased and installed by the Mint will bring coin production up to an annual rate of more than 9 billion coins early in 1965. That will give us a total production for fiscal year 1965 of eight billion coins, nearly double last year's output. In addition, plans for a new mint in Philadelphia are moving forward. Furthermore, in order to discourage coin hoarding by speculators, for the present new coins minted in 1965 will continue to carry the 1964 date.

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For that reason, the ABA campaign at this time will perform a very real public service by increasing the voluntary return of coins to circulation and lessening the strain on the existing supply.

The truth is that the habit many people have of emptying the change from their pocket or purse into the bureau drawer or some other place of temporary safe-keeping has contributed materially to the coin shortage. By encouraging people to return these coins to circulation, the American Bankers Association is helping to avoid the possibility of this temporary shortage developing into a real nuisance for both retailers and consumers.

I am sure that public-spirited citizens will be quick to return to circulation whatever change they may have tucked away, and the combined result of this campaign and the increase in coin production should help to relieve what otherwise might have developed into a critical coin shortage.

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TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, OCTOBER 15,1964 D-1369

The Bureau of Customs announced today preliminary figures showing the quantities of wheat and milled wheat products authorized to be entered, or withdrawn from warehouse, for consumption under the import quotas established in the President's proclamation of May 28, 1941, as modified by the President's proclamation of April 13, 1942, and provided for in the Tariff Schedules of the United States, for the 12 months commencing May 29, 1964, as follows:

Country of Origin	Wheat		Milled wheat products	
	Established Quota	Imports May 29, 1964, Oct. 12, 1964	Established Quota	Imports May 29, 1964 Oct. 12, 1964
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
Canada	795,000	795,000	3,815,000	3,815,000
China	-	-	24,000	-
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	-	75,000	120
Australia	-	-	1,000	-
Germany	100	-	5,000	-
Syria	100	-	5,000	-
New Zealand	-	-	1,000	-
Chile	-	-	1,000	-
Netherlands	100	-	1,000	-
Argentina	2,000	-	14,000	-
Italy	100	-	2,000	-
Cuba	-	-	12,000	-
France	1,000	-	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	-
Yugoslavia	-	-	1,000	-
Norway	-	-	1,000	-
Canary Islands	-	-	1,000	-
Rumania	1,000	-	-	-
Guatemala	100	-	-	-
Brazil	100	-	-	-
Union of Soviet Socialist Republics	100	-	-	-
Belgium	100	-	-	-
Other foreign countries or areas	-	-	-	-
	800,000	795,000	4,000,000	3,815,120

TREASURY DEPARTMENT
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IMMEDIATE RELEASE

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Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	-	75,000	120
Australia	-	-	1,000	-
Germany	100	-	5,000	-
Syria	100	-	5,000	-
New Zealand	-	-	1,000	-
Chile	-	-	1,000	-
Netherlands	100	-	1,000	-
Argentina	2,000	-	14,000	-
Italy	100	-	2,000	-
Cuba	-	-	12,000	-
France	1,000	-	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	-
Yugoslavia	-	-	1,000	-
Norway	-	-	1,000	-
Canary Islands	-	-	1,000	-
Rumania	1,000	-	-	-
Guatemala	100	-	-	-
Brazil	100	-	-	-
Union of Soviet Socialist Republics	100	-	-	-
Belgium	100	-	-	-
Other foreign countries or areas	-	-	-	-
	800,000	795,000	4,000,000	3,815,120

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, 1964, to Oct. 12, 1964	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1964, to Oct. 12, 1964
United Kingdom...........	4,323,457	-	1,441,152	-
Canada....................	239,690	239,393	-	-
France....................	227,420	-	75,807	-
India and Pakistan........	69,627	-	-	-
Netherlands...............	68,240	-	22,747	-
Switzerland...............	44,388	-	14,796	-
Belgium...................	38,559	-	12,853	-
Japan.....................	341,535	-	-	-
China.....................	17,322	-	-	-
Egypt.....................	8,135	-	-	-
Cuba......................	6,544	-	-	-
Germany...................	76,329	-	25,443	-
Italy.....................	21,263	-	7,088	-
Other, including the U. S.	-	-	-	-
	5,482,509	239,393	1,599,886	-

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, OCTOBER 15, 1964

D-1370

Preliminary data on imports for consumption of cotton and cotton waste chargeable to the quotas established by Presidential Proclamation No. 2351 of September 5, 1939, as amended, and as modified by the Tariff Schedules of the United States which became effective August 31, 1963.

(The country designations in this press release are those specified in the appendix to the Tariff Schedules of the United States. There is no political connotation in the use of outmoded names.)

COTTON (other than linters) (in pounds)
Cotton under 1-1/8 inches other than rough or harsh under 3/4"
Imports September 20, 1964 - October 12, 1964

Country of Origin	Established Quota	Imports	Country of Origin	Established Quota	Imports
Egypt and Sudan............	783,816	-	Honduras....................	752	-
Peru........................	247,952	-	Paraguay....................	871	-
India and Pakistan.........	2,003,483	-	Colombia....................	124	-
China.......................	1,370,791	-	Iraq........................	195	-
Mexico......................	8,883,259	3,113,115	British East Africa.........	2,240	-
Brazil......................	618,723	-	Indonesia and Netherlands New Guinea..............	71,388	-
Union of Soviet Socialist Republics......	475,124	-	1/ British W. Indies...........	21,321	-
Argentina...................	5,203	-	Nigeria.....................	5,377	-
Haiti.......................	237	-	2/ British W. Africa...........	16,004	-
Ecuador.....................	9,333	-	Other, including the U.S....	-	-

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

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

Imports August 1, 1964 - October 12, 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	9,665
1-1/8" or more and under 1-3/8"	4,565,642	1,671,369

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, OCTOBER 15, 1964

D-1370

Preliminary data on imports for consumption of cotton and cotton waste chargeable to the quotas established by Presidential Proclamation No. 2351 of September 5, 1939, as amended, and as modified by the Tariff Schedules of the United States which became effective August 31, 1963.

(The country designations in this press release are those specified in the appendix to the Tariff Schedules of the United States. There is no political connotation in the use of outmoded names.)

COTTON (other than linters) (in pounds)
Cotton under 1-1/8 inches other than rough or harsh under 3/4"
Imports September 20, 1964 - October 12, 1964

Country of Origin	Established Quota	Imports
Egypt and Sudan............	783,816	-
Peru........................	247,952	-
India and Pakistan.........	2,003,483	-
China.......................	1,370,791	-
Mexico......................	8,883,259	3,113,115
Brazil......................	618,723	-
Union of Soviet Socialist Republics......	475,124	-
Argentina...................	5,203	-
Haiti.......................	237	-
Ecuador.....................	9,333	-

Country of Origin	Established Quota	Imports
Honduras.....................	752	-
Paraguay.....................	871	-
Colombia.....................	124	-
Iraq.........................	195	-
British East Africa.........	2,240	-
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, 1964 - October 12, 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	9,665
1-1/8" or more and under		

COTTON WASTES
(In pounds)

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

Country of Origin	Established TOTAL QUOTA	Total Imports Sept. 20, 1964, to Oct. 12, 1964	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1964, to Oct. 12, 1964
United Kingdom............	4,323,457	-	1,441,152	-
Canada....................	239,690	239,393	-	-
France....................	227,420	-	75,807	-
India and Pakistan........	69,627	-	-	-
Netherlands...............	68,240	-	22,747	-
Switzerland...............	44,388	-	14,796	-
Belgium...................	38,559	-	12,853	-
Japan.....................	341,535	-	-	-
China.....................	17,322	-	-	-
Egypt.....................	8,135	-	-	-
Cuba......................	6,544	-	-	-
Germany...................	76,329	-	25,443	-
Italy.....................	21,263	-	7,088	-
Other, including the U. S.	-	-	-	-
	5,482,509	239,393	1,599,886	-

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

COTTON WASTES
(In pounds)

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

Country of Origin	Established TOTAL QUOTA	Total Imports Sept. 20, 1963, to Sept. 19, 1964	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1963, to Sept. 19, 1964
United Kingdom............	4,323,457	1,087,369	1,441,152	287,669
Canada....................	239,690	239,690	-	-
France....................	227,420	221,909	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	33,511	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	1,741,897	1,599,886	342,820

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, OCTOBER 15, 1964

D-1371

Preliminary data on imports for consumption of cotton and cotton waste chargeable to the quotas established by Presidential Proclamation No. 2351 of September 5, 1939, as amended, and as modified by the Tariff Schedules of the United States which became effective August 31, 1963.

(The country designations in this press release are those specified in the appendix to the Tariff Schedules of the United States. There is no political connotation in the use of outmoded names.)

COTTON (other than linters) (in pounds)
Cotton under 1-1/8 inches other than rough or harsh under 3/4"
Imports September 20, 1963 - September 19, 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	24,045	Paraguay....................	871	-
India and Pakistan.........	2,003,483	159,692	Colombia....................	124	-
China......................	1,370,791	-	Iraq........................	195	-
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....	-	-

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, 1964 - Sept. 18, 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	9,665
1-1/8" or more and under [illegible]	4,[illegible]642	1,671,369

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, OCTOBER 15, 1964

D-1371

Preliminary data on imports for consumption of cotton and cotton waste chargeable to the quotas established by Presidential Proclamation No. 2351 of September 5, 1939, as amended, and as modified by the Tariff Schedules of the United States which became effective August 31, 1963.

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COTTON (other than linters) (in pounds)
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Imports September 20, 1963 - September 19, 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	24,045	Paraguay....................	871	-
India and Pakistan.........	2,003,483	159,692	Colombia....................	124	-
China.......................	1,370,791	-	Iraq........................	195	-
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....	-	-

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, 1964 - Sept. 18, 1964

Staple Length	Allocation	Imports
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1-5/32" or more and under 1-3/8" (Tanguis)	1,500,000	9,665
1-1/8" or more and under 1-3/8"	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 Sept. 19, 1964	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1963, to Sept. 19, 1964
United Kingdom...........	4,323,457	1,087,369	1,441,152	287,669
Canada....................	239,690	239,690	-	-
France....................	227,420	221,909	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	33,511	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	1,741,897	1,599,886	342,820

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

D-1371

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, OCTOBER 15, 1964

D-1372

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 - October 1 - December 31, 1964

IMPORTS - October 1 - October 9, 1964 (or as noted)

	ITEM 925.01*		ITEM 925.03*		ITEM 925.02*		ITEM 925.04*	
Country of Production	Lead-bearing ores and materials		Unwrought lead and lead waste and scrap		Zinc-bearing ores and materials		Unwrought zinc (except alloys of zinc and zinc dust) and zinc waste and scrap	
	Quarterly Quota Dutiable lead	Imports	Quarterly Quota Dutiable lead	Imports	Quarterly Quota Zinc Content	Imports	Quarterly Quota By Weight	Imports
	(Pounds)		(Pounds)		(Pounds)		(Pounds)	
Australia	11,220,000	11,220,000	22,540,000	942,366	-	-	-	-
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	*** 3,355,805
Bolivia	5,040,000	*** 2,836,221	-	-	-	-	-	-
Canada	13,440,000	*** 758,975	15,920,000	6,269,323	66,480,000	66,480,000	37,840,000	3,329,446
Italy	-	-	-	-	-	-	3,600,000	-
Mexico	-	-	36,880,000	4,547,534	70,480,000	5,710,126	6,320,000	2,405,647
Peru	16,160,000	16,160,000	12,880,000	1,622,734	35,120,000	6,618,131	3,760,000	1,300,305
Republic of the Congo (formerly Belgian Congo)	-	-	-	-	-	-	5,440,000	-
**Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	*** 14,460	-	-	-	-
All other countries (total)	6,560,000	*** 1,732,846	6,080,000	6,080,000	17,840,000	17,840,000	6,080,000	*** 2,565,705

*See Part 2, Appendix to Tariff Schedules.
**Republic of South Africa.

***Imports as of October 12, 1964.

PREPARED IN THE BUREAU OF CUSTOMS

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, OCTOBER 15, 1964

D-1372

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 - October 1 - December 31, 1964

IMPORTS - October 1 - October 9, 1964 (or as noted)

	ITEM 925.01•		ITEM 925.03•		ITEM 925.02•		ITEM 925.04•	
Country of Production	Lead-bearing ores and materials		Unwrought lead and lead waste and scrap		Zinc-bearing ores and materials		Unwrought zinc (except alloys of zinc and zinc dust) and zinc waste and scrap	
	Quarterly Quota Dutiable lead	Imports	Quarterly Quota Dutiable lead	Imports	Quarterly Quota Zinc Content	Imports	Quarterly Quota By Weight	Imports
	(Pounds)		(Pounds)		(Pounds)		(Pounds)	
Australia	11,220,000	11,220,000	22,540,000	942,366	-	-	-	-
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	*** 3,355,805
Bolivia	5,040,000	*** 2,836,221	-	-	-	-	-	-
Canada	13,440,000	*** 758,975	15,920,000	6,269,323	66,480,000	66,480,000	37,840,000	3,329,446
Italy	-	-	-	-	-	-	3,600,000	-
Mexico	-	-	36,880,000	4,547,534	70,480,000	5,710,126	6,320,000	2,405,647
Peru	16,160,000	16,160,000	12,880,000	1,622,734	35,120,000	6,618,131	3,760,000	1,300,305
Republic of the Congo (formerly Belgian Congo)	-	-	-	-	-	-	5,440,000	-
**Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	*** 14,460	-	-	-	-
All other countries (total)	6,560,000	*** 1,732,846	6,080,000	6,080,000	17,840,000	17,840,000	6,080,000	*** 2,565,705

•See Part 2, Appendix to Tariff Schedules.

••Republic of South Africa.

•••Imports as of October 12, 1964.

TREASURY DEPARTMENT
Washington, D. C.

D-1373

IMMEDIATE RELEASE
THURSDAY, OCTOBER 15 1964

PRELIMINARY DATA ON IMPORTS FOR CONSUMPTION OF UNMANUFACTURED LEAD AND ZINC CHARGEABLE TO THE QUOTAS ESTABLISHED BY PRESIDENTIAL PROCLAMATION NO. 3257 OF SEPTEMBER 22, 1958, AS MODIFIED BY THE TARIFF SCHEDULES OF THE UNITED STATES, WHICH BECAME EFFECTIVE AUGUST 31, 1963.

QUARTERLY QUOTA PERIOD – July 1 – September 30, 1964

IMPORTS – July 1 – September 30, 1964

	ITEM 925.01*		ITEM 925.03*		ITEM 925.02*		ITEM 925.04*	
Country of Production	Lead-bearing ores and materials		Unwrought lead and lead waste and scrap		Zinc-bearing ores and materials		Unwrought zinc (except alloys of zinc and zinc dust) and zinc waste and scrap	
	Quarterly Quota Dutiable lead	Imports	Quarterly Quota Dutiable lead	Imports	Quarterly Quota Zinc Content	Imports	Quarterly Quota By Weight	Imports
	(Pounds)		(Pounds)		(Pounds)		(Pounds)	
Australia	11,220,000	11,220,000	22,540,000	22,538,287	-	-	-	-
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	7,520,000
Bolivia	5,040,000	5,040,000	-	-	-	-	-	-
Canada	13,440,000	7,707,729	15,920,000	15,920,000	66,480,000	66,480,000	37,840,000	37,840,000
Italy	-	-	-	-	-	-	3,600,000	-
Mexico	-	-	36,880,000	36,880,000	70,480,000	58,215,643	6,320,000	6,319,064
Peru	16,160,000	16,160,000	12,880,000	12,878,871	35,120,000	35,120,000	3,760,000	3,759,761
Republic of the Congo (formerly Belgian Congo)	-	-	-	-	-	-	5,440,000	5,438,973
**Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	15,760,000	-	-	-	-
All other countries (total)	6,560,000	2,866,986	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.
**Republic of South Africa.

PREPARED IN THE BUREAU OF CUSTOMS

TREASURY DEPARTMENT
Washington, D. C.

D-1373

IMMEDIATE RELEASE
THURSDAY, OCTOBER 15, 1964

PRELIMINARY DATA ON IMPORTS FOR CONSUMPTION OF UNMANUFACTURED LEAD AND ZINC CHARGEABLE TO THE QUOTAS ESTABLISHED BY PRESIDENTIAL PROCLAMATION NO. 3257 OF SEPTEMBER 22, 1958, AS MODIFIED BY THE TARIFF SCHEDULES OF THE UNITED STATES, WHICH BECAME EFFECTIVE AUGUST 31, 1963.

QUARTERLY QUOTA PERIOD - July 1 - September 30, 1964

IMPORTS - July 1 - September 30, 1964

	ITEM 925.01*		ITEM 925.03*		ITEM 925.02*		ITEM 925.04*	
Country of Production	Lead-bearing ores and materials		Unwrought lead and lead waste and scrap		Zinc-bearing ores and materials		Unwrought zinc (except alloys of zinc and zinc dust) and zinc waste and scrap	
	Quarterly Quota Dutiable lead	Imports	Quarterly Quota Dutiable lead	Imports	Quarterly Quota Zinc Content	Imports	Quarterly Quota By Weight	Imports
	(Pounds)		(Pounds)		(Pounds)		(Pounds)	
Australia	11,220,000	11,220,000	22,540,000	22,538,287	-	-	-	-
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	7,520,000
Bolivia	5,040,000	5,040,000	-	-	-	-	-	-
Canada	13,440,000	7,707,729	15,920,000	15,920,000	66,480,000	66,480,000	37,840,000	37,840,000
Italy	-	-	-	-	-	-	3,600,000	-
Mexico	-	-	36,880,000	36,880,000	70,480,000	58,215,643	6,320,000	6,319,064
Peru	16,160,000	16,160,000	12,880,000	12,878,871	35,120,000	35,120,000	3,760,000	3,759,761
Republic of the Congo (formerly Belgian Congo)	-	-	-	-	-	-	5,440,000	5,438,973
**Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	15,760,000	-	-	-	-
All other countries (total)	6,560,000	2,866,986	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.
**Republic of South Africa.

TREASURY DEPARTMENT

Washington

IMMEDIATE RELEASE
THURSDAY, OCTOBER 15,1964

D-1374

The Bureau of Customs has announced the following preliminary figures showing the imports for consumption from January 1, 1964, to October 3, 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 October 3, 196
Buttons..............	680,000	Gross	182,242
Cigars...............	160,000,000	Number	11,296,304
Coconut oil..........	358,400,000	Pound	Quota Filled
Cordage..............	6,000,000	Pound	5,403,413
Tobacco..............	5,200,000	Pound	3,709,681

TREASURY DEPARTMENT

Washington

IMMEDIATE RELEASE
THURSDAY, OCTOBER 15,1964

D-1374

The Bureau of Customs has announced the following preliminary figures showing the imports for consumption from January 1, 1964, to October 3, 1964, inclusive, of commodities under quotas established pursuant to the Philippine Trade Agreement Revision Act of 1955:

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Buttons.............	680,000	Gross	182,242
Cigars...............	160,000,000	Number	11,296,304
Coconut oil..........	358,400,000	Pound	Quota Filled
Cordage..............	6,000,000	Pound	5,403,413
Tobacco..............	5,200,000	Pound	3,709,681

Commodity	Period and Quantity		Unit of Quantity	Imports as of October 3,
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
	12 mos. from Sept. 11, 1964	1,000	Pound	
Peanuts, shelled or not shelled, blanched, or otherwise prepared or preserved (except peanut butter).......................	12 mos. from August 1, 1964	1,709,000	Pound	788,69

1/ Imports through October 9, 1964.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE

THURSDAY, OCTOBER 15,1964

D-1375

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 October 3, 1964:

Commodity	Period and Quantity		Unit of Quantity	Imports as of October 3, 19
Tariff-Rate Quotas:				
Cream, fresh or sour.............	Calendar Year	1,500,000	Gallon	677,493
Whole Milk, fresh or sour........	Calendar Year	3,000,000	Gallon	51
Cattle, 700 lbs. or more each (other than dairy cows)........	July 1, 1964- Sept. 30, 1964	120,000	Head	18,336
	Oct. 1, 1964- Dec. 31, 1964	120,000	Head	1,329
Cattle less than 200 lbs. each...	12 mos. from April 1, 1964	200,000	Head	52,126
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish.......	Calendar Year	24,861,670	Pound	21,797,915
Tuna Fish........................	Calendar Year	60,911,870	Pound	31,894,583
White or Irish potatoes:				
Certified seed.................	12 mos. from	114,000,000	Pound	73,808,110
Other..........................	Sept. 15, 1963	45,000,000	Pound	Quota Filled
Certified seed.................	12 mos. from	114,000,000	Pound	90,000
Other..........................	Sept. 15, 1964	45,000,000	Pound	3,306,675
Knives, forks, and spoons with stainless steel handles........	Nov. 1, 1963- Oct. 31, 1964	69,000,000	Pieces	Quota Filled

TREASURY DEPARTMENT
Washington

MEDIATE RELEASE
HURSDAY, OCTOBER 15,1964

D-1375

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ther..........................		45,000,000	Pound	3,306,675
ves, forks, and spoons with tainless steel handles........	Nov. 1, 1963- Oct. 31, 1964	69,000,000	Pieces	Quota Filled

Commodity	Period and Quantity		Unit of Quantity	Imports as of October 3, 19
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	530
	12 mos. from Sept. 11, 1964	1,000	Pound	-
Peanuts, shelled or not shelled, blanched, or otherwise prepared or preserved (except peanut butter)........................	12 mos. from August 1, 1964	1,709,000	Pound	788,695[1]

[1] Imports through October 9, 1964.

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

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

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

All bidders are required to agree not to purchase or to sell, or to make any
eements with respect to the purchase or sale or other disposition of any bills of
ional issue at a specific rate or price, until after one-thirty p.m., Eastern ~~Standard~~ Daylight Saving time, Tuesday, October 20, 1964.
~~(11)~~
Immediately after the closing hour, tenders will be opened at the Federal Reserve
ks and Branches, following which public announcement will be made by the Treasury
artment of the amount and price range of accepted bids. Those submitting tenders
l be advised of the acceptance or rejection thereof. The Secretary of the Treasury
ressly reserves the right to accept or reject any or all tenders, in whole or in part,
his action in any such respect shall be final. Subject to these reservations, non-
petitive tenders for $ 200,000 or less without stated price from any one
~~(12)~~
der will be accepted in full at the average price (in three decimals) of accepted
petitive bids. Payment of accepted tenders at the prices offered must be made or
pleted at the Federal Reserve Bank in cash or other immediately available funds on
tober 26, 1964, provided, however, any qualified depositary will be permitted
~~(13)~~
make payment by credit in its Treasury tax and loan account for not more than 50 percent of the amount of Treasury bills allotted
it for itself and its customers up to any amount for which it shall be qualified in
ess 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
other disposition of the bills, does not have any exemption, as such, and loss from

~~Exhibit 1-B~~

~~ALPHA TAX~~

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, ~~4:00 P.M., EDST, Wednesday, October 14, 1964~~ October 14, 1964

TREASURY OFFERS ADDITIONAL $1.5 BILLION IN MARCH TAX BILLS

The Treasury Department, by this public notice, invites tenders for $1,500,000,00C or thereabouts, of 147-day Treasury bills (to maturity date), to be issued October 26, 1964, on a discount basis under competitive and noncompetitive bidding as hereinafter provided. The bills of this series will be designated Tax Anticipation Series and represent an additional amount of bills dated September 2, 1964, to mature March 22, 1965, originally issued in the amount of $1,000,965,000. The additional and original bills will be freely interchangeable. They will be accepted at face value in payment of income ~~and profits~~ taxes due on March 15, 1965 -(6)- , and to the extent th are not presented for this purpose the face amount of these bills will be payable without interest at maturity. Taxpayers desiring to apply these bills in payment of March -(7)- 1965 , income ~~and profits~~ taxes have the privilege of surrendering them to any Federal Reserve Bank or Branch or to the Office of the Treasurer of the United States, Washington, not more than fifteen days before March 15, 1965 -(8)- , and receiving receipts therefor showing the face amount of the bills so surrendered. These receipts may be submitted in lieu of the bills on or before March 15, 1965 -(9)- , to the District Direct of Internal Revenue for the District in which such taxes are payable. The bills will b issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $50,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Daylight Saving ~~Standard~~ time, Tuesday, October 20, 1964 -(10)- . Tenders wil not be received at the Treasury Department, Washington. Each tender must be for an ev 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.

TREASURY DEPARTMENT

WASHINGTON, D.C.

October 14, 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.

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 additional issue at a specific rate or price, until after one-thirty p.m., Eastern Daylight Saving time, Tuesday, October 20, 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, non-competitive 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 October 26, 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 loss.

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Mr. Trued is the author of a number of published works, including a monograph, Post-War Bilateral Payments Agreements, and an article in the October 1957 Journal of Political Economy, "Interest Arbitrage, Exchange Rates, and Gold and the Dollar Reserves."

Mr. Trued, 42, was born in Ceresco, Nebraska. He is married to the former Josephine Schafer of Perry, Kansas. They have a son Michael, age 19, and a daughter Sally, age 15, and maintain their residence in Ridgewood, New Jersey.

Mr. Trued came to the Treasury from the position as Assistant Vice President of/the Federal Reserve Bank of New York. He had joined the Federal Bank's Research Department in 1954 and held positions in that institution's public information and foreign departments.

While on leave of absence from the Bank, he served as a financial specialist with an advisory group to the Government of Viet Nam. He has also lectured on Economics at the University of Virginia and taught at Rutgers University, the City College of New York, and New York University.

He joined the United States Navy in 1942 and was commissioned a Lieutenant in the U. S. Marine Corps in 1943. Mr. Trued is now a Major in the U. S. Marine Corps Reserve.

Mr. Trued attended public schools in Tribune, Kansas. He received his M.A. degree in Foreign Affairs in 1951 from the University of Virginia and his Ph.D. degree in Economics in

MERLYN N. TRUED NAMED ACTING ASSISTANT SECRETARY OF THE TREASURY

Treasury Secretary Douglas Dillon today named Merlyn N. Trued as Acting Assistant Secretary of the Treasury.

Mr. Trued's appointment follows the resignation of Assistant Secretary John C. Bullitt, effective today, who was recently appointed by Governor Richard J. Hughes of New Jersey to aid that State's Anti-Poverty Program.

Mr. Trued has served as Deputy since January 28, 1963, in which capacity he aided in carrying out the Department's responsibilities in international financial and monetary affairs. He has been principally concerned with operations in the foreign exchange and gold markets and the U. S. balance of payments. He has also been concerned with activities of the so-call "Group of Ten" principal nations in its continuing study of international liquidity and related problems. In this capacity he has worked closely with Robert V. Roosa, Under Secretary for Monetary Affairs

TREASURY DEPARTMENT

WASHINGTON, D.C.

October 15, 1964

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Financing of Deficit on Regular Transactions
(Millions of dollars)

	Fiscal Year			
	1961	1962	1963	1964
	1960-61	1961-62	1962-63	1963-64
Decrease (-) in monetary reserve assets				
Gold	-1,759	-1,076	-697	-207
Convertible currencies	186	368	-428	56
IMF positions	-286	-110	-301	-323
Increase (-) in liquid liabilities				
Foreign private holders	481	-789	-141	-638
Foreign official holders	-748	-764	-1,347	43
International & regional institutional holders excl. IMF	-487	-537	111	238
Special government receipts (-)	-612	-295	-1,831	-909
Deficit on regular transactions	-3,225	-3,203	-4,634	-1,740

Source: *Survey of Current Business*, U.S. Department of Commerce.

October 8, 1964

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taken in recent years to buttress the gold-exchange standard against speculative attack and to improve the workings of the international monetary system. He referred briefly to the $6 billion General Arrangements to Borrow, the $2 billion network of central bank and government swap arrangements, the issuance of new types of government securities tailored to international requirements, and the proposed increase in IMF quotas. Mr. Roosa said that he had just completed a series of three scheduled public speeches in an effort toward some further elaboration of these points.

9. Mr. Roosa concluded by saying that, in addition to reserves, as such, specialized credit facilities have since World War II, and particularly over the past five years, come to play a very important part in the total of all international liquidity arrangements. Much of the answer to world liquidity needs in the future might indeed prove to lie in the field of improving and expanding multilateral credit instruments, and the impending increase in IMF quotas is a very significant evidence of that potentiality. If and when the nations of the world should devise a new international reserve asset to give further assurance that international liquidity would remain ample, there is general recognition

7. Historically, and today, the principal reserve currencies are currencies of countries best able to mobilize large sums of capital. The connection appears to be two-fold. On the one hand, foreign borrowers seek funds in the capital markets of the reserve currency country, frequently leaving the proceeds of the loans on deposit until such time as they are used; both the liabilities and the assets of the reserve currency country are accordingly increased. Secondly, foreigners with excess capital, finding little opportunity to invest that capital domestically because of inadequate capital markets, may place their funds in the reserve currency center where the choice of investments is broad, varied and highly liquid. The problem in looking ahead to the possibility that the world may want to create some additional method for supplying reserve assets, is how to do that while also assuring the facilities that have thus far been needed as corollaries of the reserve currencies. That is, can both governmental and private holders look to a capital market which, in effect, services these new assets?

8. Mr. Roosa said that, partly because they are already working so well, there was probably inadequate public understanding of the full significance of measures which had been

currencies and the dollar and then maintaining that parity. It is essentially the firm link between gold and dollars that keeps the world's currencies on what is now called the gold-exchange standard.

6. In the last ten years world reserves of gold and foreign exchange -- that is internationally usable assets in these forms held by monetary authorities -- have increased by nearly $14 billion. Of this, new gold production has supplied some $6 billion while foreign exchange, largely dollars, has accounted for about $8 billion. The supply of dollars to the rest of the world has been, in part, a reflection of United States deficits. Paradoxically enough, United States deficits have to a large extent been a result of supplying dollars to the outside world in response to foreign needs for capital -- to finance a growing volume of trade, to stimulate economic development. Even to highly industrialized countries there has been a large flow of American capital in direct and portfolio investment to take advantage of economic opportunities. In part, this latter flow of capital reflects the inadequacy of the capital market structure in many countries to mobilize domestic savings in order to meet domestic requirements.

currency. The pound sterling once occupied this position. The French franc is used as a reserve currency by some countries closely associated with France.

4. Mr. Roosa said that the establishment of a currency as a reserve currency was an evolutionary process. The first stage was for the currency to be extensively used in trade and commerce and in financial transactions so that it was widely accepted and freely passed from hand to hand in the commercial world. Once a currency became widely used in world market places, central banks might use it as a convenient instrument for market intervention to stabilize the value of the domestic currency. When central banks became prepared to hold not only working balances of the currency but to accumulate the currency and to regard it as a reserve asset, the currency became a "reserve currency."

5. In the international sphere, gold continues to be regarded as the ultimate form of reserve asset even though most countries no longer link their domestic currencies to gold. The United States is the only country which stands ready to buy and sell gold at a fixed price. Other countries make the linkage only by setting a parity between their

SUMMARY OF REMARKS BY THE HONORABLE ROBERT V. ROOSA
UNDER SECRETARY OF THE TREASURY FOR MONETARY AFFAIRS,
AT THE MEETING OF THE BUSINESS COUNCIL
AT HOT SPRINGS, VIRGINIA
FRIDAY, OCTOBER 16, 1964

The Dollar and the Pound as Reserve Currencies

1. Mr. Roosa said that Secretary Dillon and French Minister of Finance Giscard d'Estaing had, through their statements in Tokyo, in effect invited public participation in further consideration of the question whether some new type of international reserve asset would be required at some time in the future and, if so, what the nature of this asset should be.

2. Intelligent participation in that debate required full appreciation of the strengths and weaknesses of the existing gold-exchange system.

3. The gold-exchange system had developed gradually in response to the fact that world gold production was not able to keep pace with the world's requirements for a medium of exchange and a store of value. Even while the world monetary system went under the label of "gold standard" many countries held a portion of their reserves in the currencies of nations which offered free convertibility into gold. Since World War II the United States dollar has been the principal reserve

FOR RELEASE AFTER DELIVERY

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9. Mr. Roosa concluded by saying that, in addition to reserves, as such, specialized credit facilities have since World War II, and particularly over the past five years, come to play a very important part in the total of all international liquidity arrangements. Much of the answer to world liquidity needs in the future might indeed prove to lie in the field of improving and expanding multilateral credit instruments, and the impending increase in IMF quotas is a very significant evidence of that potentiality. If and when the nations of the world should devise a new international reserve asset to give further assurance that international liquidity would remain ample, there is general recognition

that this asset would necessarily be a supplement to the use of existing reserve currencies, not a substitute for them. Thus there will continue to be a crucial role and responsibility for the dollar, and for the pound sterling -- as national reserve currencies, as currencies used through the multilateral arrangements of the IMF, and as currencies engaged in various bilateral credit arrangements with other leading countries which are approaching the status of para-reserve currencies.

Financing of Deficit on Regular Transactions
(Millions of dollars)

	Fiscal Year			
	1961	1962	1963	1964
	1960-61	1961-62	1962-63	1963-64
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Deficit on regular transactions	-3,225	-3,203	-4,634	-1,740

Source: Survey of Current Business, U.S. Department of Commerce.

October 8, 1964

OFFICE OF THE SECRETARY OF THE TREASURY
WASHINGTON

October 17, 1964

Dear Mr. Katzenbach:

Since the President has assigned the Federal Bureau of Investigation the responsibility of conducting an investigation concerning Walter W. Jenkins, I want to inform you that on April 6, 1961, the U. S. Secret Service, in connection with a routine White House request for the issuance of a White House pass to Mr. Jenkins, requested criminal and subversive file checks from the FBI.

On April 18, 1961, the Secret Service received a one-line form report from the FBI giving the results of its criminal file search. This report showed that on January 16, 1959, the FBI received the fingerprints of Walter Wilson Jenkins from the District of Columbia police on a charge of "inv sup person" (investigation suspicious person.) No disposition of the charge was shown, and there was no further indication of the nature of the charge.

On April 19, 1961, the FBI report on its subversive file check was received It consisted of a 1958 FBI background investigation of Mr. Jenkins which disclosed no derogatory information. The Secret Service had also been informed by the White House that Mr. Jenkins had a current Top Secret clearance.

On the basis of the background investigation and the active security clearance, Mr. Jenkins was issued a White House pass. The then head of the Protective Research Section of the Secret Service, which has the responisbility for issuing White House passes, did not evaluate the FBI criminal report as involving a serious matter. I have been informed that it was not checked further with the District of Columbia authorities, nor were any higher officers of the Secret Service, or any one else informe of the report. Spacifically, it was not brought to the attention of any member of the White House staff, the then Vice President, or any member of his staff.

Sincerely,

Douglas Dillon

Mr. Nicholas deB. Katzenbach,
Acting Attorney General,
Washington, D. C.

THE SECRETARY OF THE TREASURY
WASHINGTON

October 17, 1964

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drive toward a full balance in our international payments. Continued cost and price stability, the ~~The~~ rising profitability of U.S. investment, and the strides we are making in improving productivity, ~~and continued cost and price stability~~ provide a solid base for further improvement. But steady ~~continued~~, unrelenting effort, both by the private economy and by the Government, will be necessary to capitalize on this potential.

first announced. Also, with the market now smoothly adjusted to the existence of this tax, we see no evidence there will be any big bulge in new foreign issues following the final enactment of the law.

* * * * *

Another important element in our payments situation, but one only partly reflected in the figures so far, is the program announced in July 1963 for substantial further reductions of approximately $1 billion in the Government's own payments abroad. Our results through last June already reflect a reduction of about $500 million from the calendar 1962 level, but ~~although~~ the full effects from this program are not expected until next year.

* * * * *

insert 5A
~~[illegible] investment position~~

These striking gains in reducing our balance-of-payments deficit, accomplished in the space of a little more than a year since the Presidential message of July 1963, have considerably shortened the distance still remaining to be covered in our

~~DRAFT: 10-13-64~~

* * * * *

The world-wide investment position of the United States has also continued to improve. ~~Net private assets abroad reached a new record of about $43 billion at the end of last year, over three times the level 10 years before.~~ The value of U.S. direct foreign investments alone had increased by $3.4 billion during 1963, while our other private long-term investments abroad rose by $2.1 billion -- a total of $5.5 billion. Of this total, $3.6 billion reflected capital outflows from the United States. But another $1.6 billion represented reinvestment abroad of undistributed profits of U.S. subsidiaries and branch operations abroad, and $500 million was increases in the value of foreign securities already held by Americans.

The value of foreign investments in the U.S. also increased very largely ~~partly~~ as a result of higher stock ~~reflecting very largely~~ the improved performance of our economy. But the ~~net~~ improvement in our net private asset position ~~in terms of private long- and short-term capital~~ -- that is, disregarding the larger volume of Government loans overseas -- ~~actually~~ exceeded the whole of our balance of payments deficit. Our payments deficit clearly does not mean that we are living off accumulated assets, but rather that we may have been ~~are~~ trying to do too much too fast.

[illegible]

growth, resulting from and generally in line with the continuing improvement in business activity, amounting to only about 9 per cent. And the trade figures so far available through the summer months indicate that our total exports have continued to move upward -- in a period when earlier large but extraordinary sales of wheat, for example, had ceased to be a factor -- and that the growth in our imports has also continued to be moderate in relation to our expanding GNP.

* * * * *

One of the largest elements in the over-all improvement of our payments during the past year has been the sharp curtailment (a reduction of $1.3 billion in the fiscal year ending with June, compared to the preceding year) in our private capital outflow through foreign securities -- with both flotations of new foreign issues and American purchases of outstanding foreign securities showing immediate and very substantial declines since the Interest Equalization Tax was in view of the great variety and complexity of the many transactions and economic forces which are reflected in our international accounts. The deficit in the January-March quarter of this year, for example, showed a particularly sharp decline because of an unusually favorable combination of certain special and temporary factors during those months. On the other hand, the second quarter of this year, reflecting some reversal of these temporary factors, was not so good. I am happy to say, on the basis of such preliminary information as we now have through September, that the third quarter will show a substantial improvement ~~again, and perhaps a substantial one, compared with the second~~ as compared to the second.

* * * * *

Our most encouraging gain of all, during the year ending last June, was the $1.4 billion growth in our commercial trade surplus over the level of the previous 12 months. Our commercial exports (excluding those financed by government aid and credits) increased about 16 per cent for the year -- compared with an import

This striking improvement in our gold accounts has been accompanied by increased demand from private foreigners for holdings of dollars as working balances or short-term investments. During the first half of this calendar year, such private demand for dollars absorbed practically all ~~a very large part -- in fact, all but about $50 million --~~ of the net dollar outflow resulting from our payments deficit. ~~and~~ this tendency for private foreigners to absorb U.S. dollars has continued strongly during the summer. ~~In addition, our modest drawings~~ ~~Also, our use of standby facilities~~

INSERT 2A

In addition, our modest drawings from the IMF have the effect of absorbing foreign dollar holdings. As a result, total foreign official holdings of dollars declined by $300 million during the first six months of this year. Even more significant, the decline in the official dollar holdings of major European financial centers alone, amounted to over $600 million.

[redacted]

Excerpts from Remarks by Secretary Dillon
at Meeting of Business Council

During the year and a quarter since the Presidential Message of July 1963 supplementing and intensifying the Administration's program for dealing with the balance-of-payments problem, we have made very substantial and truly encouraging progress.

* * * * *

For the fiscal year ending with June 1964, on which complete figures have now been published, our deficit on regular transactions was only $1.7 billion -- well under half of the total for the preceding 12 months and by far the most favorable showing since 1957.

* * * * *

This sharp reduction in our outflow of dollars combined with growing confidence in the U.S. dollar, has brought an even more dramatic improvement in our gold flows. In contrast to the heavy gold losses over a period of several years beginning with 1958, our total gold stock at the end of August -- and the same will be true again for the end of September -- showed, for the first time since 1957 a slight increase over its year-earlier level.

TREASURY DEPARTMENT
Washington

FOR RELEASE P.M. NEWSPAPERS
SATURDAY, OCTOBER 17, 1964

EXCERPTS FROM REMARKS BY THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
BEFORE THE BUSINESS COUNCIL
AT THE HOMESTEAD, HOT SPRINGS, VIRGINIA
SATURDAY, OCTOBER 17, 1964

During the year and a quarter since the Presidential Message of July 1963 supplementing and intensifying the Administration's program for dealing with the balance of payments problem, we have made very substantial and truly encouraging progress.

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For the fiscal year ending with June 1964, on which complete figures have now been published, our deficit on regular transactions was only $1.7 billion -- well under half of the total for the preceding 12 months and by far the most favorable showing since 1957.

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This striking improvement in our gold accounts has been accompanied by increased demand from private foreigners for holdings of dollars as working balances or short-term investments. During the first half of this calendar year, such private demand for dollars absorbed practically all of the net dollar outflow resulting from our payments deficit. This tendency for private foreigners to absorb U. S. dollars has continued strongly during the summer. In addition, our modest drawings from the IMF have the effect of absorbing foreign dollar holdings. As a result, total foreign official holdings of dollars declined by $300 million during the first six months of this year. Even more significant, the decline in the official dollar holdings of major European financial centers alone, amounted to over $400 million.

* * * *

Naturally, the progress over the past year in reducing our payments deficit has not been uniform from one quarter to another - nor should we expect it to be, in view of the great variety and complexity of the many transactions and economic forces which are reflected in our international accounts. The deficit in the January-March quarter of this year, for example, showed a particula sharp decline because of an unusually favorable combination of certain special and temporary factors during those months. On the other hand, the second quarter of this year, reflecting some revers of these temporary factors, was not so good. Such preliminary information as we now have through September confirms the indicatio that the third quarter results will once again show an improvement as compared to the second.

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Our most encouraging gain of all, during the year ending last June, was the $1.4 billion growth in our commercial trade surplus over the level of the previous 12 months. Our commercial exports (excluding those financed by government aid and credits) increased about 16 percent for the year -- compared with an import growth, resulting from and generally in line with the continuing improvement in business activity, amounting to only about 9 percent. And the trade figures so far available through the summer months indicate tl our total exports have continued to move upward -- in a period when earlier large but extraordinary sales of wheat, for example, had ceased to be a factor -- and that the growth in our imports has also continued to be moderate in relation to our expanding GNP.

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One of the largest elements in the overall improvement of our payments during the past year has been the sharp curtailment (a reduction of $1.3 billion in the fiscal year ending with June, compared to the preceding year) in our private capital outflow through foreign securities -- with both flotations of new foreign issues and American purchases of outstanding foreign securities showing immediate and very substantial declines since the Interest Equalization Tax was first announced. Also, with the market now smoothly adjusted to the existence of this tax, we see no evidence there will be any big bulge in new foreign issues following the final enactment of the law.

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Another important element in our payments situation, but one only partly reflected in the figures so far, is the program announced in July 1963 for substantial further reductions of approximately $1 billion in the Government's own payments abroad. Our results through last June already reflect a reduction of about $500 million from the calendar 1962 level, but the full effects from this program are not expected until next year.

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The world-wide investment position of the United States has also continued to improve. The value of U. S. direct foreign investments alone had increased by $3.4 billion during 1963, while our other private long-term investments abroad rose by $2.1 billion -- a total of $5.5 billion. Of this total, $3.6 billion reflected capital outflows from the United States. But another $1.6 billion represented reinvestment abroad of undistributed profits of U. S. subsidiaries and branch operations abroad, and $500 million was increases in the value of foreign securities already held by Americans.

The value of foreign investments in the U. S. also increased, very largely as a result of higher stock market prices, due to the improved performance of our economy. But the improvement in our net private asset position -- that is, disregarding the large volume of Government loans overseas -- exceeded the whole of our balance of payments deficit. Our payments deficit clearly does not mean that we are living off accumulated assets, but rather that we may have been trying to do too much too fast.

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These striking gains in reducing our balance of payments deficit, accomplished in the space of a little more than a year since the Presidential Message of July 1963, have considerably shortened the distance still remaining to be covered in our drive toward a full balance in our international payments. Continued cost and price stability, the rising profitability of U. S. investment and the strides we are making in improving productivity, provide a solid base for further improvement. But steady, unrelenting effort, both by the private economy and by the Government, will be necessary to capitalize on this potential.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, October 20, 1964.

October 19, 1964

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced last evening that the tenders for two series o Treasury bills, one series to be an additional issue of the bills dated July 23, 196 and the other series to be dated October 22, 1964, which were offered on October 14, were opened at the Federal Reserve Banks on October 19. Tenders were invited for $1,200,000,000, or thereabouts, of 91-day bills and for $1,000,000,000, or thereabou of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing January 21, 1965		:	182-day Treasury bills maturing April 22, 1965	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equ Annual Rate
High	99.094	3.584%	:	98.118	3.723%
Low	99.091	3.596%	:	98.106	3.746%
Average	99.092	3.592% 1/	:	98.110	3.738% 1/

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

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 35,425,000	$ 24,370,000	:	$ 2,774,000	$ 2,774,0
New York	1,583,718,000	824,443,000	:	1,320,423,000	713,023,0
Philadelphia	31,001,000	15,074,000	:	9,691,000	4,691,0
Cleveland	35,629,000	34,692,000	:	45,862,000	45,862,0
Richmond	10,941,000	10,941,000	:	6,377,000	5,477,0
Atlanta	31,183,000	23,290,000	:	10,022,000	7,530,0
Chicago	202,574,000	121,774,000	:	178,383,000	119,183,0
St. Louis	38,266,000	28,881,000	:	14,777,000	12,777,0
Minneapolis	23,259,000	14,609,000	:	7,747,000	5,747,0
Kansas City	31,761,000	26,181,000	:	18,442,000	18,342,0
Dallas	23,736,000	12,963,000	:	10,990,000	8,170,0
San Francisco	122,547,000	65,647,000	:	99,973,000	57,293,0
TOTALS	$2,170,040,000	$1,202,865,000	a/	$1,725,461,000	$1,000,869,0

a/ Includes $253,733,000 noncompetitive tenders accepted at the average price of 99.0
b/ Includes $83,585,000 noncompetitive tenders accepted at the average price of 98.11
1/ On a coupon issue of the same length and for the same amount invested, the return these bills would provide yields of 3.67%, for the 91-day bills, and 3.86%, for t 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 tha the amount invested and their length in actual number of days related to a 360-da year. In contrast, yields on certificates, notes, and bonds are computed in term 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 semi-ann compounding if more than one coupon period is involved.

TREASURY DEPARTMENT

WASHINGTON, D.C.

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sday, October 20, 1964.

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IN THE YEAR PRIOR TO OR FOLLOWING THE YEAR IN WHICH THE DIVIDENDS WERE PAID WILL BE TAKEN INTO ACCOUNT FOR PURPOSES OF IMPOSING GERMAN WITHHOLDING TAX AT THE FULL 25 PER CENT RATE.

PAGE 3 RUFKC 2640 UNCLAS

ANOTHER IMPORTANT CHANGE IN THE REVISED TEXT OF THE CONVENTION RELATES TO KNOW-HOW PAYMENTS. SUCH PAYMENTS WILL BE TREATED AS ROYALITIES AND AS SUCH WILL BE EXEMPT FROM TAX IN THE COUNTRY OF SOURCE AS FROM 1 JANUARY, 1963.

THE DEFINITION OF THE TERM "PERMANENT ESTABLISHMENT" AND THE RULE GOVERNING INDUSTRIAL OR COMMERCIAL PROFITS HAVE BEEN BROUGHT INTO LINE WITH OTHER RECENT DOUBLE TAXATION CONVENTIONS. OTHER CHANGES RELATE TO THE TAXATION OF INTEREST AND CAPITAL GAINS. DOUBLE TAXATION OF DIVIDENDS FROM PORTFOLIO INVESTMENTS IN THE UNITED STATES WILL, IN THE FUTURE, BE AVOIDED BY CREDITING UNITED STATES TAX AGAINST GERMAN TAX. FINALLY, THE CONVENTION HAS BEEN EXTENDED TO INCLUDE THE GERMAN TRADE TAX AND CAPITAL TAX.

EXCEPT AS OTHERWISE INDICATED THE REVISED CONVENTION IS TO APPLY AS OF 1 JANUARY, 1965. IT IS EXPECTED THAT THE PROTOCOL WILL BE SIGNED AND RATIFIED AS SOON AS POSSIBLE. ~~END QUOTE. HILLENBRAND~~

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October 19, 1964

FOR IMMEDIATE RELEASE

US-BONN REACH AGREEMENT ON REVISION OF
DOUBLE TAXATION CONVENTION

RMR

DELEGATIONS FROM THE FEDERAL REPUBLIC OF GERMANY AND THE UNITED STATES MET AT BONN FROM 12 OCTOBER TO 17 OCTOBER 1964 TO NEGOTIATE REVISION OF THE UNITED STATES - FEDERAL REPUBLIC DOUBLE TAXATION ~~CFN 1907~~

~~PAGE 2 RUFKC 2640~~

CONVENTION AND TO FORMULATE IN DETAIL THE GENERAL UNDERSTANDINGS REACHED AT WASHINGTON, D.C., IN JULY 1964. THE NEGOTIATIONS WERE CONDUCTED IN A SPIRIT OF FRIENDSHIP AND MUTUAL UNDERSTANDING AND ENDED WITH THE INITIALING OF THE TEXT OF A PROTOCOL REVISING THE CONVENTION.

A MAJOR FEATURE OF THE REVISION IS A CHANGE IN THE TAXATION OF DIVIDENDS. UNDER THE NEW RULE, DIVIDENDS PASSING FROM ONE COUNTRY TO THE OTHER WILL BE SUBJECT TO A REDUCED WITHHOLDING TAX OF 15 PER CENT. AN EXCEPTION TO THIS RULE IS PROVIDED IN RESPECT OF DIVIDENDS PAID BY A GERMAN COMPANY TO A UNITED STATES COMPANY HAVING AN INTEREST OF 10 PER CENT OR MORE IN THE GERMAN COMPANY PAYING THE DIVIDENDS. IN THE LATTER CASE, GERMAN TAX ON THE DIVIDENDS WILL BE WITHHELD AT THE FULL RATE OF 25 PER CENT, WHENE THE DIVIDENDS ARE REINVESTED IN THE GERMAN COMPANY. IN THIS CONNECTION, REINVESTMENT IN ANY CALENDAR YEAR TOTALING LESS THAN 7.5 PER CENT OF THE DIVIDENDS RECEIVED WILL BE DISREGARDED. ON THE OTHER HAND, ANY REINVESTMENT MADE BY THE UNITED STATES COMPANY

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TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR IMMEDIATE RELEASE October 19, 1964

US-BONN REACH AGREEMENT ON REVISION OF DOUBLE TAXATION CONVENTION

Delegations from the Federal Republic of Germany and the United States met at Bonn from October 12 to October 17, 1964, to negotiate a revision of the United States-Federal Republic double taxation convention and to formulate in detail the general understandings reached at Washington, D. C., in July 1964. The negotiations were conducted in a spirit of friendship and mutual understanding and ended with the initialing of the text of a protocol revising the convention.

A major feature of the revision is a change in the taxation of dividends. Under the new rule, dividends passing from one country to the other will be subject to a reduced withholding tax of 15 percent. An exception to this rule is provided in respect of dividends paid by a German company to a United States company having an interest of 10 percent or more in the German company paying the dividends. In the latter case, German tax on the dividends will be withheld at the full rate of 25 percent, whenever the dividends are reinvested in the German company. In this connection, reinvestment in any calendar year totaling less than 7.5 percent of the dividends received will be disregarded. On the other hand, any reinvestment made by the United States company in the year prior to or following the year in which the dividends were paid will be taken into account for purposes of imposing German withholding tax at the full 25 percent rate.

Another important change in the revised text of the convention relates to know-how payments. Such payments will be treated as royalties and as such will be exempt from tax in the country of source as from January 1, 1963.

The definition of the term "permanent establishment" and the rule governing industrial or commercial profits have been brought into line with other recent double taxation conventions. Other changes relate to the taxation of interest and capital gains. Double taxation of dividends from portfolio investments in the United States will, in the future, be avoided by crediting United States tax against German tax. Finally, the convention has been extended to include the German trade tax and capital tax.

Except as otherwise indicated the revised convention is to apply as of January 1, 1965. It is expected that the protocol will be signed and ratified as soon as possible.

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FOR RELEASE A. M. NEWSPAPERS,
Wednesday, October 21, 1964.

October 20, 1964

RESULTS OF TREASURY'S OFFER OF ADDITIONAL $1.5 BILLION IN MARCH TAX BILLS

The Treasury Department announced last evening that the tenders for an additional $1,500,000,000, or thereabouts, of the Tax Anticipation Series Treasury bills dated September 2, 1964, and to mature March 22, 1965, were opened at the Federal Reserve on October 20. The additional amount of bills, which were offered on October 14, will issued October 26 (147 days to maturity date).

The details of this issue are as follows:

Total applied for	- $3,186,622,000	
Total accepted	- 1,501,585,000	(includes $202,322,000 entered on a noncompetitive basis and accepted in full at the average price shown below)

Range of accepted competitive bids:

High	- 98.575	Equivalent rate of discount approx.	3.490% per annum
Low	- 98.559	" " " " "	3.529% " "
Average	- 98.564	" " " " "	3.518% " "

(71% of the amount bid for at the low price was accepted)

Federal Reserve District		Total Applied For	Total Accepted
Boston		$ 161,615,000	$ 69,815,000
New York		1,188,970,000	425,510,000
Philadelphia		86,695,000	19,095,000
Cleveland		263,730,000	85,630,000
Richmond		61,000,000	44,755,000
Atlanta		130,375,000	44,640,000
Chicago		391,177,000	202,432,000
St. Louis		34,410,000	24,604,000
Minneapolis		123,280,000	91,100,000
Kansas City		63,705,000	37,305,000
Dallas		216,975,000	144,025,000
San Francisco		464,690,000	312,674,000
	Total	$3,186,622,000	$1,501,585,000

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 3.62%. 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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High	- 98.575	Equivalent rate of discount approx.	3.490% per annum	
Low	- 98.559	" " " " "	3.529% " "	
Average	- 98.564	" " " " "	3.518% " "	1/

(71% of the amount bid for at the low price was accepted)

Federal Reserve District		Total Applied For	Total Accepted
Boston		$ 161,615,000	$ 69,815,000
New York		1,188,970,000	425,510,000
Philadelphia		86,695,000	19,095,000
Cleveland		263,730,000	85,630,000
Richmond		61,000,000	44,755,000
Atlanta		130,375,000	44,640,000
Chicago		391,177,000	202,432,000
St. Louis		34,410,000	24,604,000
Minneapolis		123,280,000	91,100,000
Kansas City		63,705,000	37,305,000
Dallas		216,975,000	144,025,000
San Francisco		464,690,000	312,674,000
	Total	$3,186,622,000	$1,501,585,000

a coupon issue of the same length and for the same amount invested, the return on ese bills would provide a yield of 3.62%. Interest rates on bills are quoted in s of bank discount with the return related to the face amount of the bills payable aturity rather than the amount invested and their length in actual number of days ted to a 360-day year. In contrast, yields on certificates, notes, and bonds are uted in terms of interest on the amount invested, and relate the number of days aining in an interest payment period to the actual number of days in the period, ith semiannual compounding if more than one coupon period is involved.

~~BETA - MODIFIED~~

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

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

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

~~BETA - MODIFIED~~

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

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 ~~(16)~~ or less for the additional bills dated July 30, 1964 ~~(17)~~, (91 ~~(18)~~ days remaining until maturity date on January 28, 1965 ~~(19)~~) and noncompetitive tenders for $100,000 ~~(20)~~ or less for the 182 ~~(21)~~ -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Banks on October 29, 1964 ~~(22)~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 29, 1964 ~~(23)~~. Cash

~~Exhibit 8-A~~

~~BEING MODIFIED~~

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, October 21, 1964

~~(1)~~

TREASURY'S WEEKLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders for two ser of Treasury bills to the aggregate amount of $2,200,000,000 ~~(2)~~, or thereabouts, f cash and in exchange for Treasury bills maturing October 29, 1964 ~~(3)~~, in the amo of $ 2,201,304,000 ~~(4)~~, as follows:

91 ~~(5)~~ -day bills (to maturity date) to be issued October 29, 1964 ~~(6)~~, in the amount of $1,200,000,000 ~~(7)~~, or thereabouts, representing an additional amount of bills dated July 30, 1964 ~~(8)~~, and to mature January 28, 1965 ~~(9)~~, originally issued in the amount of $901,969,000 ~~(10)~~, the additional and original bills to be freely interchangeable.

182 ~~(11)~~ -day bills, for $1,000,000,000 ~~(12)~~, or thereabouts, to be dated October 29, 1964 ~~(13)~~, and to mature April 29, 1965 ~~(14)~~.

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

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Standard time, Monday, October 26, 1964 ~~(15)~~ Tenders will not be received at the Treasury Department, Washington. Each tende must be for an even multiple of $1,000, and in the case of competitive tenders t price offered must be expressed on the basis of 100, with not more than three

TREASURY DEPARTMENT

WASHINGTON, D.C.

October 21, 1964

FOR IMMEDIATE RELEASE

TREASURY'S WEEKLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders or two series of Treasury bills to the aggregate amount of 2,200,000,000,or thereabouts, for cash and in exchange for reasury bills maturing October 29,1964, in the amount of 2,201,304,000, as follows:

91-day bills (to maturity date) to be issued October 29, 1964, n the amount of $1,200,000,000, or thereabouts, representing an dditional amount of bills dated July 30, 1964, and to ature January 28,1965, originally issued in the amount of 901,969,000, the additional and original bills to be freely nterchangeable.

182-day bills, for $1,000,000,000, or thereabouts, to be dated ctober 29, 1964, and to mature April 29, 1965.

The bills of both series will be issued on a discount basis under ompetitive and noncompetitive bidding as hereinafter provided, and at aturity their face amount will be payable without interest. They ill 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 to the closing hour, one-thirty p.m., Eastern Standard ime, Monday, October 26, 1964. Tenders will not be eceived at the Treasury Department, Washington. Each tender must e for an even multiple of $1,000, and in the case of competitive nders the price offered must be expressed on the basis of 100, ith not more than three decimals, e. g., 99.925. Fractions may not used. It is urged that tenders be made on the printed forms and orwarded in the special envelopes which will be supplied by Federal eserve Banks or Branches on application therefor.

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury 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 $ 200,000or less for the additional bills dated July 30, 1964, (91-days remaining until maturity date on January 28, 1965) and noncompetitive tenders for $100,000 or less for the 182-day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Banks on October 29, 1964, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 29,1964. 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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(Continued)

Standard Metropolitan Areas	Reduction in 1965 tax liability *
	(Dollar amounts in millions)
Peoria, Illinois	$ 20
Philadelphia, Pennsylvania-New Jersey	313
Phoenix, Arizona	42
Pittsburgh, Pennsylvania	159
Portland, Oregon-Washington	62
Providence-Pawtucket, Rhode Island-Massachusetts	50
Reading, Pennsylvania	17
Richmond, Virginia	31
Rochester, New York	52
Sacramento, California	44
St. Louis, Missouri-Illinois	154
Salt Lake City, Utah	22
San Antonio, Texas	32
San Bernardino-Riverside-Ontario, California	44
San Diego, California	61
San Francisco-Oakland, California	285
San Jose, California	57
Seattle, Washington	92
Shreveport, Louisiana	13
Spokane, Washington	15
Springfield-Chicopee-Holyoke, Massachusetts	27
Syracuse, New York	37
Tacoma, Washington	20
Tampa-St. Petersburg, Florida	37
Toledo, Ohio	33
Trenton, New Jersey	22
Tucson, Arizona	14
Tulsa, Oklahoma	29
Utica-Rome, New York	18
Washington, District of Columbia-Maryland-Virginia	181
Wichita, Kansas	22
Wilkes-Barre-Hazleton, Pennsylvania	15
Wilmington, Delaware-New Jersey	41
Worcester, Massachusetts	17
Youngstown-Warren, Ohio	31

Office of the Secretary of the Treasury
Office of Tax Analysis

* Standard Metropolitan Area estimates are based on the Area distribution of income tax after credits reported on 1961 income tax returns and published in Statistics of Income, Individuals, 1961. The reduction in tax liability for 1965 attributable to the Revenue Act of 1964 is estimated at $11.3 billion (assuming 1965 income leve

Continued

Standard Metropolitan Areas	Reduction in 1965 tax liability *
	(Dollar amounts in millions)
Fort Lauderdale-Hollywood, Florida	$ 21
Fort Worth, Texas	35
Fresno, California	19
Gary-Hammond-East Chicago, Indiana	39
Grand Rapids, Michigan	26
Harrisburg, Pennsylvania	20
Hartford, Connecticut	47
Honolulu, Hawaii	38
Houston, Texas	91
Huntington-Ashland, West Virginia-Kentucky-Ohio	11
Indianapolis, Indiana	57
Jacksonville, Florida	26
Jersey City, New Jersey	44
Johnstown, Pennsylvania	10
Kansas City, Missouri-Kansas	77
Knoxville, Tennessee	18
Lancaster, Pennsylvania	16
Lansing, Michigan	18
Los Angeles-Long Beach, California	600
Louisville, Kentucky-Indiana	45
Memphis, Tennessee	32
Miami, Florida	56
Milwaukee, Wisconsin	95
Minneapolis-St. Paul, Minnesota	112
Mobile, Alabama	11
Nashville, Tennessee	24
New Haven, Connecticut	26
New Orleans, Louisiana	48
New York, New York	1,125
Newark, New Jersey	167
Norfolk-Portsmouth, Virginia	25
Oklahoma City, Oklahoma	33
Omaha, Nebraska-Iowa	37
Orlando, Florida	18
Paterson-Clifton-Passaic, New Jersey	105

(Continued)

Reduction in 1965 Tax Liability from 1963: Estimates of Distribution Among the 100 Largest Standard Metropolitan Areas of the $11.3 billion Reduction in 1965 Tax Liability Resulting from the Revenue Act of 1964

Standard Metropolitan Areas	Reduction in 1965 tax liability *
	(Dollar amounts in million
United States	$11,300
100 Largest Standard Metropolitan Areas	7,510
As percent of U. S. total	66%
Akron, Ohio	37
Albany-Schenectady-Troy, New York	43
Albuquerque, New Mexico	14
Allentown-Bethlehem-Easton, Pennsylvania-New Jersey	34
Atlanta, Georgia	66
Bakersfield, California	18
Baltimore, Maryland	117
Beaumont-Port Arthur, Texas	19
Birmingham, Alabama	32
Boston, Massachusetts	194
Bridgeport, Connecticut	27
Buffalo, New York	85
Canton, Ohio	20
Charleston, West Virginia	15
Charlotte, North Carolina	17
Chattanooga, Tennessee-Georgia	16
Chicago, Illinois	610
Cincinnati, Ohio-Kentucky	81
Cleveland, Ohio	144
Columbia, South Carolina	7
Columbus, Ohio	52
Dallas, Texas	86
Davenport-Rock Island-Moline, Iowa-Illinois	20
Dayton, Ohio	53
Denver, Colorado	77
Des Moines, Iowa	19
Detroit, Michigan	272
Duluth-Superior, Minnesota-Wisconsin	16
El Paso, Texas	12
Flint, Michigan	27

(Continued)

Decrease in 1965 Income Tax Liabilities from 1963: Estimates of State Distributi
$11.3 billion Decrease in 1965 Tax Liabilities Resulting from the 1964 Revenue Ac
(Dollar amounts in millions)

States	Decrease in 1965 income tax liabilit 1963 liabilities 1/
United States	$11,300
Alabama	106
Alaska	15
Arizona	74
Arkansas	49
California	1,324
Colorado	119
Connecticut	241
Delaware	45
District of Columbia	76
Florida	250
Georgia	148
Hawaii	49
Idaho	28
Illinois	835
Indiana	272
Iowa	135
Kansas	114
Kentucky	107
Louisiana	128
Maine	42
Maryland	223
Massachusetts	377
Michigan	506
Minnesota	184
Mississippi	44
Missouri	251
Montana	32
Nebraska	80
Nevada	29
New Hampshire	35
New Jersey	511
New Mexico	42
New York	1,505
North Carolina	155
North Dakota	19
Ohio	651
Oklahoma	109
Oregon	105
Pennsylvania	704
Rhode Island	55
South Carolina	69
South Dakota	25
Tennessee	136
Texas	498
Utah	
Vermont	
Virginia	
Washington	
West Virginia	
Wisconsin	

1964 and the final third will become effective in 1965. As the attached estimates show, the expected increase in 1965 income levels will carry the total individual tax cut well over the $11-billion mark. This will have a very positive effect on our economy and, together with the excise tax reductions the Administration will seek next year, should provide a continuing strong and healthy stimulus to consumer purchasing power."

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~~DRAFT PRESS RELEASE~~ TAX CUT ESTIMATES

FOR RELEA [illegible]

The Treasury ~~President/The White House~~ today released the attached State and metropolitan area estimates of the tax cut for 1965, when the 1964 Revenue Act will become fully effective.

The tables, prepared by the Treasury show ~~in response to requests for a breakdown of~~ the total individual tax cut both by States and by major metropolitan areas, are based on expected 1965 levels of income. The reduction reflects the difference in tax liabilities for 1965 compared to actual tax liabilities paid for 1963 before the tax cut became effective.

~~The President/The White House~~ issued the following statement:

> "The response of the economy to the 1964 tax cut has been excellent, and there is every indication that it will continue to be so in 1965.
>
> "Under the Revenue Act of 1964, two-thirds of the individual tax reduction became effective in

TREASURY DEPARTMENT

WASHINGTON, D.C.

October 22, 1964

FOR RELEASE: A.M. NEWSPAPERS
SUNDAY, OCTOBER 25, 1964

DILLON ANNOUNCES 1965 TAX CUT ESTIMATES

The Treasury today released the attached State and metropolitan area estimates of the individual income tax cut for 1965, when the 1964 Revenue Act will become fully effective.

The tables show the total individual tax cut reduction both by States and by major metropolitan areas, based on expected 1965 levels of income. The ~~reduction~~ table reflects the ~~difference~~ in tax liabilities for 1965 ~~compared to actual tax liabilities paid for 1963 before the tax cut became effective.~~ resulting from the full effect of the Revenue Act of 1

Treasury Secretary Douglas Dillon issued the following statement:

> "The response of the economy to the 1964 tax cut has been excellent, and there is every indication that it will continue to be so in 1965.
>
> "Under the Revenue Act of 1964, two-thirds of the individual tax reduction became effective in 1964 and the final third will become effective in 1965. As the attached estimates show, the expected increase in 1965 income levels will carry the total individual tax cut well over the $11-billion mark. This will have a very positive effect on our economy and, together with the excise tax reductions the Administration will seek next year, should provide a continuing strong and healthy stimulus to consumer purchasing power."

Attachments

oOo

TREASURY DEPARTMENT

CORRECTED COPY

WASHINGTON, D.C.

October 22, 1964

FOR RELEASE: A.M. NEWSPAPERS
SUNDAY, OCTOBER 25, 1964

DILLON ANNOUNCES 1965 TAX CUT ESTIMATES

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Attachments

oOo

Decrease in 1965 Individual Income Tax Liabilities: Estimates of State Distribution of $11.3 Billion Decrease in 1965 Tax Liabilities Resulting from the 1964 Revenue Act

(Dollar amounts in millions)

States	Decrease in 1965 income tax liabilities 1/
United States	$11,300
Alabama	106
Alaska	15
Arizona	74
Arkansas	49
California	1,324
Colorado	119
Connecticut	241
Delaware	45
District of Columbia	76
Florida	250
Georgia	148
Hawaii	49
Idaho	28
Illinois	835
Indiana	272
Iowa	135
Kansas	114
Kentucky	107
Louisiana	128
Maine	42
Maryland	223
Massachusetts	377
Michigan	506
Minnesota	184
Mississippi	44
Missouri	251
Montana	32
Nebraska	80

(Continued)

(Continued)

States	Decrease in 1965 income tax liabilities 1/
Nevada	$ 29
New Hampshire	35
New Jersey	511
New Mexico	42
New York	1,505
North Carolina	155
North Dakota	19
Ohio	651
Oklahoma	109
Oregon	105
Pennsylvania	704
Rhode Island	55
South Carolina	69
South Dakota	25
Tennessee	136
Texas	498
Utah	46
Vermont	16
Virginia	197
Washington	197
West Virginia	73
Wisconsin	227
Wyoming	19
Other areas 2/	23

Office of the Secretary of the Treasury
Office of Tax Analysis

1/ State estimates based on State distribution of 1961 income tax liabilities published in Statistics of Income, Individuals, 1961. The reduction in 1965 income tax liability attributable to the 1964 Revenue Act is estimated at $11.3 billion assuming 1965 income levels. The 1965 reduction estimated at the time of passage of 1964 Act was $9.1 billion assuming 1963 income levels.

2/ Returns of residents of Puerto Rico and U. S. citizens residing in the Canal Zone, Virgin Islands, or abroad.

Reduction in 1965 Individual Income Tax Liability: Estimates of Distribution Among the 100 Largest Standard Metropolitan Areas of the $11.3 Billion Reduction in 1965 Tax Liability Resulting from the Revenue Act of 1964

Standard Metropolitan Areas	Reduction in 1965 tax liability *
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Atlanta, Georgia	66
Bakersfield, California	18
Baltimore, Maryland	117
Beaumont-Port Arthur, Texas	19
Birmingham, Alabama	32
Boston, Massachusetts	194
Bridgeport, Connecticut	27
Buffalo, New York	85
Canton, Ohio	20
Charleston, West Virginia	15
Charlotte, North Carolina	17
Chattanooga, Tennessee-Georgia	16
Chicago, Illinois	610
Cincinnati, Ohio-Kentucky	81
Cleveland, Ohio	144
Columbia, South Carolina	7
Columbus, Ohio	52
Dallas, Texas	86
Davenport-Rock Island-Moline, Iowa-Illinois	20
Dayton, Ohio	53
Denver, Colorado	77
Des Moines, Iowa	19
Detroit, Michigan	272
Duluth-Superior, Minnesota-Wisconsin	16
El Paso, Texas	12
Flint, Michigan	27

(Continued)

Continued

Standard Metropolitan Areas	Reduction in 1965 tax liability *
	(Dollar amounts in millions)
Fort Lauderdale-Hollywood, Florida	$ 21
Fort Worth, Texas	35
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Gary-Hammond-East Chicago, Indiana	39
Grand Rapids, Michigan	26
Harrisburg, Pennsylvania	20
Hartford, Connecticut	47
Honolulu, Hawaii	38
Houston, Texas	91
Huntington-Ashland, West Virginia-Kentucky-Ohio	11
Indianapolis, Indiana	57
Jacksonville, Florida	26
Jersey City, New Jersey	44
Johnstown, Pennsylvania	10
Kansas City, Missouri-Kansas	77
Knoxville, Tennessee	18
Lancaster, Pennsylvania	16
Lansing, Michigan	18
Los Angeles-Long Beach, California	600
Louisville, Kentucky-Indiana	45
Memphis, Tennessee	32
Miami, Florida	56
Milwaukee, Wisconsin	95
Minneapolis-St. Paul, Minnesota	112
Mobile, Alabama	11
Nashville, Tennessee	24
New Haven, Connecticut	26
New Orleans, Louisiana	48
New York, New York	1,125
Newark, New Jersey	167
Norfolk-Portsmouth, Virginia	25
Oklahoma City, Oklahoma	33
Omaha, Nebraska-Iowa	37
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(Continued)

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Providence-Pawtucket, Rhode Island-Massachusetts	50
Reading, Pennsylvania	17
Richmond, Virginia	31
Rochester, New York	52
Sacramento, California	44
St. Louis, Missouri-Illinois	154
Salt Lake City, Utah	22
San Antonio, Texas	32
San Bernardino-Riverside-Ontario, California	44
San Diego, California	61
San Francisco-Oakland, California	285
San Jose, California	57
Seattle, Washington	92
Shreveport, Louisiana	13
Spokane, Washington	15
Springfield-Chicopee-Holyoke, Massachusetts	27
Syracuse, New York	37
Tacoma, Washington	20
Tampa-St. Petersburg, Florida	37
Toledo, Ohio	33
Trenton, New Jersey	22
Tucson, Arizona	14
Tulsa, Oklahoma	29
Utica-Rome, New York	18
Washington, District of Columbia-Maryland-Virginia	181
Wichita, Kansas	22
Wilkes-Barre-Hazleton, Pennsylvania	15
Wilmington, Delaware-New Jersey	41
Worcester, Massachusetts	17
Youngstown-Warren, Ohio	31

Office of the Secretary of the Treasury
Office of Tax Analysis

*Standard Metropolitan Area estimates are based on the Area distribution of income tax after credits reported on 1961 income tax returns and published in Statistics of Income, Individuals, 1961. The reduction in tax liability for 1965 attributable to the Revenue Act of 1964 is estimated at $11.3 billion (assuming 1965 income levels).

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 actuall received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

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

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $ 200,000 XXXXXX or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on November 2, 1964 XXXXXX, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 31, 1964 XXXXX. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

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

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, October 21, 1964

TREASURY REFUNDS ONE-YEAR BILLS

The Treasury Department, by this public notice, invites tenders for $ 1,000,000,000 , or thereabouts, of 365 -day Treasury bills, for cash and in exchange for Treasury bills maturing October 31, 1964 , in the amount of $ 1,000,273,000 , to be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided. The bills of this series will be dated October 31, 1964 , and will mature October 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, Tuesday, October 27, 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. (Notwithstanding the fact that these bills will run for 365 days, the discount rate will be computed on a bank discount basis of 360 days, as is currently the practice on all issues of Treasury bills.) It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on November 2, 1964, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 31, 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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law. If it proves feasible, this optional plan could be an important first step toward a most desirable goal: Much lower tax rates under a simpler and more equitable tax code.

The economic promise of the coming years is indeed great. And we shall realize it, if only we continue to follow and build upon the policies that have proved themselves so successful over the past four years.

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policies that followed a wise and prudent course of accompanying restraint in government spending with an expansion in private spendi power -- policies that sought to promote economic growth by promoting economic freedom.

If we continue to follow those policies, we can expect continue progress on all economic fronts. We can also look forward to cuts in our excise taxes next year -- based upon the thorough and systematic studies that have now been underway for many months.

In the more distant future, we can look forward as well to further income tax cuts -- depending upon the state of our economy and of our Federal budget. In the nearer future, we shall be giving our full attention to Senator Long's interesting new tax proposal, which would offer an alternate, and far lower, tax rate schedule to those who would be willing to forego most of the deductions and other exemptions from tax that are available under present striking about-face in our gold outflows. In each of the past two months, and for the first time since the 1957 Suez crisis, our total gold holdings have actually recorded a modest gain instead of a substantial over the preceding twelve months.

This excellent progress in our international accounts has brought our goal of full balance well within sight -- and can bring it well within our grasp if both the private economy and Government not only continue, but intensify, their efforts.

Thus, in our balance of payments, in our budget, and in our domestic economy, the outlook today is far different than it was four years ago. That outlook -- like our unparalleled progress during those four years -- has had its birth and its upbringing in reasonable, moderate, and flexible economic policies that rejected demands to purchase either domestic economic growth or balance in our international payments at the expense of the other -

in response to the sustained gains in domestic production.as many had feared -- has recently improved. In the year ending last June, our commercial trade surplus grew by $1.4 billion beyond the level of the previous twelve months. Our commercial exports (not counting those financed by government aid and credits) increased by about 16 percent for the year -- compared to an import growth of only about 9 percent. The trade figures so far available throug the summer months show that our total exports have continued to rise and that the growth in our imports has remained moderate in relation to our expanding GNP.

Overall, for the fiscal year ending last June, our balance of payments deficit on regular transactions was only $1.7 billion -- well under half the total for the preceding twelve months and by far the most favorable since 1957. This sharp reduction in our payments deficit has helped generate an even more

Unemployment, while still too high, fell to 5.1 percent in the third quarter of this year, down from the 5.4 percent level of the first half of the year, from the 5.6 to 5.7 percent levels of 1962 and 1963, and from a recession high of 7 percent in early 1961.

Hand-in-hand with this large and steady reduction in the unemployment rate, there has been a large and steady rise in real take-home pay for the worker -- evidenced by the fact that, after taxes and full adjustment for any and all price increases, the average weekly take-home pay for a wage-earner with three dependents is today 11 percent larger than it was in early 1961.

These gains have been accomplished in an environment of price stability. That price stability is now beginning to pay increasing dividends in terms of heightened competitiveness in our export industries. Our commercial trade balance -- instead of deteriorat by $100 billion -- an annual rate of increase in real terms of about 5.2 percent. The Federal Reserve Board's index of industrial production has risen even more sharply. By September of this year, the production index was 20 percent above its February 1961 level -- an annual rate of increase of 7.4 percent.

Corporate earnings before tax have risen sharply, reaching an annual rate of $57.3 billion for the first half of this year -- $7.3 billion higher than the first half of last year and $15.7 billion, or 38 percent, higher than during the first half of 1961. With tax liabilities in the first half reflecting the new reduced corporate rates, profits after tax ran at the rate of $31.6 billion 21.1 percent higher than in the same period in 1961. Also responding in part to the tax cut, plant and equipment expenditures for the full year 1964 are expected to exceed $44 billion -- 13 percent more than in 1963.

sixty percent of its ultimate cost reduction goal of $4.6 billion annually. In my own Treasury Department, there has been an active Management Improvement Program on the books for the past 18 years. Yet last year saw the highest annual recurring savings ever achieved under this program. Moreover, fiscal 1962 and 1963 were the third and fourth best years of the entire program. Our four year total savings exceed those of any earlier four year period by almost 50 percent.

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From the first quarter of 1961 to the third quarter of 1964, our Gross National Product valued in constant dollars has risen totaled only 2,469,000 -- more than 100,000 under the original budget estimate in January 1963, more than 43,000 under the revised estimate in January 1964, 21,000 less than actual employment a year earlier, and 15,000 less than actual employment two year earlier. At the end of September, Federal civilian employment was 23,741 below September 1963, and lower than at any time in the last two and a half years. And Federal civilian employment ceilings are now being lowered even more: For instance the ceiling for the Department of Defense has just been cut by another 5,367 employees.

These reductions in Federal employment have been coupled with a comprehensive, sustained -- and equally impressive -- program for greater efficiency and productivity on the part of every Federal employee and every Federal department. The cost reduction program of the Department of Defense last year produced identifiable and verified savings of $2.8 billion, more than

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The latest estimates of expenditures for fiscal 1965, publishe last May, total only $97.3 billion -- $600 million less than the original estimate in January 1964. This figure is also $400 millio less than actual expenditures for the last fiscal year -- only the second time in 9 years that a Federal budget calls for a decrease, and not an increase in government spending.

In every phase of Government activity today, you see similar evidence of a most intense and unrelenting drive for frugality. You see it, for example, in the fact that Federal civiliam employment has been effectively reduced. Last June 30, such employment

And we have kept faith with that resolve, as one simple comparison makes supremely clear: Over the four fiscal years 1961 through 1965, expenditure increases, incurred and planned, on all Federal budget items other than defense, space, and interest, will have been held to a total of less than $4-1/2 billion. In comparison, the best efforts of the preceding administration -- and I can vouch for the fact that the will to hold down expenditures was there -- resulted in a full $6 billion increase in these same items during the 1957-61 period.

The plain fact is that the need for strict control over Government expenditures has never been met with greater effort, or better result, than over the past four years. And that effort has been intensified under President Johnson. Let me cite just a few examples:

business taxes as a result of the earlier tax measures -- will mean a total reduction in 1965 business taxes of more than $5-1/2 billion.

We have accompanied these dramatic moves to bolster the private sector of our economy with a rigorous control over government expenditures that has been unsurpassed in recent memory

At the beginning of 1961, we had no illusions that expenditur control would be easy. It never is. We also knew that a large rise in Government outlays for defense and space was inevitable, and that we had to expect continued moderate increases in the interest cost on the national debt. Because of those unavoidable increases for defense, space, and debt service, we resolved to exercise the closest control over [redacted] all other budget costs.

in terms of incentives to invest, their impact has been equivalent to a reduction in the corporate profits tax from 52 to about 38 percent.

Following these strong new steps to enlarge the capacity of the private economy, we took the most vigorous and forward-looking step of all in the Revenue Act of 1964 -- the largest tax cut in the nation's history, amounting to $14 billion at next year's levels of income. In 1965 -- when it will be fully effective -- that measure will slice more than $11.3 billion from the tax load of individual taxpayers. In other words, it will mean an extra $30 million a day available in the private economy for boosting the purchasing and investing power of the nation's taxpayers.

That massive reduction in the individual tax load will be complemented by a $2.7 billion cut in corporate taxes, which -- combined with an estimated cut of roughly $3 billion in 1965 business -- if it were freed of excessive curbs upon expansion and if it were actively encouraged by proper Government policies -- could not only meet the challenge of foreign competition, but also produce the jobs so badly needed here at home. We, therefore, moved promptly to carry out two major fiscal measures designed to generate large and long overdue increases in the incentives for private domestic investment in new plant and equipment:

First, the Treasury Department completely revised depreciatio guidelines for tax purposes. That was the first such revision in more than twenty years -- although those twenty years had witnesse vast changes in industrial practice.

Second, a tax credit of seven per cent on new investment in machinery and equipment was included as a key element in the Reven Act of 1962, and was further strengthened in the Revenue Act of 19

Together, these measures have enhanced the profitability of a typical investment in new equipment by more than 25 percent. Or, private economy was itself the essential solution, not only to chronic unemployment, under-investment and budget deficits, but to our balance of payments needs as well. We made a deliberate decision, therefore, to reinvigorate the private sector of our economy as the paramount force in achieving our national economic goals.

We were also convinced that, in any program to restore the vitality of the private economy, the first step was to free American enterprise from policies that had long restricted investment. During the 1950's, business fixed investment tended to decline as a percentage of total national output. That decline was permitted to occur at a time when other industrialized countri were rapidly expanding their capital facilities and replacing outmoded plant and equipment. As a result, those countries became increasingly formidable competitors in international markets.

We believed that the native ingenuity and drive of American had been followed by successively shorter and weaker recoveries, and the previous recession had produced the largest peacetime budget deficit in our nation's history. Unemployment was far too high. Business investment had fallen far below the levels essentia to satisfactory economic growth and to the success of American industry in the face of growing competition from abroad. At the same time, a series of balance of payments deficits -- which, on the basis of regular transactions, had averaged almost $4 billion a year from 1953 through 1960 -- had touched off ~~a mounting~~ an increasing loss of confidence in the dollar. These deficits had brought with them an accelerating outflow of gold amounting to more than $5 billion in the same three-year period -- an outflow that reached a climax in the Fall of 1960, when speculators pushed the price of gold in London up to $40 an ounce.

From the very outset, we were convinced -- and events have more than upheld our conviction -- that a strong and growing same level as it was six years ago. And the consumer price index in August of this year showed an increase of only one percent for the previous 12 months, a performance that has not been excelled in any similar period in any year since 1955.

Our debt management policy has enabled us to finance our debt in a conservative, non-inflationary manner. For the first time since the war, this Administration has succeeded in lengthening the average maturity of the entire marketable debt.

I mention that fact, not only because of its relevance tonight but because it reminds us that, like the unprecedented prosperity we enjoy, and the marked progress we have made in reducing our balance of payments deficit, in cutting unemployment, and in expanding business investment and profit margins, our record of price stability has not just happened.

On the contrary, when we assumed office, the [illegible] nearly four years ago ~~we were~~ in the throes of ~~our~~ its fourth postwar recession. Each of the three earlier recessi people of Louisiana in choosing these [redacted] men to represent them in Washington, the Nation would probably not have had a tax reduction bill this year. Every American who believes in the importance of the smooth functioning of our private economy owes a tremendous debt of gratitude to Representative Boggs and to Senator Long.

I am also extremely happy to be here among so many distinguished citizens of Louisiana, because it enables me to acknowledge the substantial contribution each of you is making to the soundness and stability of the nation's financial position by purchasing the limit in "E" and "H" Savings Bonds.

As you know, the Savings Bonds program is vital to the success of our debt management policy. The success of that policy in turn, has helped this nation to achieve, and to maintain, a record of price stability ~~unexcelled~~ unequalled by any other major industrial country. Today, the wholesale price index is at virtually the

"LIMIT BUYER DINNER"

REMARKS BY THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
AT THE [redacted]
ROOSEVELT HOTEL, NEW ORLEANS, LOUISIANA,
THURSDAY, OCTOBER 22, 1964, 6:30 P.M., CST

I am always delighted to return to New Orleans, for I never cease to be charmed by your city and overwhelmed by your hospitality.

This visit gives me the opportunity to pay tribute to my good friends Senator Long, and Congressmen Boggs and Hebert. Hale Boggs was a tower of strength in working out the details of this year's tax reduction bill during the hearings before the Ways and Means Committee. He also took a leading part in the bitter and crucial floor fight that preceded final passage of the bill in the House. Russell Long POSITION [illegible] THE SENATE. HE piloted the bill through the Senate Finance Committee, and [redacted] led the successful, ~~with the~~ fight on the floor of the Senate He accomplished [redacted] both jobs with his usual consummate skill.

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FOR RELEASE: A.M. NEWSPAPERS
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If we continue to follow those policies, we can expect continued progress on all economic fronts. We can also look forward to cuts in our excise taxes next year -- based upon the thorough and systematic studies that have now been underway for many months.

In the more distant future, we can look forward as well to further income tax cuts -- depending upon the state of our economy and of our Federal budget. In the nearer future, we shall be giving our full attention to Senator Long's interesting new tax proposal, which would offer an alternate, and far lower, tax rate schedule to those who would be willing to forego most of the deductions and other exemptions from tax that are available under present law. If it proves feasible, this optional plan could be an important first step toward a most desirable goal: Much lower tax rates under a simpler and more equitable tax code.

The economic promise of the coming years is indeed great. And we shall realize it, if only we continue to follow and build upon the policies that have proved themselves so successful over the past four years.

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What I am saying is that I am confident that this challenge can be met, and that it can be met while reaching new peaks of prosperity at home. That confidence does not arise out of any false hope that we can simply ride on the momentum of the past into a new era of "painless prosperity." Rather, it arises from the fact that we have learned much in recent years about how to use and blend our varied tools of Government policy in new ways, always within a framework of free markets and fiscal responsibility. It arises because once again our system of free private enterprise has demonstrated its enormous capacity for growth and innovation in a climate of price stability and renewed incentives. These are the solid building blocks out of which we can and will fashion a better future for all America.

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to an unusual combination of temporary factors, only to give way to a considerably larger deficit in the second quarter. The latest figures for the third quarter, while still fragmentary, indicate that the deficit will fall between those extremes, and confirm the prospects of substantial improvement for 1964 as a whole. Looked at in the larger view we are justified in taking ~~can take~~ real satisfaction from the substantial improvement in our international payments that has characterized the past 15 months.

I am not suggesting that our balance of payments problem is over. It clearly is not. In some ways, the hardest part of the job remains ahead. Moreover, in a world of convertible currencies with trade and capital free to flow across national boundaries, it will never again be possible to take the relaxed attitude toward our international payments that characterized much of the period since World War II.

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Important savings have developed in other sectors of our international accounts. By mid-year, the annual balance of payments costs of our aid and defense programs had been trimmed back by roughly $500 million from their 1962 levels. Further reductions already scheduled will next year bring those savings to approximate $1 billion. The dangerous threat to the dollar arising from last year's accelerating outflow of portfolio capital has been successfu braked through the Interest Equalization Tax. As anticipated, that necessary, but temporary, measure is providing the breathing time we need until European capital markets are more fully developed and our other measures have had time to become fully effective.

The favorable influence of these factors on our balance of payments is frequently obscured by erratic fluctuations from month to month and quarter to quarter. For example, our payments deficit dropped abruptly during the first quarter of this year in response

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to maintain a relationship between wages, productivity, and prices that can permit us to prolong our excellent record of cost and price stability.

For price stability today is imperative, not only to our domes economy, but to our balance of payments position. In the past year we have begun to see clear evidence that price stability is gradual improving our international competitive position. During fiscal ye 1964 our commercial exports rose by 16%, far exceeding the 9% rise in imports that has been a natural consequence of our rising levels of business activity. As a result, our commercial trade balance increased by $1.4 billion, helping to cut our balance of payments deficit over the same period more than in half. And during the recent summer months our exports reached a new peak, despite expect declines in grain shipments from the exceptionally high levels of last winter.

Important savings

to any new difficulties in the balance of payments that may require a prompt and effective response. To the contrary, the importance of the tax reduction program lies in part in the fact that it has placed ~~left~~ the monetary authorities in a stronger position to deal appropriately with such contingencies, should they arise.

As our economy moves ahead over the coming weeks and months, the monetary authorities will certainly be watching closely for evidence, either in financial flows or elsewhere, of forces that could develop into a threat to either price stability or orderly expansion. But we must not assume that the maintenance of price stability is the responsibility of the monetary authorities alone. For the most difficult problem -- and one with which the monetary authorities are ill-equipped to deal -- would be spreading wage and cost pressures that industry could not absorb from rising productiv Here the heaviest responsibility rests on both industry and labor

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of credit might, it is true, have reduced the outflow of short-term funds, and attracted some money from abroad. That approach would have had merit if our deficit had resulted from the classic problem of internal inflation with shortages of labor and industrial capacity. But that was clearly not the case. The basic solution to our balance of payments problem lay elsewhere -- in spurring gains in efficiency of operation and in improving the investment climate so that our industry could better its position in world markets. In these circumstances tight money, while perhaps permitting us briefly to balance our external accounts, would have provided only a fleeting illusion of progress. By working at cross purposes to our fundamental needs to stimulate investment and productivity, it would surely have been self-defeating.

These judgments do not in any way imply that monetary policy should not be sensitive both to inflationary pressures at home and standing marketable Treasury securities maturing in more than five years have increased by more than $26 billion, an amount exceeding the entire growth in the public debt. In effect, our entire cumulative budget deficit has been financed at long-term, drawing upon the savings generated by a growing economy in ways that will not contribute to inflationary pressures. This has meant an increase in the average life of the national debt from four years and six months in January, 1961, to five years and three months as of the end of [illegible] September. And, instead of the creation of bank credit to finance the Government, commercial bank holdings of Federal debt have declined.

Taking a broad look at the past four years, I am persuaded that monetary policy has made as great a contribution to the soluti of our balance of payments problem as it appropriately could have done. A severe tightening bargaining. In both respects, our performance has been unmatched by any other major industrialized nation.

There has been no persuasive evidence of a prolonged build-up of excessive liquidity in our domestic economy. Increases in the money supply since 1960 have been relatively modest -- at a rate well below the increase in production. Corporate cash flow has been expanding rapidly, but we have investment and working capital needs. As a result, aggregate corporate balance sheets do not reflect an accumulation of liquid assets that might fuel an uncontrollable burst of spending. And slowly, but noticeably, bank liquidit has been reduced.

One important factor in maintaining this balance, and thereby easing the task of the monetary authorities, has been the steady progress in restructuring the national debt. Since early 1961 out-

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straining at capacity. A willingness to use fiscal stimulus under one set of conditions must be matched by a willingness to accept restraint when needed. I need not emphasize to this audience which is so well schooled in the principle and practice of flexible monetary policies, the dangers of a rigid commitment to particular policies for years ahead, no matter how enticing the prospect may appear today.

One factor that must always receive great weight in our policy decisions is the imperative need to maintain price stability. With industrial prices today averaging almost precisely the same as in 1958, we can look back on the longest period of sustained stability in many decades. Manufacturing labor costs per unit of output have actually declined during the current expansion -- a reflection of our rapid gains in productivity and responsible wage

bargaining. In both respects,

During the coming session of Congress, we should undertake th next priority item on our agenda -- an overhauling of the crazy qu of excise taxes that we have inherited in good part from past emergencies. The extensive studies that are needed to lay a responsib groundwork for such action have been underway for some time.

We must guard, however, against allowing the first glow of success to distort the developing consensu$ on the responsible use fiscal policy into something quite different. In this uncertain w we simply cannot responsibly schedule fixed tax reduction for year ahead in blithe ignorance of, or unconcern for, expenditure needs the state of the economy. Changes in our tax system must be recog for what they are -- strong medicine, to be prescribed only after most painstaking and careful diagnosis.

A budget deficit acceptable under conditions of excessive unemployment would be dangerously inflationary when production is

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to greatly widen the tax base, with the result that our revenues would rise despite the reduced rates.

That is not simply theory. It is now being confirmed every da by actual experience. With continued expenditure control, and an expanded tax base, we can look forward to the steady reduction and eventual elimination of our budgetary deficit in a vigorously expanding economy.

This bold and successful use of fiscal policy has important implications for the future. There is now a growing national conse that the more active use of fiscal policy, together with responsibl debt management and monetary policies, has a key role to play in achieving our economic objectives. There is also a growing understanding that a more flexible fiscal policy need not be associated with loose spending practices, and that the added revenues yielded by economic growth can offer further opportunities for tax reductio

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timely, effective tax and fiscal policy. The price is acceptable o because, under existing conditions and with prudent management of t debt, those deficits do not pose an inflationary problem. They are instead, a transitional step toward our basic goal of a balanced budget in a healthy, full employment economy.

The choice we faced was not one between balanced budgets and t reduction. An economy prone to recession and slow growth is also p to deficits, for we cannot meet our essential spending needs from a shrunken tax base. We learned that lesson the hard way during the latter part of the 1950's -- a lesson highlighted by the record $12 billion deficit that followed the 1958 recession. The ironic, but plain, fact was that our excessively high tax rates were themselves contributing to the sluggishness of the economy.

Carefully designed tax reduction offered the most promising way out of that impasse. By expanding incomes and profits, it promised

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desirable -- because it was vital to our payments effort that we kee our money market rates roughly in equilibrium with those abroad. Bu consistent with that constraint, we developed techniques to assure a ample flow of credit to long-term borrowers. That was, of course, a process in which the banking community played an essential role by aggressively seeking out and mobilizing funds that could, in turn, be made available to businesses, homebuyers, and state and local governments.

We could not, however, meet our objectives with monetary policy alone. There was also a compelling need to cut through the inhibiti lethargy, and maze of detail that for much too long had blocked sore needed tax reduction and reform.

Because of tax reduction, we have had temporarily to accept som what larger budgetary deficits than we would otherwise have had. We have not sought those deficits. They are the price we had to pay fo

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a proportion of GNP -- a realistic measures of its burden -- will b the end of this fiscal year have dropped back to the levels prevail at the very beginning of World War II.

These figures also underscore the fact that the basic economic strategy of this Administration has been to look to the private sector of the economy as the main engine for expansion. Government has had an essential role to play in this process, but this role wa not simply to seek increases in its own spending. Rather, it was t provide, through its economic and financial policies, a favorable climate for business investment and private spending. It was to pr mote continued increases in efficiency and productivity -- so essen both to sustained domestic growth and to our export effort. And al this had to be done within a framework of price stability.

Monetary and debt management policies could do part of the jot We ruled out the extremes of easy money -- even had they been other desirable -- becaus employment, as a proportion of the total work force, has dropped to its lowest point since 1941.

Fiscal responsibility does not imply that urgent national needs must go unsatisfied. But it does require, in the face of almost limitless pressures for new and expanded programs, a zealous and never-ending search for economies in less urgent areas. The Government sector of the economy must be held to a size where the burden of taxes and debt can be carried by a growing economy, without inflationary pressures.

By this test, too, the record is clear. During the current fiscal year, despite the requirements of defense and space, budget expenditures will be lower relative to Gross National Product than any time in the past 13 years. The share of total personal income pre-empted by the Federal individual income tax will decline to 9% smaller than in any fiscal year since 1951. And the Federal debt a

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the 1957-61 period when the previous Administration was doing its level best to hold down unnecessary expenditures.

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~~This year~~ we will achieve a year-to-year decline in total expe tures for only the second time since the end of the Korean War permitted a substantial, but non-recurring, cut in defense spending And this year's reduction is being accomplished despite the half billion dollar cost of the long overdue adjustment in Federal salaries, the new anti-poverty program, higher interest costs, and other built-in increases.

This accomplishment is possible only because of a sustained dr for budgetary economies that, for sheer intensity and effectiveness exceeds anything within my experience in Government. One result is that Federal employment has been cut below the level at the end of fiscal 1962, two and a quarter years ago. In fact, Federal civilia

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The true test of our record in expenditure control lies not in these items but in what has happened to all other governmental expenditures, including welfare programs, domestic housekeeping, ordinary civilian services, agricultural support and all the rest. Annual expenditures on all of these programs combined have grown, over the four years, fiscal 1961-65, by [not quite] [illegible] than [illegible] $4-1/2 billion. That is more than twenty-five percent less than the increase in these same programs d

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internal and external circumstances. This blend, as you know, has meant a new and indispensable role for fiscal policy, complementing and reinforcing more traditional monetary policies. Building on this recent experience is the best way to cope promptly and effectively with new challenges no matter from what direction they come.

Let me, however, make one point crystal clear. An active, flexible fiscal policy should not, and does not, require any sacrifi of the basic principles of fiscal responsibility. I believe that the record of these recent years amply demonstrates that point.

President Johnson has given -- and continues to give -- his personal attention to making certain that tax reduction is coupled with the strictest vigilance in assuring a full dollar of value for every dollar spent.

It is true that our budget has increased appreciably during

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to place the highest premium on flexibility in the use of all our economic policy tools.

We long ago learned that timely shifts in monetary policy are essential both to sustain growth and to combat inflationary excesse as they emerge. But experience has also shown that monetary policy no matter how flexibly and intelligently implemented -- cannot, by itself, achieve our multiple goals. We cannot insist that large changes in interest rates and credit availability must carry the full burden of stabilizing the domestic economy, and at the same time rely on monetary policy as the primary means of bringing balance to our international accounts. Nor can we expect monetary policy to do either of those jobs effectively if, by neglect or misdirection, we allow other policy tools to operate at cross purp

Our needs require -- and have received -- a coordinated blend of financial and economic policies that can be adapted to both our

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during the last fiscal year was cut to $1.7 billion, well under half of the 1958-1960 average. Confidence in the dollar has reduced the pressure on our gold stock. As a result, in each of the past two months our total gold stock has actually shown a slight increase over the level of the preceding year -- the first time that ~~has~~ [illegible] ~~happened~~ since the Suez crisis in 1957.

These gains, together with the economic gains we have achieved at home, make an impressive record. But continued prosperity at home and further progress abroad are not, and can never be, automat

So today our concern must focus on the challenges that still lie ahead.

We cannot, of course, now anticipate every possible threat to stable and orderly economic growth that may arise over the coming years. The complexity of our own economy, and the impact of events in ~~every~~ other part of this swiftly changing world, will continue

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four years, the increase in our annual production alone has exceeded the total Gross National Product of any other nation of the free world. In more personal terms, disposable income of the average American household, when measured in constant dollars, has risen by well over $700 during the last four years -- an increase greater than that during the eight preceding years.

At the same time, company after company is reporting record profits and enlarged capital spending programs. It is clear that sharply higher returns on invested capital are furnishing new and stronger incentives for investment in modern plant and equipment -- investment which will provide new jobs, increase productivity, and spur future growth.

Abroad, we have made progress in closing the deficit in our balance of payments, assuring a stable dollar and, on that solid base, building a stronger payments system. Our payments deficit

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REMARKS OF THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
BEFORE
THE AMERICAN BANKERS ASSOCIATION
90TH ANNUAL CONVENTION
IN MIAMI BEACH, FLORIDA
TUESDAY, OCTOBER 27, 1964, 11:00 A.M., EST

This is the third time in the past four years that I have had the privilege of appearing before you to discuss national economic policies. During those years the United States has faced serious economic challenges both at home and abroad.

At home the central challenge, after years of recurring recession and slow growth, was to bring our economic performance closer to our unmatched potential.

There is no better measure of our success than the 44 months of unbroken business advance that the nation has thus far achieved - a record of recovery unexcelled in our peacetime history.

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TREASURY DEPARTMENT
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These gains, together with the economic gains we have achieved at home, make an impressive record. But continued prosperity at home and further progress abroad are not, and never can be, automatic. So today our concern must focus on the challenges that still lie ahead.

We cannot, of course, now anticipate every possible threat to stable and orderly economic growth that may arise over the coming years. The complexity of our own economy, and the impact of events in other parts of this swiftly changing world, will continue to place the highest premium on flexibility in the use of all our economic policy tools.

We long ago learned that timely shifts in monetary policy are essential both to sustain growth and to combat inflationary excesses as they emerge. But experience has also shown that monetary policy -- no matter how flexibly and intelligently implemented -- cannot, by itself, achieve our multiple goals. We cannot insist that large changes in interest rates and credit availability must carry the full burden of stabilizing the domestic economy, and at the same time rely on monetary policy as the primary means of bringing balance to our international accounts. Nor can we expect monetary policy to do either of those jobs effectively if, by neglect or misdirection, we allow other policy tools to operate at cross purposes.

Our needs require -- and have received -- a coordinated blend of financial and economic policies that can be adapted to both our internal and external circumstances. This blend, as you know, has meant a new and indispensable role for fiscal policy, complementing and reinforcing more traditional monetary policies. Building on this recent experience is the best way to cope promptly and effectively with new challenges no matter from what direction they come.

Let me, however, make one point crystal clear. An active, flexible fiscal policy should not, and does not, require any sacrifice of the basic principles of fiscal responsibility. I believe that the record of these recent years amply demonstrates that point.

President Johnson has given -- and continues to give -- his personal attention to making certain that tax reduction is coupled with the strictest vigilance in assuring a full dollar of value for every dollar spent.

It is true that our budget has increased appreciably during the past four years -- expenditures for 1965 are expected to be between $15 and $16 billion higher than in 1961. But $5 billion of the rise from the fiscal 1961 to the fiscal 1965 budget is accounted for by the urgent national need to maintain defenses second to none. Our space program has also seen an increase of more than $4 billion -- as it had to if we were not to abandon that new frontier to the Soviets. And more than $2 billion is accounted for by larger interest payments on the Federal debt.

The true test of our record in expenditure control lies not in these items but in what has happened to all other governmental expenditures, including welfare programs, domestic housekeeping, ordinary civilian services, agricultural payments and all the rest. Annual expenditures on all of these programs combined have grown, over the four years, fiscal 1961-65, by something less than $4-1/2 billion. That figure is more than twenty-five percent less than the increase in these same programs during the 1957-61 period when the previous Administration was doing its level best to hold down unnecessary expenditures. This 25 percent improvement is the fair measure of the effectiveness of the current Administration's cost control effort over the past four years.

During the current fiscal year we will achieve a year-to-year decline in total expenditures for only the second time since the end of the Korean War permitted a substantial, but non-recurring, cut in defense spending. And this year's reduction is being accomplished despite the half billion dollar cost of the long overdue adjustment in Federal salaries, the new anti-poverty program, higher interest costs, and other built-in increases.

This accomplishment is possible only because of a sustained drive for budgetary economies that, for sheer intensity and effectiveness, exceeds anything within my experience in Government. One result is that Federal employment has been cut below the level at the end of fiscal 1962, two and a quarter years ago.

In fact, Federal civilian employment, as a proportion of the total national work force, has dropped to its lowest point since 1941.

Fiscal responsibility does not imply that urgent national needs must go unsatisfied. But it does require, in the face of almost limitless pressures for new and expanded programs, a zealous and never-ending search for economies in less urgent areas. The Government sector of the economy must be held to a size where the burden of taxes and debt can be carried by a growing economy, without inflationary pressures.

By this test, too, the record is clear. During the current fiscal year, despite the requirements of defense and space. budget expenditures will be lower relative to our Gross National Product than at any time in the past 13 years. The share of total personal income pre-empted by the Federal individual income tax will decline to 9 percent -- smaller than in any fiscal year since 1951. And the Federal debt as a proportion of GNP -- a realistic measures of its burden -- will,by the end of this fiscal year,have dropped back to the levels prevailing at the very beginning of World War II.

These figures also underscore the fact that the basic economic strategy of this Administration has been to look to the private sector of the economy as the main engine for expansion. Government has had an essential role to play in this process, but this role was not simply to seek increases in its own spending. Rather, it was to provide, through its economic and financial policies, a favorable climate for business investment and private spending. It was to promote continued increases in efficiency and productivity -- so essential both to sustained domestic growth and to our export effort. And all of this had to be done within a framework of price stability.

Monetary and debt management policies could do part of the job. We ruled out the extremes of easy money -- even had they been otherwise desirable -- because it was vital to our payments effort that we keep our money market rates roughly in equilibrium with those abroad. But consistent with that constraint, we developed techniques to assure an ample flow of credit to long-term borrowers. That was, of course, a process in which the banking community played an essential role by aggressively seeking out and mobilizing funds that could, in turn, be made available to businesses, homebuyers, and state and local governments.

We could not, however, meet our objectives with monetary policy alone. There was also a compelling need to cut through the inhibitions, lethargy, and maze of detail that for much too long had blocked sorely needed tax reduction and reform.

Because of tax reduction, we have had temporarily to accept somewhat larger budgetary deficits than we would otherwise have had. We have not sought those deficits. They are the price we had to pay for timely, effective tax and fiscal policy. The price is acceptable only because, under existing conditions and with prudent management of the debt, those deficits do not pose an inflationary problem. They are, instead, a transitional step toward our basis goal of a balanced budget in a healthy, full employment economy.

The choice we faced was not one between balanced budgets and tax reduction. An economy prone to recession and slow growth is also prone to deficits, for we cannot meet our essential spending needs from a shrunken tax base. We learned that lesson the hard way during the latter part of the 1950's -- a lesson highlighted by the record $12 billion deficit that followed the 1958 recession. The ironic, but plain, fact was that our excessively high tax rates were themselves contributing to the sluggishness of the economy.

Carefully designed tax reduction offered the most promising way out of that impasse. By expanding incomes and profits, it promised to greatly widen the tax base, with the result that our revenues would rise despite the reduced rates.

That is not simply theory. It is now being confirmed every day by actual experience. With continued expenditure control, and an expanded tax base, we can look forward to the steady reduction and eventual elimination of our budgetary deficit in a vigorously expanding economy.

This bold and successful use of fiscal policy has important implications for the future. There is now a growing national consensus that the more active use of fiscal policy, together with responsible debt management and monetary policies, has a key role to play in achieving our economic objectives. There is also a growing understanding that a more flexible fiscal policy need not be associated with loose spending practices, and that the added revenues yielded by economic growth can offer further opportunities for tax reduction.

During the coming session of Congress, we should undertake the next priority item on our agenda -- an overhauling of the crazy quilt of excise taxes that we have inherited in good part from past emergencies. The extensive studies that are needed to lay a responsible groundwork for such action have been underway for some time.

We must guard, however, against allowing the first glow of success to distort the developing consensus on the responsible use of fiscal policy into something quite different. In this uncertain world, we simply cannot responsibly schedule fixed tax reduction for years ahead in blithe ignorance of, or unconcern for, expenditure needs and the state of the economy. Changes in our tax system must be recognized for what they are -- strong medicine, to be prescribed only after the most painstaking and careful diagnosis.

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There has been no persuasive evidence of a prolonged build-up of excessive liquidity in our domestic economy. Increases in the money supply since 1960 have been relatively modest -- at a rate well below the increase in production. Corporate cash flow has been expanding rapidly, but we have large investment and working capital needs. As a result, aggregate corporate balance sheets do not reflect an accumulation of liquid assets that might fuel an uncontrollable burst of spending. And slowly, but noticeably, bank liquidity has been reduced.

One important factor in maintaining this balance, and thereby easing the task of the monetary authorities, has been the steady progress in restructuring the national debt. Since early 1961 outstanding marketable Treasury securities maturing in more than five years have increased by more than $26 billion, an amount exceeding the entire growth in the public debt. In effect, our entire cumulative budget deficit has been financed at long-term, drawing upon the savings generated by a growing economy in ways that will not contribute to inflationary pressures. This has meant an increase in the average life of the national debt from four years and six months in January, 1961, to five years and three months as of the end of last month. And, instead of the creation of bank credit to finance the Government, commercial bank holdings of Federal debt have declined.

Taking a broad look at the past four years, I am persuaded that monetary policy has made as great a contribution to the solution of our balance of payments problem as it appropriately could have done. A severe tightening of credit might, it is true, have reduced the outflow of short-term funds, and attracted some money from abroad. That approach would have had merit if our deficit had resulted from the classic problem of internal inflation with shortages of labor and industrial capacity. But that was clearly not the case. The basic solution to our balance of payments problem lay elsewhere -- in spurring gains in efficiency of operation and in improving the investment climate so that our industry could better its position in world markets. In these circumstances tight money, while perhaps permitting us briefly to balance our external accounts, would have provided only a fleeting illusion of progress. By working at cross purposes to our fundamental needs to stimulate investment and productivity, it would surely have been self-defeating.

These judgments do not in any way imply that monetary policy should not be sensitive both to inflationary pressures at home and to any new difficulties in the balance of payments that may require a prompt and effective response. To the contrary, the importance of the tax reduction program lies in part in the fact that it has placed the monetary authorities in a stronger position to deal appropriately with such contingencies should they arise.

As our economy moves ahead over the coming weeks and months, the monetary authorities will certainly be watching closely for evidence, either in financial flows or elsewhere, of forces that could develop into a threat to either price stability or orderly expansion. But we must not assume that the maintenance of price stability is the responsibility of the monetary authorities alone.

For the most difficult problem -- and one with which the monetary authorities are ill-equipped to deal -- would be spreading wage and cost pressures that industry could not absorb from rising productivity. Here the heaviest responsibility rests on both industry and labor to maintain a relationship between wages, productivity, and prices that can permit us to prolong our excellent record of cost and price stability.

For price stability today is imperative, not only to our domestic economy, but to our balance of payments position. In the past year, we have begun to see clear evidence that price stability is gradually improving our international competitive position. During fiscal year 1964 our commercial exports rose by 16 percent, far exceeding the 9 percent rise in imports that has been a natural consequence of our rising levels of business activity. As a result, our commercial trade balance increased by $1.4 billion, helping to cut our balance of payments deficit over the same period more than in half. And during the recent summer months our exports reached a new peak, despite expected declines in grain shipments from the exceptionally high levels of last winter.

Important savings have developed in other sectors of our international accounts. By mid-year, the annual balance of payments costs of our aid and defense programs had been trimmed back by roughly $500 million from their 1962 levels. Further reductions already scheduled will next year bring those savings to approximately $1 billion. The dangerous threat to the dollar arising from last year's accelerating outflow of portfolio capital has been successfully braked through the Interest Equalization Tax. As anticipated, that necessary, but temporary, measure is providing the breathing time we need until European capital markets are more fully developed and our other measures have had time to become fully effective.

The favorable influence of these factors on our balance of payments is frequently obscured by erratic fluctuations from month to month ànd quarter to quarter. For example, our payments deficit dropped abruptly during the first quarter of this year in response to an unusual combination of temporary factors, only to give way to a considerably larger deficit in the second quarter. The latest figures for the third quarter, while still fragmentary, indicate that the deficit will fall between those extremes, and confirm the prospects of substantial improvement for 1964 as a whole. Looked at in the longer view we are justified in taking real satisfaction from the substantial improvement in our international payments that has characterized the past 15 months.

I am not suggesting that our balance of payments problem is over. It clearly is not. In some ways, the hardest part of the job remains ahead. Moreover, in a world of convertible currencies, with trade and capital free to flow across national boundaries, it will never again be possible to take the relaxed attitude toward our international payments that characterized much of the period since World War II.

What I am saying is that I am confident that this challenge can be met, and that it can be met while reaching new peaks of prosperity at home. That confidence does not arise out of any false hope that we can simply ride on the momentum of the past into a new era of "painless prosperity." Rather, it arises from the fact that we have learned much in recent years about how to use and blend our varied tools of Government policy in new ways, always within a framework of free markets and fiscal responsibility. It arises because once again our system of free private enterprise has demonstrated its enormous capacity for growth and innovation in a climate of price stability and renewed incentives. These are the solid building blocks out of which we can and will fashion a better future for all America.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

October 22, 1964

FOR IMMEDIATE RELEASE

TREASURY DECISION ON BICYCLES UNDER THE ANTIDUMPING ACT

The Treasury Department has determined that bicycles from Italy, manufactured by Cesare Rizzato & C. s.n.c., Padova, Italy, are not being, nor likely to be, sold in the United States at less than fair value within the meaning of the Antidumping Act. One of the influencing factors in this determination was the prompt action of the seller in revising its prices upon learning that margins existed, and in giving assurances that there will be no further sales at less than fair value. The quantity and dollar value of the importations which appeared to have been made at prices having dumping margins were minimal. Notice of the determination will be published in the Federal Register.

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

The dollar value of imports of the involved merchandise received during the period from July 1963 through September 1964 was approximately $32,000

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TREASURY DEPARTMENT

WASHINGTON, D.C.

October 23, 1964

FOR IMMEDIATE RELEASE

DILLON RELEASES REPORT ON SECRET SERVICE INQUIRY

Secretary of the Treasury Douglas Dillon yesterday reported to the President on the issuance by the Secret Service of a White House pass to Walter W. Jenkins in 1961. The following is a summary of his report:

1. No person in the U. S. Secret Service, except the then head of its Protective Research Section, appears to have read and considered the 1961 F.B.I. fingerprint return which disclosed a 1959 arrest of Mr. Jenkins by the Washington, D. C., police on a charge of investigation suspicious person.

2. The head of the PRS, which has the responsibility for the issuance of White House passes, did not evaluate the return as involving a serious matter. No action was taken with respect to the return. It was not brought to the attention of any higher officers of the Secret Service or of the Treasury Department. Nor was it brought to the attention of any member of the White House staff or to the attention of the then Vice President or his staff.

3. Over the past months the PRS has been reorganized, and the scope of its responsibilities clarified. Its staff has been strengthened in quality and nearly doubled in number. This should eliminate the possibility of any repetition of this incident.

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demonstrating their capacity to maintain the smooth functioning of the international monetary system.

# # #

For [redacted] Release AT 9:00 A.M. 238 October 26, 1964

TODAY ISSUED THE FOLLOWING STATEMENT:

THE U.S. Treasury [redacted]

The new British government has Acted promptly and effectively to maintain the strength and stability of the pound sterling. Its temporary measures strike at the inflated imports which have been the principal source of immediate pressure on the pound. Its longer run measures affecting proDuctiVity, incomes, and prices can provide the improvement that is needed in the competitiv position of the United Kingdom in world markets.

It is gratifying that the action taken is non-discriminat in form and avoids any damaging repercussions upon the functioning the international monetary system. The import charges will, for a t have a moderately adverse effect upon our trade as well as upon tha of other countries, but [redacted] THERE is no painless corrective, either foi the United Kingdom or for the rest of the world. The United States welcomes the British determination to reduce and remove these impoi charges at the earliest opportunity.

D-1387

Existing arrangements for international financial cooperation have provded their effectiveness in recent years and are a

TREASURY DEPARTMENT

WASHINGTON, D.C.

October 26, 1964

FOR RELEASE AT 9:00 A.M. EST
MONDAY, OCTOBER 26, 1964

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operations research techniques are now being developed for use in analyzing manpower and equipment needs.

ITEM: Systematic schedules have been developed for replacing over-age vessels and aircraft; and new criteria are being developed for placing search and rescue stations and craft in the most advantageous positions.

The next basic study covered the use being made by the Internal Revenue Service of its manpower and equipment resources. Numerous Service-wide improvements were recommended.

ITEM: Consolidation of some districts and regions yielded considerable savings.

ITEM: Duplication of work was eliminated, procedures were streamlined, low-tax yield activities were curtailed or abandoned entirely, forms were simplified, and assistance to the public was improved. In dollar terms, more than $5,000,000 has been saved so far from improvements growing out of this study

More recently a study was made of the related functions of the Commissioner and the Chief Counsel of the IRS to eliminate duplication of effort between the two offices. The study, begun in March, produced recommendations which were fully implemented by early July. Net annual savings resulting from this study amount to 86 man-years or approximately $814,000. In addition, the time required to conduct certain activities dealing with legislation, regulations, and tax rulings was substantially reduced.

A comprehensive management survey of the Bureau of Customs was begun in 1963. Proposals resulting from this study are still under consideration, but significant economies in operations are expected.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

October 26, 1964

FOR IMMEDIATE RELEASE

TREASURY ACHIEVES RECORD SAVINGS
IN MANAGEMENT IMPORVEMENT PROGRAM

Secretary Dillon today announced that a record high in savings under the Treasury Department's Management Improvement Program had been achieved in fiscal 1964. Economies realized during the year resulted in annual, recurring savings of more than $29.5 million. This record savings figure exceeds by almost $9 million the former, single-year high set in 1954.

Highlights of the Management actions which produced these results were published in "Progress in Management Improvement", the Treasury's annual report on its cost reduction efforts.

Treasury's Management Improvement Program has been in effect for the past 18 years. During the past four, total savings have exceeded those of any similar period by almost 40 percent.

Secretary Dillon reported that the Treasury has underway a comprehensive appraisal of the roles and missions of each of its component parts. Studies have already been completed of the three major bureaus, which employ 90 percent of all Treasury personnel: The United States Coast Guard, Internal Revenue Service, and the Bureau of Customs.

A group representing the Department of Defense, Bureau of the Budget, Coast Guard, and Office of the Secretary of the Treasury, spent nine months examining the Coast Guard. Out of this examination came some 80 detailed recommendations covering virtually every phase of Coast Guard operations.

ITEM: A need was found for scientific, long-range planning if the agency was to get maximum utilization from its relatively limited supply of ships, planes, and shore stations. Advanced

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October 26, 1964

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FOR RELEASE A. M. NEWSPAPERS,
Tuesday, October 27, 1964.

October 26, 1964

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced last evening that the tenders for two series Treasury bills, one series to be an additional issue of the bills dated July 30, 196 and the other series to be dated October 29, 1964, which were offered on October 21, were opened at the Federal Reserve Banks on October 26. Tenders were invited for $1,200,000,000, or thereabouts, of 91-day bills and for $1,000,000,000, or thereabout of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing January 28, 1965		:	182-day Treasury bills maturing April 29, 1965	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equ Annual Rate
High	99.101	3.556%	:	98.121	3.717%
Low	99.097	3.572%	:	98.116	3.727%
Average	99.098	3.567% 1/	:	98.117	3.725% 1/

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

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 35,491,000	$ 17,321,000	:	$ 34,188,000	$ 2,049,
New York	1,597,234,000	818,745,000	:	1,400,676,000	822,986,
Philadelphia	29,506,000	14,305,000	:	8,181,000	2,935,
Cleveland	22,418,000	21,797,000	:	61,204,000	16,395,
Richmond	14,089,000	12,218,000	:	6,840,000	4,181,
Atlanta	24,593,000	18,523,000	:	18,628,000	12,975,
Chicago	212,601,000	136,054,000	:	219,755,000	87,854,
St. Louis	34,565,000	26,615,000	:	13,327,000	7,857,
Minneapolis	23,089,000	14,949,000	:	7,920,000	4,420,
Kansas City	30,885,000	30,586,000	:	11,674,000	9,378,
Dallas	62,518,000	52,635,000	:	10,185,000	5,055,
San Francisco	117,750,000	36,400,000	:	109,431,000	24,676,
TOTALS	$2,204,739,000	$1,200,148,000 a/		$1,902,009,000	$1,000,701,

a/ Includes $233,656,000 noncompetitive tenders accepted at the average price of 99.

b/ Includes $71,297,000 noncompetitive tenders accepted at the average price of 98.1

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D-1389

TREASURY DEPARTMENT

WASHINGTON, D.C.

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Cleveland	22,418,000	21,797,000	:	61,204,000	16,395,000
Richmond	14,089,000	12,218,000	:	6,840,000	4,181,000
Atlanta	24,593,000	18,523,000	:	18,628,000	12,975,000
Chicago	212,601,000	136,054,000	:	219,755,000	87,854,000
St. Louis	34,565,000	26,615,000	:	13,327,000	7,857,000
Minneapolis	23,089,000	14,949,000	:	7,920,000	4,420,000
Kansas City	30,885,000	30,586,000	:	11,674,000	9,378,000
Dallas	62,518,000	52,635,000	:	10,185,000	5,055,000
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FOR RELEASE A. M. NEWSPAPERS,
Wednesday, October 28, 1964.

October 27, 1964

RESULTS OF REFUNDING OF $1 BILLION OF ONE-YEAR BILLS

The Treasury Department announced last evening that the tenders for $1,000,000,(or thereabouts, of 365-day Treasury bills to be dated October 31, 1964, and to matur October 31, 1965, which were offered on October 21, were opened at the Federal Reser Banks on October 27.

The details of this issue are as follows:

Total applied for	-	$2,349,793,000
Total accepted	-	999,950,000 (includes $45,259,000 entered on a noncompetitive basis and accepted in full at the average price shown below)

Range of accepted competitive bids:

High	- 96.168	Equivalent rate of discount approx.	3.780% per annum
Low	- 96.154	" " " " "	3.793% " "
Average	- 96.158	" " " " "	3.790% " "

(100% of the amount bid for at the low price was accepted)

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 15,882,000	$ 1,782,000
New York	1,807,769,000	788,769,000
Philadelphia	11,172,000	1,172,000
Cleveland	33,136,000	17,136,000
Richmond	1,458,000	1,458,000
Atlanta	6,019,000	3,019,000
Chicago	271,921,000	91,278,000
St. Louis	10,147,000	4,147,000
Minneapolis	10,845,000	3,745,000
Kansas City	5,579,000	5,079,000
Dallas	33,755,000	4,755,000
San Francisco	140,100,000	79,600,000
TOTAL	$2,349,793,000	$999,950,000

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t. Louis		10,147,000	4,647,000
inneapolis		10,845,000	3,745,000
ansas City		5,579,000	5,079,000
allas		33,765,000	1,765,000
an Francisco		140,100,000	79,600,000
	TOTAL	$2,349,793,000	$999,950,000

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~~BETA - MODIFIED~~

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

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

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

~~BETA - MODIFIED~~

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

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $ 200,000 ~~(16)~~ or less for the additional bills dated August 6, 1964 ~~(17)~~, (91 ~~(18)~~ days remaining until maturity date on February 4, 1965 ~~(19)~~) and noncompetitive tenders for $ 100,000 ~~(20)~~ or less for the 182 ~~(21)~~ -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Banks on November 5, 1964 ~~(22)~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 5, 1964 ~~(23)~~. Cash

~~Exhibit 2-A~~

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, October 28, 1
(1)

TREASURY'S WEEKLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders for two seri of Treasury bills to the aggregate amount of $ 2,200,000,000 ~~(2)~~, or thereabouts, fc cash and in exchange for Treasury bills maturing November 5, 1964 ~~(3)~~, in the amou of $ 2,200,920,000 ~~(4)~~, as follows:

91 ~~(5)~~ -day bills (to maturity date) to be issued November 5, 1964 ~~(6)~~, in the amount of $ 1,200,000,000 ~~(7)~~, or thereabouts, representing an additional amount of bills dated August 6, 1964 ~~(8)~~, and to mature February 4, 1965 ~~(9)~~, originally issued in the amount of $ 900,616,000 ~~(10)~~, the additional and original bills to be freely interchangeable.

182 ~~(11)~~ -day bills, for $ 1,000,000,000 ~~(12)~~, or thereabouts, to be dated November 5, 1964 ~~(13)~~, and to mature May 6, 1965 ~~(14)~~.

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

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Standard time, Monday, November 2, 1964 ~~(15)~~ Tenders will not be received at the Treasury Department, Washington. Each tende must be for an even multiple of $1,000, and in the case of competitive tenders t price offered must be expressed on the basis of 100, with not more than three

TREASURY DEPARTMENT

WASHINGTON, D.C.

October 28, 1964

FOR IMMEDIATE RELEASE

TREASURY'S WEEKLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $2,200,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing November 5, 1964, in the amount of $2,200,920,000, as follows:

91-day bills (to maturity date) to be issued November 5, 1964, in the amount of $1,200,000,000, or thereabouts, representing an additional amount of bills dated August 6, 1964, and to mature February 4, 1965, originally issued in the amount of $900,616,000, the additional and original bills to be freely interchangeable.

182-day bills, for $1,000,000,000, or thereabouts, to be dated November 5, 1964, and to mature May 6, 1965.

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

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Standard time, Monday, November 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 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 $ 200,000or less for the additional bills dated August 6, 1964, (91 days remaining until maturity date on February 4, 1965) and noncompetitive tenders for $ 100,000 or less for the 182-day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Banks on November 5, 1964, in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 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.

FOR IMMEDIATE RELEASE

October 28, 1964

TREASURY ANNOUNCES NOVEMBER REFUNDING TERMS

The Treasury will borrow $9-1/4 billion, or thereabouts, through the issuance of 18-month 4% Treasury notes, at par, dated November 15, 1964, for the purpose of borrowing new cash and of paying off in cash $8.7 billion of the following Treasury securities maturing November 15, 1964:

$3,267 million of 4-7/8% notes of Series C-1964, dated February 15, 1960; and
$5,441 million of 3-3/4% notes of Series F-1964, dated August 15, 1963.

The new notes will be dated November 15, 1964, and will mature May 15, 1966. Interest will be payable semiannually on May 15 and November 15, 1965, and on May 15, 1966.

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.

Payment and delivery date for the notes will be November 16. Payment may be made in cash, or in 4-7/8% notes of Series C-1964 or 3-3/4% notes of Series F-1964, which will be accepted at par, in payment or exchange, in whole or in part, for the notes subscribed for, to the extent such subscriptions are allotted by the Treasury. The new issue may not be paid for by credit in Treasury Tax and Loan Accounts.

The subscription books will be open only on Monday, November 2. Any subscriptions with the required deposits addressed to a Federal Reserve Bank or Branch, or to the Treasurer of the United States, and placed in the mail before midnight, November 2, 1964, will be considered timely.

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.

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

Subscriptions from all others must be accompanied by payment of 2% (in cash, or Treasury Notes of Series C-1964 or Series F-1964, maturing November 15, 1964, at par) of the amount of notes applied for not subject to withdrawal until after allotment.

The Secretary of the Treasury reserves the right to reject or reduce any subscri tion, to allot less than the amount of notes applied for, and to make different perce age allotments to various classes of subscribers; and any action he may take in these respects shall be final. The basis of the allotment will be publicly announced, and allotment notices will be sent out promptly upon allotment.

Subject to the reservations in the preceding paragraph, all subscriptions from States, political subdivisions or instrumentalities thereof, public pension and retir ment and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, Government Investment Accounts, and the Federal Reserve Banks, will be allotted in full upon the submissio of a written certification by the subscriber that the amount of the subscription doe not exceed the amount of the two maturing securities owned or contracted for purchase for value, at 4 p.m., Eastern Standard time, October 28, 1964. Should any such subscriber enter any subscription which does not carry the certification as to ownershi of the eligible securities, any and all subscriptions received from such subscriber will be allotted on the basis of the allotment to be publicly announced for other classes of subscribers.

All subscribers are required to agree not to purchase or to sell, or to make an agreements with respect to the purchase or sale or other disposition of any of the new 4% notes at a specific rate or price until after midnight November 2, 1964.

Commercial banks in submitting subscriptions will be required to certify that t have no beneficial interest in any of the subscriptions they enter for the account o their customers, and that their customers have no beneficial interest in the banks' subscriptions for their own account.

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CITATION

Distinguished Service Award

Robert G. Rouse

The Treasury Department recently established a Distinguished Service Award to honor those outside the Treasury who have rendered unusually outstanding assistance to the Department. It is fitting that the first such award should be conferred upon Robert G. Rouse for his distinguished service as an adviser on the management of the Federal debt over a span of twenty-five years.

Since 1939, when he was appointed Vice President of the Federal Reserve Bank of New York and Manager of the System Open Market Account, and more recently in his capacity as Vice President and Senior Adviser of the Federal Reserve Bank of New York, Mr. Rouse has been one of the principal advisers to the Treasury on the formulation and execution of debt management policy. His seasoned judgment, integrity and comprehensive knowledge of markets made him an invaluable counselor to me and to my predecessors as Secretary of the Treasury.

Through the years, Mr. Rouse has made innumerable contributions toward the development of sound debt management policies. We will sorely miss the benefit of his mature judgment in future debt management decisions.

Douglas Dillon

Robert G. Rouse Given First Treasury
Distinguished Service Award

Treasury Secretary Dillon presented the first Treasury Distinguished Service Award to Robert G. Rouse last night. The award took place at a testimonial dinner given in Mr. Rouse's honor by friends and associates in Government and banking. The new Distinguished Service Award was established by Secretary Dillon last year as the Treasury's highest recognition which may be conferred on an individual citizen who is not an employee of the Department.

Mr. Rouse retired on October 1, 1964 from his position as Vice President of the Federal Reserve Bank of New York. He had been for many years the Manager of the System Open Market Account and more recently served as Senior Adviser of the Federal Reserve Bank of New York.

A copy of the citation is attached.

Robert G. Rouse Given First Treasury Distinguished Service Award

Treasury Secretary Dillon presented the first Treasury Distinguished Service Award to Robert G. Rouse last night. ~~The award took place~~ at a testimonial dinner given in Mr. Rouse's honor by friends and associates in Government and banking. The new Distinguished Service Award was established by Secretary Dillon last year as the Treasury's highest recognition which may be conferred on an individual citizen who is not an employee of the Department. The award was given for "exceptional [illegible] service to the Treasury."

Mr. Rouse retired on October 1, 1964 from his position as Vice President of the Federal Reserve Bank of New York. He had been for many years the Manager of the System Open Market Account and more recently served as Senior Adviser of ~~the Federal Reserve Bank of New York.~~

A ~~copy of the citation is attached.~~

[illegible] market operation [illegible] the Federal [illegible] Treasury.

D-1393

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TREASURY DEPARTMENT

WASHINGTON, D.C.

October 28, 1964

FOR IMMEDIATE RELEASE

ROBERT G. ROUSE GIVEN FIRST TREASURY DISTINGUISHED SERVICE AWARD

Treasury Secretary Dillon presented the first Treasury Distinguished Service Award to Robert G. Rouse last night at a testimonial dinner given in Mr. Rouse's honor by friends and associates in Government and banking.

The new Distinguished Service Award was established by Secretary Dillon last year as the Treasury's highest recognition which may be conferred on an individual citizen who is not an employee of the Department. The award is given for "unusually outstanding assistance to the Department."

Mr. Rouse retired on October 1, 1964 from his position as Vice President and Senior Adviser of the Federal Reserve Bank of New York. He had been for many years the Manager of the System Open Market Account conducting market operations both for the Federal Reserve and Treasury.

Following is the text of Secretary Dillon's citation of Mr. Rouse:

> The Treasury Department recently established a Distinguished Service Award to honor those outside the Treasury who have rendered unusually outstanding assistance to the Department. It is fitting that the first such award should be conferred upon Robert G. Rouse for his distinguished service as an adviser on the management of the Federal debt over a span of twenty-five years.
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> Since 1939, when he was appointed Vice President of the Federal Reserve Bank of New York and Manager of the System Open Market Account, and more recently in his capacity as Vice President and Senior Adviser of the Federal Reserve Bank of New York, Mr. Rouse has been one

of the principal advisers to the Treasury on the formulation and execution of debt management policy. His seasoned judgment, integrity and comprehensive knowledge of markets made him an invaluable counselor to me and to my predecessors as Secretary of the Treasury.

Through the years, Mr. Rouse has made innumerable contributions toward the development of sound debt management policies. We will sorely miss the benefit of his mature judgment in future debt management decisions.

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The citations are in the form of a certificate which carries the Great Seal in gold imprint and the signature of President Johnson and the Secretary of the Treasury and reads, "In special recognition of an outstanding contribution to greater economy and improvement in Government operations during the tenth anniversary year of the Federal incentive awards program."

Other outstanding contributions which were awarded recognized included:

Mr. Clarence H. Rice, Supervisory Marine Engineer in the Eighth Coast Guard District at New Orleans, Louisiana, who conceived the idea of modernizing two twenty year-old construction tenders and their barges to provide a construction capability comparable to modern vessels. He prepared the preliminary design, drawings, and specifications which were submitted to and approved by the Commandant in late summer 1963. CGC SHADBUSH was completed in January, 1964, and CGC CLEMATIS was completed in May, 1964. The cost of modification was approximately $60,000 per ship. For this price, the Coast Guard acquired two ships whose capabilities approach that of a construction tender built today, and whose remaining useful life is estimated at ten years. The estimated cost of a new construction tender and barge with a 25-year life would be $500,000.

The Resources Utilization Committee of the Internal Revenue Service was cited for analyzing Service operations and structure and making recommendations for improvement and economies leading to substantial recurring annual savings. The report prepared by the Committee included 72 recommendations; among the most important of which was a plan to reduce the number of regions and districts. When fully implemented, this realignment of offices -- which in no way reduces taxpayer service nor enforcement effectiveness -- is expected to yield recurring annual savings of $3.8 million.

An Internal Revenue Service Committee was given a citation for developing major improvements in the conduct of informal conferences with taxpayers. New conference procedures will result in an estimated savings of $924,450.

DRAFT - 10/28/64

Revised

Presidential Citations for Economy Achievements Totalling $10

FOR IMMEDIATE RELEASE:

~~Treasury~~ Secretary of the Treasury Douglas Dillon today presented 30 Presidential, Citations to heads of bureaus of the Treasury Department ~~because of the~~ recognizing achievements of individuals and units within their organizations which reduced ~~who helped significantly to reduce~~ costs ~~or~~ and increased efficiency in operations during the last fiscal year. The ~~29~~ citations reflect a total estimated savings of over 10¼ million dollars. The citation awards are part of the current Government-wide program to mark the tenth year of the Federal Employees Incentive Awards system.

Twenty-seven units from the Internal Revenue Service, the Bureau of Engraving and Printing, Bureau of Customs, Bureau of the Public Debt, and the Bureau of Accounts were honored. In addition, two units and one civilian employee of the U. S. Coast Guard received ~~similar~~ recognition.

Secretary Dillon emphasized particularly the accomplishment of the Division of Disbursement of the Bureau of Accounts which earned that unit its award. The Division provides for More than 1,600 civilian agencies of the Executive Branch of the Government are provided with disbursing services through the preparation and issuance of checks ~~plus~~ and ~~and~~ U. S. Savings Bonds, these include ~~and~~ salary checks to Government employees, ~~Many of the checks prepared are sent to~~ recipients of Social Security benefits, veterans' benefits, and Civil Service and Railroad Retirement benefits. Some 20 million persons are dependent upon the regular receipt of these checks. The Division reported savings ~~dollar benefits~~ amounting to $665,118 during Fiscal Year 1964 and 101.3 man-years ~~saved~~,

due to increased productivity

TREASURY DEPARTMENT

WASHINGTON, D.C.

October 29, 1964

FOR IMMEDIATE RELEASE

SECRETARY DILLON PRESENTS PRESIDENTIAL CITATIONS
FOR ECONOMY ACHIEVEMENTS TOTALLING $10-1/4 MILLION

Secretary of the Treasury Douglas Dillon today presented 30 Presidential Citations to heads of bureaus of the Treasury Department recognizing achievements of individuals and units which reduced costs and increased efficiency in operations during the last fiscal year. The citations reflect a total estimated savings of over 10-1/4 million dollars.

The awards are part of the current Government-wide program to mark the tenth year of the Federal Employees Incentive Awards system.

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Other outstanding contributions which were recognized included:

Mr. Clarence H. Rice, Supervisory Marine Engineer in the Eighth Coast Guard District at New Orleans, Louisiana, who conceived the idea of modernizing two twenty year-old construction tenders and their barges to provide a construction capability comparable to modern vessels. He prepared the preliminary design, drawings, and specifications which were submitted to and approved by the Commandant in late summer 1963. CGC SHADBUSH was completed in January, 1964, and CGC CLEMATIS was completed in May, 1964. The cost of modification was approximately $60,000 per ship. For this price, the Coast Guard acquired two ships whose capabilities approach that of a construction tender built today, and whose remaining useful life is estimated at ten years. The estimated cost of a new construction tender and barge with a 25-year life would be $500,000.

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The citations are in the form of a certificate which carries the Great Seal in gold imprint and the signature of President Johnson and the Secretary of the Treasury and reads, "In special recognition of an outstanding contribution to greater economy and improvement in Government operations during the tenth anniversary year of the Federal incentive awards program."

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TREASURY DEPARTMENT

WASHINGTON, D.C.
October 29, 1964

FOR IMMEDIATE RELEASE

TREASURY DECISION ON LITHARGE UNDER THE ANTIDUMPING ACT

The Treasury Department has determined that litharge from Mexico is not being, nor likely to be, sold in the United States at less than fair value within the meaning of the Antidumping Act. Litharge is a lead product used in the production of storage batteries. 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 $500,000.

TREASURY DEPARTMENT

WASHINGTON, D.C.
October 29, 1964

FOR IMMEDIATE RELEASE

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The dollar value of imports of the involved merchandise received during 1963 was approximately $500,000.

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

November 2, 1964

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced last evening that the tenders for two series Treasury bills, one series to be an additional issue of the bills dated August 6, 19 and the other series to be dated November 5, 1964, which were offered on October 28, were opened at the Federal Reserve Banks on November 2. Tenders were invited for $1,200,000,000, or thereabouts, of 91-day bills and for $1,000,000,000, or thereabou of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing February 4, 1965		:	182-day Treasury bills maturing May 6, 1965	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Eq Annual Rat
High	99.105 a/	3.541%	:	98.124	3.711%
Low	99.098	3.568%	:	98.116	3.727%
Average	99.100	3.562% 1/	:	98.120	3.718%

a/ Excepting one tender of $236,000
68% of the amount of 91-day bills bid for at the low price was accepted
29% 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	$ 37,057,000	$ 20,357,000	:	$ 12,037,000	$ 11,937
New York	1,515,659,000	784,991,000	:	1,285,170,000	738,255
Philadelphia	28,532,000	13,532,000	:	10,097,000	5,097
Cleveland	24,190,000	24,190,000	:	48,366,000	48,366
Richmond	12,546,000	12,546,000	:	5,187,000	5,187
Atlanta	30,429,000	26,489,000	:	12,207,000	10,497
Chicago	211,927,000	130,247,000	:	170,539,000	90,98
St. Louis	39,726,000	33,662,000	:	12,422,000	9,92
Minneapolis	25,413,000	20,453,000	:	7,223,000	5,22
Kansas City	34,924,000	34,924,000	:	9,760,000	9,76
Dallas	28,559,000	20,239,000	:	9,454,000	9,45
San Francisco	117,327,000	78,935,000	:	67,918,000	55,47
Totals	$2,106,289,000	$1,200,565,000 b/		$1,650,380,000	$1,000,16

b/ Includes $245,304,000 noncompetitive tenders accepted at the average price of 9
c/ Includes $71,740,000 noncompetitive tenders accepted at the average price of 98
1/ On a coupon issue of the same length and for the same amount invested, the retu these bills would provide yields of 3.64%, for the 91-day bills, and 3.84%, for 182-day bills. Interest rates on bills are quoted in terms of bank discount wi return related to the face amount of the bills payable at maturity rather than amount invested and their length in actual number of days related to a 360-day In contrast, yields on certificates, notes, and bonds are computed in terms of terest on the amount invested, and relate the number of days remaining in an i payment period to the actual number of days in the period, with semiannual com if more than one coupon period is involved.

TREASURY DEPARTMENT

WASHINGTON, D.C.

ELEASE A. M. NEWSPAPERS,
sday, November 3, 1964.

November 2, 1964

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GE OF ACCEPTED PETITIVE BIDS:	91-day Treasury bills maturing February 4, 1965		182-day Treasury bills maturing May 6, 1965	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.105 a/	3.541%	98.124	3.711%
Low	99.098	3.568%	98.116	3.727%
Average	99.100	3.562% 1/	98.120	3.718% 1/

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ew York	1,515,659,000	784,991,000	1,285,170,000	738,255,000
hiladelphia	28,532,000	13,532,000	10,097,000	5,097,000
leveland	24,190,000	24,190,000	48,366,000	48,366,000
ichmond	12,546,000	12,546,000	5,187,000	5,187,000
lanta	30,429,000	26,489,000	12,207,000	10,497,000
hicago	211,927,000	130,247,000	170,539,000	90,989,000
t. Louis	39,726,000	33,662,000	12,422,000	9,922,000
inneapolis	25,413,000	20,453,000	7,223,000	5,223,000
nsas City	34,924,000	34,924,000	9,760,000	9,760,000
llas	28,559,000	20,239,000	9,454,000	9,454,000
n Francisco	117,327,000	78,935,000	67,918,000	55,478,000
Totals	$2,106,289,000	$1,200,565,000 b/	$1,650,380,000	$1,000,165,000 c/

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~~BETA MODIFIED~~

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

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

~~BETA MODIFIED~~

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

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $ 200,000 ~~(16)~~ or less for the additional bills dated August 13, 1964 ~~(17)~~, (91 ~~(18)~~ days remaining until maturity date on February 11, 1965 ~~(19)~~) and noncompetitive tenders fo $ 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 Reser Banks on November 12, 1964 ~~(22)~~, in cash or other immediately available funds o in a like face amount of Treasury bills maturing November 12, 1964 ~~(23)~~. Cash

~~Exhibit 2-A~~

~~BETA - MODIFIED~~

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
~~(1)~~,

November 4, 1964

TREASURY'S WEEKLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders for two seri of Treasury bills to the aggregate amount of $ 2,200,000,000 ~~(2)~~, or thereabouts, fo cash and in exchange for Treasury bills maturing November 12, 1964 ~~(3)~~, in the amou of $ 2,196,331,000 ~~(4)~~, as follows:

91 ~~(5)~~ -day bills (to maturity date) to be issued November 12, 1964 ~~(6)~~, in the amount of $ 1,200,000,000 ~~(7)~~, or thereabouts, representing an additional amount of bills dated August 13, 1964 ~~(8)~~, and to mature February 11, 1965 ~~(9)~~, originally issued in the amount of $ 901,846,000 ~~(10)~~, the additional and original bills to be freely interchangeable.

182 ~~(11)~~ -day bills, for $ 1,000,000,000 ~~(12)~~, or thereabouts, to be dated November 12, 1964 ~~(13)~~, and to mature May 13, 1965 ~~(14)~~

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

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Standard time, Monday, November 9, 1964 ~~(15)~~ Tenders will not be received at the Treasury Department, Washington. Each tende must be for an even multiple of $1,000, and in the case of competitive tenders t price offered must be expressed on the basis of 100, with not more than three

TREASURY DEPARTMENT

WASHINGTON, D.C.

November 4, 1964

FOR IMMEDIATE RELEASE

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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.

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 August 13, 1964, (91 days remaining until maturity date on February 11, 1965) and noncompetitive tenders for $100,000 or less for the 182-day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Banks on November 12, 1964, in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 12, 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.

November 4, 1964

FOR IMMEDIATE RELEASE

WITHHOLDING OF APPRAISEMENT ON BREAD IN LOAVES

The Treasury Department is instructing customs field officers to withhold appraisement of bread in loaves from British Columbia, 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 allegation in this case was received on July 6, 1964, and was made by Congressman Bill Stinson. The dollar value of imports received during the period July 1964 through September 1964 was approximately $60,000.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR IMMEDIATE RELEASE

November 5, 1964

RESULTS OF TREASURY'S CASH OFFERING OF 4% NOTES

Reports received from the Federal Reserve Banks show that subscriptions total about $21,820 million for the offering of $9-1/4 billion, or thereabouts, of 4 percent Treasury Notes of Series D-1966, due May 15, 1966. The total amount of subscriptions accepted is about $9,494 million.

The Treasury will allot in full, as provided in the offering circular, about $6,595 million of subscriptions from States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, Government Investment Accounts, and the Federal Reserve Banks, where the subscriber made the required certification of ownership of securities maturing on November 15, 1964.

On subscriptions received subject to allotment, the Treasury will allot in full subscriptions up to $100,000 and other subscriptions will be subject to a 16.5 percent allotment with a minimum allotment of $100,000 per subscription. Reports received thus far from the Federal Reserve Banks show that subscriptions subject to allotment total about $8,752 million from commercial banks for their own account and $6,473 million from all others.

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

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Henry Holtzclaw, Director of the Bureau of Engraving and Printing, characterized as representing one of the highest skills in the graphic arts. The portraits are then produced by the highly speciaized process of intaglio printing. Mr. Holtzclaw said that many months of painstaking effort are required to achieve the high standard of quality expected in this series. As in the case of previous presidents, the new portrait of President Johnson received his personal approval before it was reproduced.

A purchase order form describing the various prints sold by the Bureau, including the engraved portraits of all the Presidents, may be obtained from the Bureau of Engraving and Printing, Office Services Branch, Fourteenth and C Streets, S.W., Washington, D. C., 20226.

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FOR RELEASE SUNDAY NEWSPAPERS
NOVEMBER 8, 1964

WORK ON THE PORTRAIT, WI
INVOLVES COMPLICATED SKILLS,
WAS BEGUN LAST Oct. 5, 196

PRESIDENT JOHNSON'S PORTRAIT ADDED TO SERIES OF PRESIDENTIAL ENGRAVINGS

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The U. S. Treasury Department's Bureau of Engraving and Printing announced today the addition of the portrait of President Lyndon B. Johnson to the series of engravings of American Presidents which are regularly on sale to the public.

The addition of President Johnson's portrait brings the series of thirty-six engravings up-to-date. They may be purchased individually, or as a complete set.

The Presidential engravings are among the most popular of the numerous prints of historic and documentary nature available from the Bureau. They are in two sizes suitable for framing: 9 by 12 inches, which sell for 55 cents each, and 6 by 8 inches, at 35 cents each.

The portraits are made by a time-honored hand process by expert craftsmen. Two engravers use a unique hand process which

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Work on the portrait, which involves complicated skills, was begun last February 5, 1964.

The addition of President Johnson's portrait brings the series of thirty-five engravings up-to-date. They may be purchased individually, or as a complete set.

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

November 9, 1964

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The Treasury Department announced last evening that the tenders for two series o Treasury bills, one series to be an additional issue of the bills dated August 13, 1 and the other series to be dated November 12, 1964, which were offered on November 4, were opened at the Federal Reserve Banks on November 9. Tenders were invited for $1,200,000,000, or thereabouts, of 91-day bills and for $1,000,000,000, or thereabou of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing February 11, 1965		:	182-day Treasury bills maturing May 13, 1965	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equ Annual Rate
High	99.100 a/	3.560%	:	98.115 b/	3.729%
Low	99.095	3.580%	:	98.106	3.746%
Average	99.097	3.574% 1/	:	98.108	3.742% 1

a/ Excepting two tenders totaling $760,000; b/ Excepting two tenders totaling $
41 percent of the amount of 91-day bills bid for at the low price was accepted
3 percent of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 30,170,000	$ 24,152,000	:	$ 17,736,000	$ 7,736,
New York	1,469,913,000	791,448,000	:	1,322,152,000	768,967,
Philadelphia	28,853,000	13,853,000	:	7,738,000	2,738,
Cleveland	30,534,000	30,534,000	:	60,723,000	35,873,
Richmond	13,466,000	13,466,000	:	14,034,000	6,646,
Atlanta	36,709,000	30,818,000	:	22,046,000	14,027,
Chicago	205,113,000	146,115,000	:	142,259,000	72,574,
St. Louis	35,150,000	27,332,000	:	15,325,000	12,840,
Minneapolis	25,558,000	20,378,000	:	8,509,000	6,509,
Kansas City	29,294,000	27,294,000	:	20,403,000	15,405,
Dallas	28,951,000	20,361,000	:	11,491,000	7,521,
San Francisco	95,590,000	54,340,000	:	100,006,000	49,481,
TOTALS	$2,029,301,000	$1,200,091,000 c/		$1,742,422,000	$1,000,317,

c/ Includes $255,288,000 noncompetitive tenders accepted at the average price of 99.
d/ Includes $87,605,000 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 return these bills would provide yields of 3.66%, for the 91-day bills, and 3.87%, for 182-day bills. Interest rates on bills are quoted in terms of bank discount wi the return related to the face amount of the bills payable at maturity rather t the amount invested and their length in actual number of days related to a 360- year. In contrast, yields on certificates, notes, and bonds are computed in te of interest on the amount invested, and relate the number of days remaining in interest payment period to the actual number of days in the period, with semi-a compounding if more than one coupon period is involved.

TREASURY DEPARTMENT

WASHINGTON, D.C.

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

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St. Louis	35,150,000	27,332,000	:	15,325,000	12,840,000
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TOTALS	$2,029,301,000	$1,200,091,000 c/		$1,742,422,000	$1,000,317,000 d/

Includes $255,288,000 noncompetitive tenders accepted at the average price of 99.097
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On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 3.66%, for the 91-day bills, and 3.87%, 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 semi-annual compounding if more than one coupon period is involved.

TREASURY DEPARTMENT

WASHINGTON, D.C.

November 10, 1964

FOR IMMEDIATE RELEASE

TREASURY MARKET TRANSACTIONS IN OCTOBER

During October 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 $126,157,000.00.

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WASHINGTON, D.C.

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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 subjec to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States is considered to be interest. Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need 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.

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $ 200,000 or less for the additional bills dated August 20, 1964, (91 days remaining until maturity date on February 18, 1965) 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 Reserv Banks on November 19, 1964, in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 19, 1964. Cash

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,

November 10, 1964

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The Treasury Department, by this public notice, invites tenders for two seri of Treasury bills to the aggregate amount of $ 2,200,000,000 , or thereabouts, fo cash and in exchange for Treasury bills maturing November 19, 1964 , in the amou of $ 2,200,753,000 , as follows:

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

TREASURY DEPARTMENT

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

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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the sale or other disposition of Treasury bills does not have any special treatment, such, under the Internal Revenue Code of 1954. The bills are subject to estate, inhe itance, 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, 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 so by the United States is considered to be interest. Under Sections 454 (b) and 1221 (of the Internal Revenue Code of 1954 the amount of discount at which bills issued her under are sold is not considered to accrue until such bills are sold, redeemed or oth wise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent pruchase, and the amo 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, prescri 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.

LPHA - TAX

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

All bidders are required to agree not to purchase or to sell, or to make any greements with respect to the purchase or sale or other disposition of any bills of his issue at a specific rate or price, until after one-thirty p.m., Eastern Standard time, Tuesday, November 17, 1964. ~~(11)~~ Immediately after the closing hour, tenders will be opened at the Federal Reserve anks and Branches, following which public announcement will be made by the Treasury epartment of the amount and price range of accepted bids. Those submitting tenders ill be advised of the acceptance or rejection thereof. The Secretary of the Treasury pressly reserves the right to accept or reject any or all tenders, in whole or in part, nd his action in any such respect shall be final. Subject to these reservations, nonmpetitive tenders for $ 200,000 ~~(12)~~ or less without stated price from any one dder will be accepted in full at the average price (in three decimals) of accepted mpetitive bids. Payment of accepted tenders at the prices offered must be made or mpleted at the Federal Reserve Bank in cash or other immediately available funds on vember 24, 1964 ~~(13)~~, provided, however, any qualified depositary will be permitted make payment by credit in its Treasury tax and loan account for not more than 50 percent of the amount of Treasury bills allotted it for itself and its customers up to any amount for which it shall be qualified in cess 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 other disposition of the bills, does not have any exemption, as such, and loss from

Exhibit 1-B

ALPHA - TAX

TREASURY DEPARTMENT
Washington

November 10, 1964

FOR IMMEDIATE RELEASE,

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX (1)

TREASURY OFFERS $1.5 BILLION IN JUNE TAX BILLS

The Treasury Department, by this public notice, invites tenders for $ 1,500,000, (2) or thereabouts, of 210 (3) -day Treasury bills, to be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided. The bills of this se will be designated Tax Anticipation Series, they will be dated November 24, 1964 (4) and they will mature June 22, 1965 (5). They will be accepted at face value in payment of income ~~and profits~~ taxes due on June 15, 1965 (6), and to the extent are not presented for this purpose the face amount of these bills will be payable wit out interest at maturity. Taxpayers desiring to apply these bills in payment of June (7) 1965, income ~~and profits~~ taxes have the privilege of surrendering them to any Federal Reserve Bank or Branch or to the Office of the Treasurer of the United States Washington, not more than fifteen days before June 15, 1965 (8), and receiving receipt therefor showing the face amount of the bills so surrendered. These receipts may be submitted in lieu of the bills on or before June 15, 1965 (9), to the District Direc of Internal Revenue for the District in which such taxes are payable. The bills will 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, Tuesday, November 17, 1964 (10). Tenders not be received at the Treasury Department, Washington. Each tender must be for an 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 an forwarded in the special envelopes which will be supplied by Federal Reserve Banks o Branches on application therefor.

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TREASURY DEPARTMENT

WASHINGTON, D.C.
November 10, 1964

FOR IMMEDIATE RELEASE

TREASURY OFFERS $1.5 BILLION IN JUNE TAX BILLS

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 210-day Treasury bills, to be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided. The bills of this series will be designated Tax Anticipation Series, they will be dated November 24, 1964, and they will mature June 22, 1965. They will be accepted at face value in payment of income taxes due on June 15, 1965, and to the extent they are not presented for this purpose the face amount of these bills will be payable without interest at maturity. Taxpayers desiring to apply these bills in payment of June 15, 1965, income taxes have the privilege of surrendering them to any Federal Reserve Bank or Branch or to the Office of the Treasurer of the United States, Washington, not more than fifteen days before June 15, 1965, and receiving receipts therefor showing the face amount of the bills so surrendered. These receipts may be submitted in lieu of the bills on or before June 15, 1965, to the District Director of Internal Revenue for the District in which such taxes are payable. The bills will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $50,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Standard time, Tuesday, November 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 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, Tuesday, November 17 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 Bank in cash or other immediately available funds on November 24, 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 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
FRIDAY, NOVEMBER 13,1964

D-1403

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 - October 1, 1964 - December 31, 1964

IMPORTS - October 1, 1964 - November 6, 1964 (or as noted)

	ITEM 925.01*		ITEM 925.03*		ITEM 925.02*		ITEM 925.04*	
Country of Production	Lead-bearing ores and materials		Unwrought lead and lead waste and scrap		Zinc-bearing ores and materials		Unwrought zinc (except alloys of zinc and zinc dust) and zinc waste and scrap	
	Quarterly Quota Dutiable lead	Imports	Quarterly Quota Dutiable lead	Imports	Quarterly Quota Zinc Content	Imports	Quarterly Quota By Weight	Imports
	(Pounds)		(Pounds)		(Pounds)		(Pounds)	
Australia	11,220,000	11,220,000	22,540,000	6,626,904	-	-	-	-
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	***3,356,379
Bolivia	5,040,000	***3,464,625	-	-	-	-	-	-
Canada	13,440,000	***1,736,766	15,920,000	12,700,522	66,480,000	66,480,000	37,840,000	15,511,116
Italy	-	-	-	-	-	-	3,600,000	-
Mexico	-	-	36,880,000	18,647,031	70,480,000	25,165,685	6,320,000	2,408,407
Peru	16,160,000	16,160,000	12,880,000	*** 5,721,105	35,120,000	11,854,565	3,760,000	*** 2,091,932
Republic of the Congo (formerly Belgian Congo)	-	-	-	-	-	-	5,440,000	*** 2,204,640
**Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	*** 3,443,735	-	-	-	-
All other countries (total)	6,560,000	***1,826,626	6,080,000	6,080,000	17,840,000	17,840,000	6,080,000	***3,813,265

*See Part 2, Appendix to Tariff Schedules.
**Republic of South Africa.
***Imports as of November 9, 1964.

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
FRIDAY, NOVEMBER 13, 1964

D-1403

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 - October 1, 1964 - December 31, 1964

IMPORTS - October 1, 1964 - November 6, 1964 (or as noted)

Country of Production	ITEM 925.01*		ITEM 925.03*		ITEM 925.02*		ITEM 925.04*	
	Lead-bearing ores and materials		Unwrought lead and lead waste and scrap		Zinc-bearing ores and materials		Unwrought zinc (except alloys of zinc and zinc dust) and zinc waste and scrap	
	Quarterly Quota Dutiable lead	Imports	Quarterly Quota Dutiable lead	Imports	Quarterly Quota Zinc Content	Imports	Quarterly Quota By Weight	Imports
	(Pounds)		(Pounds)		(Pounds)		(Pounds)	
Australia	11,220,000	11,220,000	22,540,000	6,626,904	-	-	-	-
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	***3,356,379
Bolivia	5,040,000	***3,464,625	-	-	-	-	-	-
Canada	13,440,000	***1,736,766	15,920,000	12,700,522	66,480,000	66,480,000	37,840,000	15,511,116
Italy	-	-	-	-	-	-	3,600,000	-
Mexico	-	-	36,880,000	18,647,031	70,480,000	25,165,685	6,320,000	2,408,407
Peru	16,160,000	16,160,000	12,880,000	*** 5,721,105	35,120,000	11,854,565	3,760,000	*** 2,091,932
Republic of the Congo (formerly Belgian Congo)	-	-	-	-	-	-	5,440,000	*** 2,204,640
**Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	*** 3,443,735	-	-	-	-
All other countries (total)	6,560,000	***1,826,626	6,080,000	6,080,000	17,840,000	17,840,000	6,080,000	***3,813,265

*See Part 2, Appendix to Tariff Schedules.
**Republic of South Africa.
***Imports as of November 9, 1964.

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, 1964, to Nov. 9, 1964	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1964 to Nov. 9, 1964
United Kingdom............	4,323,457	-	1,441,152	-
Canada....................	239,690	239,393	-	-
France....................	227,420	-	75,807	-
India and Pakistan........	69,627	-	-	-
Netherlands...............	68,240	-	22,747	-
Switzerland...............	44,388	-	14,796	-
Belgium...................	38,559	-	12,853	-
Japan.....................	341,535	-	-	-
China.....................	17,322	-	-	-
Egypt.....................	8,135	-	-	-
Cuba......................	6,544	-	-	-
Germany...................	76,329	-	25,443	-
Italy.....................	21,263	-	7,088	-
Other, including the U. S.	-	-	-	-
	5,482,509	239,393	1,599,886	-

1/ Included in total imports, column 2.

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE

FRIDAY, NOVEMBER 13,1964

D-1404

Preliminary data on imports for consumption of cotton and cotton waste chargeable to the quotas established by Presidential Proclamation No. 2351 of September 5, 1939, as amended, and as modified by the Tariff Schedules of the United States which became effective August 31, 1963.

(The country designations in this press release are those specified in the appendix to the Tariff Schedules of the United States. There is no political connotation in the use of outmoded names.)

COTTON (other than linters) (in pounds)
Cotton under 1-1/8 inches other than rough or harsh under 3/4"
Imports September 20, 1964 - November 9, 1964

Country of Origin	Established Quota	Imports	Country of Origin	Established Quota	Imports
Egypt and Sudan	783,816	-	Honduras	752	-
Peru	247,952	-	Paraguay	871	-
India and Pakistan	2,003,483	-	Colombia	124	-
China	1,370,791	-	Iraq	195	-
Mexico	8,883,259	1,782,990	British East Africa	2,240	-
Brazil	618,723	-	Indonesia and Netherlands New Guinea	71,388	-
Union of Soviet Socialist Republics	475,124	-	[1] British W. Indies	21,321	-
Argentina	5,203	-	Nigeria	5,377	-
Haiti	237	-	[2] British W. Africa	16,004	-
Ecuador	9,333	-	Other, including the U.S.	-	-

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

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

Imports August 1, 1964 - November 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	9,665
1-1/8" or more and under		

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE

FRIDAY, NOVEMBER 13, 1964

D-1404

Preliminary data on imports for consumption of cotton and cotton waste chargeable to the quotas established by Presidential Proclamation No. 2351 of September 5, 1939, as amended, and as modified by the Tariff Schedules of the United States which became effective August 31, 1963.

(The country designations in this press release are those specified in the appendix to the Tariff Schedules of the United States. There is no political connotation in the use of outmoded names.)

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Imports September 20, 1964 - November 9, 1964

Country of Origin	Established Quota	Imports	Country of Origin	Established Quota	Imports
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Peru........................	247,952	-	Paraguay....................	871	-
India and Pakistan.........	2,003,483	-	Colombia....................	124	-
China......................	1,370,791	-	Iraq........................	195	-
Mexico.....................	8,883,259	1,782,990	British East Africa.........	2,240	-
Brazil.....................	618,723	-	Indonesia and Netherlands New Guinea.................	71,388	-
Union of Soviet Socialist Republics......	475,124	-	1/ British W. Indies...........	21,321	-
Argentina..................	5,203	-	Nigeria.....................	5,377	-
Haiti......................	237	-	2/ British W. Africa...........	16,004	-
Ecuador....................	9,333	-	Other, including the U.S....	-	-

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

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

Imports August 1, 1964 - November 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	9,665
1-1/8" or more and under		

COTTON WASTES
(In pounds)

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

Country of Origin	Established TOTAL QUOTA	Total Imports Sept. 20, 1964, to Nov. 9, 1964	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1964 to Nov. 9, 1964
United Kingdom............	4,323,457	-	1,441,152	-
Canada....................	239,690	239,393	-	-
France....................	227,420	-	75,807	-
India and Pakistan........	69,627	-	-	-
Netherlands...............	68,240	-	22,747	-
Switzerland...............	44,388	-	14,796	-
Belgium...................	38,559	-	12,853	-
Japan.....................	341,535	-	-	-
China.....................	17,322	-	-	-
Egypt.....................	8,135	-	-	-
Cuba......................	6,544	-	-	-
Germany...................	76,329	-	25,443	-
Italy.....................	21,263	-	7,088	-
Other, including the U. S.	-	-	-	-
	5,482,509	239,393	1,599,886	-

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

Commodity	Period and Quantity		Unit of Quantity	Imports as of October 31,
Absolute Quotas:				
Butter substitutes containing over 45% of butterfat, and butter oil......................	Calendar Year	1,200,000	Pound	Quota Fill
Fibers of cotton processed but not spun..................	12 mos. from Sept. 11, 1964	1,000	Pound	
Peanuts, shelled or not shelled, blanched, or otherwise prepared or preserved (except peanut butter)........................	12 mos. from August 1, 1964	1,709,000	Pound	1,549,47

1/ Imports through November 9, 1964.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE

FRIDAY, NOVEMBER 13,1964

D-1405

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 October 31, 1964:

Commodity	Period and Quantity		Unit of Quantity	Imports as of October 31,
Tariff-Rate Quotas:				
Cream, fresh or sour.............	Calendar Year	1,500,000	Gallon	796
Whole Milk, fresh or sour........	Calendar Year	3,000,000	Gallon	
Cattle, 700 lbs. or more each (other than dairy cows)........	Oct. 1, 1964- Dec. 31, 1964	120,000	Head	12
Cattle less than 200 lbs. each...	12 mos. from April 1, 1964	200,000	Head	52
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish.......	Calendar Year	24,861,670	Pound	Quota Fi
Tuna Fish........................	Calendar Year	60,911,870	Pound	37,162
White or Irish potatoes:				
Certified seed.................	12 mos. from	114,000,000	Pound	1,529
Other..........................	Sept. 15, 1964	45,000,000	Pound	19,850
Knives, forks, and spoons with stainless steel handles........	Nov. 1, 1963- Oct. 31, 1964	69,000,000	Pieces	Quota Fi

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
FRIDAY, NOVEMBER 13,1964

D-1405

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 October 31, 1964:

Commodity	Period and Quantity		Unit of Quantity	Imports as of October 31, 1964
Tariff-Rate Quotas:				
Cream, fresh or sour.............	Calendar Year	1,500,000	Gallon	796,340
Whole Milk, fresh or sour........	Calendar Year	3,000,000	Gallon	51
Cattle, 700 lbs. or more each (other than dairy cows)........	Oct. 1, 1964- Dec. 31, 1964	120,000	Head	12,755
Cattle less than 200 lbs. each...	12 mos. from April 1, 1964	200,000	Head	52,246
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	60,911,870	Pound	37,162,653
White or Irish potatoes:				
Certified seed.................	12 mos. from	114,000,000	Pound	1,529,280
Other..........................	Sept. 15, 1964	45,000,000	Pound	19,850,343
Knives, forks, and spoons with stainless steel handles........	Nov. 1, 1963- Oct. 31, 1964	69,000,000	Pieces	Quota Filled

Commodity	Period and Quantity		Unit of Quantity	Imports as of October 31,
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, 1964	1,000	Pound	
Peanuts, shelled or not shelled, blanched, or otherwise prepared or preserved (except peanut butter)........................	12 mos. from August 1, 1964	1,709,000	Pound	1,549,478

1/ Imports through November 9, 1964.

TREASURY DEPARTMENT
WASHINGTON

IMMEDIATE RELEASE
FRIDAY, NOVEMBER 13, 1964

D-1406

The Bureau of Customs has announced the following preliminary figures showing the imports for consumption from January 1, 1964, to October 31, 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 October 31, 1964
Buttons	680,000	Gross	219,891
Cigars	160,000,000	Number	11,621,654
Coconut oil	358,400,000	Pound	Quota Filled
Cordage	6,000,000	Pound	5,899,398*
Tobacco	5,200,000	Pound	3,954,249

*Imports through November 9, 1964

TREASURY DEPARTMENT
WASHINGTON

IMMEDIATE RELEASE
FRIDAY, NOVEMBER 13, 1964

D-1406

The Bureau of Customs has announced the following preliminary figures showing the imports for consumption from January 1, 1964, to October 31, 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 October 31, 1964
Buttons	680,000	Gross	219,891
Cigars	160,00C,000	Number	11,621,654
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Cordage	6,000,000	Pound	5,899,398*
Tobacco	5,200,000	Pound	3,954,249

*Imports through November 9, 1964

TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR IMMEDIATE RELEASE

November 13, 1964

SUBSCRIPTION AND ALLOTMENT FIGURES FOR TREASURY'S CURRENT CASH OFFERING

The Treasury Department today announced the subscription and allotment figures with respect to the current offering of 4% Treasury Notes of Series D-1966, due May 15, 1966.

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

Federal Reserve District	Total Subscriptions Received	Total Allotments
Boston	$ 712,790,000	$ 132,622,000
New York	12,837,365,000	7,576,837,000
Philadelphia	393,900,000	78,274,000
Cleveland	949,430,000	183,453,000
Richmond	460,396,000	99,938,000
Atlanta	625,549,000	157,659,000
Chicago	2,435,342,000	491,411,000
St. Louis	449,405,000	125,050,000
Minneapolis	203,600,000	62,552,000
Kansas City	425,159,000	121,836,000
Dallas	384,751,000	90,630,000
San Francisco	2,016,327,000	392,615,000
Treasury	5,933,000	5,933,000
Totals	$21,899,947,000	$9,518,810,000

Subscriptions by investor classes:

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 which received full allotment ----------------	$ 164,784,000
Commercial Banks (own account) ---------	8,793,786,000
All Others ----------------------------	6,499,221,000
Total	$15,457,791,000
Fed. Res. Banks & Govt. Inv. Accts. ----	6,442,156,000
Grand Total	$21,899,947,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR RELEASE A.M. NEWSPAPERS,
Tuesday, November 17, 1964.

November 16, 1964

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced last evening that the tenders for two series Treasury bills, one series to be an additional issue of the bills dated August 20, 1 and the other series to be dated November 19, 1964, which were offered on November 1 were opened at the Federal Reserve Banks on November 16. Tenders were invited for $1,200,000,000, or thereabouts, of 91-day bills and for $1,000,000,000, or thereabou of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing February 18, 1965		:	182-day Treasury bills maturing May 20, 1965	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equ Annual Rate
High	99.093 a/	3.588%	:	98.098 b/	3.762%
Low	99.089	3.604%	:	98.090	3.778%
Average	99.090	3.600% 1/	:	98.093	3.772% 1

a/ Excepting one tender of $200,000; b/ Excepting four tenders totaling $1,030,000
75% of the amount of 91-day bills bid for at the low price was accepted
68% of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 33,658,000	$ 17,408,000	:	$ 24,286,000	$ 12,654,
New York	1,592,438,000	803,063,000	:	1,347,006,000	728,876,
Philadelphia	32,292,000	17,292,000	:	8,161,000	3,161,
Cleveland	26,751,000	26,751,000	:	36,797,000	23,597,
Richmond	12,862,000	12,862,000	:	12,224,000	9,324,
Atlanta	43,303,000	34,253,000	:	11,061,000	7,108,
Chicago	214,373,000	146,298,000	:	186,378,000	106,538,
St. Louis	36,352,000	29,102,000	:	13,907,000	11,907,
Minneapolis	20,806,000	15,681,000	:	8,333,000	5,301,
Kansas City	30,872,000	30,622,000	:	12,455,000	12,423,
Dallas	26,491,000	16,479,000	:	8,663,000	4,343,
San Francisco	87,029,000	50,279,000	:	142,687,000	75,199,
TOTALS	$2,157,227,000	$1,200,090,000	c/	$1,811,958,000	$1,000,431,

c/ Includes $261,525,000 noncompetitive tenders accepted at the average price of 99.
d/ Includes $76,448,000 noncompetitive tenders accepted at the average price of 98.0
1/ On a coupon issue of the same length and for the same amount invested, the return these bills would provide yields of 3.68%, for the 91-day bills, and 3.90%, for t 182-day bills. Interest rates on bills are quoted in terms of bank discount with return related to the face amount of the bills payable at maturity rather than th amount invested and their length in actual number of days related to a 360-day ye In contrast, yields on certificates, notes, and bonds are computed in terms of in terest on the amount invested, and relate the number of days remaining in an inte payment period to the actual number of days in the period, with semiannual compou if more than one coupon period is involved.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

3R RELEASE A.M. NEWSPAPERS,
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Average	99.090	3.600% 1/	:	98.093	3.772% 1/

a/ Excepting one tender of $200,000; b/ Excepting four tenders totaling $1,030,000
75% of the amount of 91-day bills bid for at the low price was accepted
68% 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	$ 33,658,000	$ 17,408,000	:	$ 24,286,000	$ 12,654,000
New York	1,592,438,000	803,063,000	:	1,347,006,000	728,876,000
Philadelphia	32,292,000	17,292,000	:	8,161,000	3,161,000
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Atlanta	43,303,000	34,253,000	:	11,061,000	7,108,000
Chicago	214,373,000	146,298,000	:	186,378,000	106,538,000
St. Louis	36,352,000	29,102,000	:	13,907,000	11,907,000
Minneapolis	20,806,000	15,681,000	:	8,333,000	5,301,000
Kansas City	30,872,000	30,622,000	:	12,455,000	12,423,000
Dallas	26,491,000	16,479,000	:	8,663,000	4,343,000
San Francisco	87,029,000	50,279,000	:	142,687,000	75,199,000
TOTALS	$2,157,227,000	$1,200,090,000 c/		$1,811,958,000	$1,000,431,000 d/

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FOR RELEASE A. M. NEWSPAPERS,
Wednesday, November 18, 1964.

November 17, 1964

RESULTS OF TREASURY'S $1.5 BILLION 210-DAY TAX ANTICIPATION BILL OFFERING

The Treasury Department announced last evening that the tenders for $1,500,000,0 or thereabouts, of Tax Anticipation Series 210-day Treasury bills to be dated November 24, 1964, and to mature June 22, 1965, which were offered on November 10, were op at the Federal Reserve Banks on November 17.

The details of this issue are as follows:

Total applied for	- $3,700,419,000	
Total accepted	- 1,501,005,000	(includes $202,919,000 entered on a noncompetitive basis and accepted in full at the average price shown below)

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

High	- 97.895	Equivalent	rate	of	discount	approx.	3.609%	per	annu
Low	- 97.874	"	"	"	"	"	3.645%	"	"
Average	- 97.877	"	"	"	"	"	3.639%	"	"

(98% of the amount bid for at the low price was accepted)

Federal Reserve District	Total Applied For	Total Accepted
Boston	$ 193,595,000	$ 115,631,000
New York	1,510,250,000	476,640,000
Philadelphia	112,340,000	49,340,000
Cleveland	334,991,000	115,931,000
Richmond	63,075,000	54,575,000
Atlanta	80,570,000	57,150,000
Chicago	387,530,000	121,390,000
St. Louis	37,330,000	28,830,000
Minneapolis	136,165,000	49,765,000
Kansas City	74,473,000	41,373,000
Dallas	323,800,000	121,100,000
San Francisco	446,300,000	269,280,000
Total	$3,700,419,000	$1,501,005,000

1/ On a coupon issue of the same length and for the same amount invested, the return these bills would provide a yield of 3.76%. Interest rates on bills are quoted i terms of bank discount with the return related to the face amount of the bills pa at maturity rather than the amount invested and their length in actual number of d related to a 360-day year. In contrast, yields on certificates, notes, and bonds computed in terms of interest on the amount invested, and relate the number of da remaining in an interest payment period to the actual number of days in the period with semiannual compounding if more than one coupon period is involved.

TREASURY DEPARTMENT

WASHINGTON, D.C.

R RELEASE A. M. NEWSPAPERS,
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November 17, 1964

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San Francisco	446,300,000	269,280,000
Total	$3,700,419,000	$1,501,005,000

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Genuine currency has a life-like portrait, the fine lined border is clear and distinct, the numbering is evenly spaced and even in appearance, and the paper is distinctive with inserted colored threads evident.

Counterfeit currency has a lifeless portrait, the fine border lines are not clear or distinct, and the numbering is often badly spaced and uneven in appearance.

The Secret Service requests that if a counterfeit is received, do not return the note. ~~If possible, try to delay the passer by pretext and telephone the police~~ or ~~the Secret Service~~. If the passer leaves, write down his description and, if applicable, note the license number of his car.

Chief Rowley is confident that with the public's help counterfeiting will continue to be an unprofitable venture for the criminal.

FOR IMMEDIATE RELEASE November 17, 1964

SECRET SERVICE CHIEF WARNS AGAINST USE
OF BOGUS MONEY DURING HOLIDAYS
~~Christmas Release 1964~~

James J. Rowley, Chief of the United States Secret Service, ~~is~~ alert~~ing~~ merchants and other money handlers to be on guard against counterfeit money during the approaching Christmas shopping season. At this time of the year merchants are particularly vulnerable to loss from counterfeit note passers.

Counterfeiting of United States currency reached an all time high during the past fiscal year. In dollar terms, of the $7,752,450 in counterfeit taken by the Secret Service, only $530,434 resulted in a loss to the public. In other words, only one out of every twelve known counterfeits manufactured resulted in a loss to the public.

//The counterfeit note passer can only be successful when merchants fail to examine currency received in the normal course of their business. A closer look at our currency by the merchant and his employees would make it more difficult for those passing bogus bills during the height of the Christmas shopping season," Chief Rowley said

Chief Rowley offers a few pointers of things to look for in detecting counterfeit.

TREASURY DEPARTMENT

WASHINGTON, D.C.

November 17, 1964

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The Secret Service requests that if a counterfeit is received, do not return the note. If the passer leaves, write down his description and, if applicable, note the license number of his car.

Chief Rowley is confident that with the public's help counterfeiting will continue to be an unprofitable venture for the criminal.

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~~[illegible] -- MODIFIED~~

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

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

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

~~BETA MODIFIED~~

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

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $ 200,000 ~~(16)~~ or less for the additional bills dated August 27, 1964 ~~(17)~~, (90 ~~(18)~~ days remaining until maturity date on February 25, 1965 ~~(19)~~) and noncompetitive tenders for $ 100,000 ~~(20)~~ or less for the 181 ~~(21)~~ -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Banks on November 27, 1964 ~~(22)~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 27, 1964 ~~(23)~~. Cash

~~Exhibit 3-A~~

~~BETA - MODIFIED~~

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
~~xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx~~
(1)

November 18, 1964

TREASURY'S WEEKLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders for two serie of Treasury bills to the aggregate amount of $ 2,200,000,000 ~~(2)~~, or thereabouts, fo cash and in exchange for Treasury bills maturing November 27, 1964 ~~(3)~~, in the amoun of $2,201,715,000 ~~(4)~~, as follows:

90 ~~(5)~~ -day bills (to maturity date) to be issued November 27, 1964 ~~(6)~~, in the amount of $1,200,000,000 ~~(7)~~, or thereabouts, representing an additional amount of bills dated August 27, 1964 ~~(8)~~, and to mature February 25, 1965 ~~(9)~~, originally issued in the amount of $ 902,006,000 ~~(10)~~, the additional and original bills to be freely interchangeable.

181 ~~(11)~~ -day bills, for $ 1,000,000,000 ~~(12)~~, or thereabouts, to be dated November 27, 1964 ~~(13)~~, and to mature May 27, 1965 ~~(14)~~.

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

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Standard time, Monday, November 23, 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 th price offered must be expressed on the basis of 100, with not more than three

TREASURY DEPARTMENT

WASHINGTON, D.C.

November 18, 1964

FOR IMMEDIATE RELEASE

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The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $2,200,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing November 27,1964, in the amount of $ 2,201,715,000, as follows:

90-day bills (to maturity date) to be issued November 27, 1964, in the amount of $1,200,000,000, or thereabouts, representing an additional amount of bills dated August 27,1964, and to mature February 25,1965, originally issued in the amount of $ 902,006,000, the additional and original bills to be freely interchangeable.

181-day bills, for $ 1,000,000,000, or thereabouts, to be dated November 27, 1964, and to mature May 27, 1965.

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.

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 August 27,1964, (90-days remaining until maturity date on February 25,1965) and noncompetitive tenders for $ 100,000 or less for the 181-day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Banks on November 27, 1964, in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 27,1964 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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~~ALPHA~~

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

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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 ~~(10)~~ or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on November 30, 1964 ~~(11)~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 30, 1964 ~~(12)~~. 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

~~Exhibit 1~~

~~ALPHA~~

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, November 18, 1964

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TREASURY REFUNDS ONE-YEAR BILLS

The Treasury Department, by this public notice, invites tenders for $ 1,000,000,000 ~~(2)~~, or thereabouts, of 365 ~~(3)~~ -day Treasury bills, for cash and in exchange for Treasury bills maturing November 30, 1964 ~~(4)~~, in the amount of $ 1,004,801,000 ~~(5)~~, to be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided. The bills of this series will be dated November 30, 1964 ~~(6)~~, and will mature November 30, 1965 ~~(7)~~, 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, Tuesday, November 24, 1964. ~~(8)~~ Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. (Notwithstanding the fact that these bills will run for 365 ~~(9)~~ days, the discount rate will be computed on a bank discount basis of 360 days, as is currently the practice on all issues of Treasury bills.) It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

TREASURY DEPARTMENT

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressl 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. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on November 30, 1964, in cash or other immediately available funds or in a likeface amount of Treasury bills maturing November 30, 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 d 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, of 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 DEPARTMENT
WASHINGTON

FOR SIMULTANEOUS RELEASE
IN CHICAGO AND WASHINGTON
AT 6:45 PM, CST
THURSDAY, NOVEMBER 19, 1964

REMARKS BY THE HONORABLE ROBERT V. ROOSA
UNDER SECRETARY OF THE TREASURY FOR MONETARY AFFAIRS
TO THE BANKERS CLUB OF CHICAGO
THE SHERATON-BLACKSTONE, CHICAGO, ILLINOIS
THURSDAY, NOVEMBER 19, 1964, 6:45 PM (CST)

DEBT MANAGEMENT, LIQUIDITY, AND MONETARY STABILITY

The title for these remarks was not selected, or at least not merely selected, because it seemed a large enough portmanteau to cover anything I might want to discuss when November 19 arrived. Nor do I have any wish to add another voice to the chorus of official and unofficial comments being heard these days on the proper present posture for monetary policy. But this title does express, perhaps more effectively than I will be able to do in talking on at greater length, a fundamental point of view on the role and usefulness of debt management:

> The design and issuance of the public debt must, of course, first be concentrated upon the effective placement in the market of obligations to replace maturing issues and to provide new money as required. But, in addition, debt management can -- through the types of issues offered, and the manner and timing of offerings -- be a constructive force in affecting the liquidity of the economy. That, in turn, may both exert a useful influence upon flows of funds into or out of the country and also help to maintain the monetary stability we need for balanced and continuing growth.

It has been the Treasury's aim, for several years now, to develop somewhat further these larger potentials of debt management. That is why I thought it would be useful to glance backward tonight -- with special emphasis upon those dimensions of debt management that reach into our national policies affecting liquidity and monetary stability -- to review what has been attempted, in an effort to learn for the future. Since my own direct association with debt management on the Treasury side has covered only the past four years, what I say will relate particularly to this period. My colleagues and I are deeply aware that we owe to our predecessors and their imaginative innovations a large part of any success we may have had in our operations, but I would not want to implicate those predecessors with responsibility for these reflections on policies of debt management.

Before turning to wider policy considerations, however, it is important to recognize the persistent and awesome pressure from the sheer passage of time that every debt manager must face. Naive as it sounds when simply stated, outstanding securities are always getting shorter, every day, and unless something is done about it the bulk of the debt could soon be in very short-term form, requiring continuous replacement. That inexorable pressure compels every debt manager to think first of housekeeping, not only for the period of his own tenure but for that of his successors. From that pressure comes, incidentally, the common bond of understanding and continuity that characterizes this aspect of work in Government, perhaps more than many other kinds of Governmental activity, from one Administration to the next.

The over-riding need is to keep a structure of debt that is spaced over a number of years ahead, and consists of instruments that are fully useable in and familiar to a broad and active trading market. Closely related is the clear need to keep the over-all burden of interest charges upon the budget at the practicable minimum determined by a free, competitive market. Within the boundaries set by respect for those essentials, there is still considerable scope, however, for purposeful variation in offerings to further the general objectives of Government policy. There are also risks -- the risks not only of unintentional error but also of attempting to do too much -- risks which have at times in the past seemed so great as to persuade some that debt management should follow a straight-line course without particular regard for whether the broader impact of specific financing operations helped or hindered, for example, the current objectives of the Federal Reserve and monetary policy.

Yet the simple fact that the Government debt exists, and must be managed in some way, means that the Treasury will necessarily, in any year, pass through the market ten to fifteen times as large a volume of Government securities as are represented by all Federal Reserve open market transactions in that year. Whether the Treasury wishes to or not, it is affecting the current supply of short, intermediate, or long-term issues. Subject to keeping the amounts of its offerings within the dimensions of the market's distributive capacity, and subject to keeping its terms reasonably in line with current market quotations, the Treasury can, and inescapably will, exert a strong, and at times a critical, influence upon the markets for most kinds of fixed-interest obligations, throughout the maturity range.

The challenge is to use that influence, when the imperatives of the debt structure leave a range of choice, in the manner best calculated to further the objectives of Governmental economic policy as a whole, and particularly, to complement or reinforce rather than to negate the current efforts of the Federal Reserve. Under a different system of government -- such as the centralized and unified direction of policy that is common in Europe, for example -- such a challenge would seem to call for a blueprint of hierarchical control. Not here. For in a government of checks and balances between and among coordinate bodies, the answer can be found in communication and harmonization. That, at any rate, is the way it has seemed to me, during the brief period of my own Treasury experience, that the relationship has flourished. Nonetheless, there are certainly real risks here, too, and those who call out warnings from time to time on the need to preserve the independent integrity of the Federal Reserve are performing another essential function of our check and balance process.

Before I turn further to some of the details of our debt management experience that have seemed to me exciting during these last few years, I must first remind you, too, of the even larger frame that I meant to include in saying that we have viewed debt management as a part of over-all economic policy. For the Administration and Congress have, I think, been able in the past two or three years to respond to a call that has often come from many sides, including the Federal Reserve itself -- a call for bringing fiscal policy into a tacit partnership with monetary policy, for recognizing that there must be a conscious "mix" of fiscal and monetary policy, and for making clear that monetary policy should not be expected to take on alone the task of assuring the monetary and financial stability so essential to continued national prosperity and sustained balance in our international accounts.

The investment tax credit, the liberalized depreciation allowances, the massive reduction in income taxes -- these were all a part of that response. And as these powerful forces were releasing their strength to help propel a major expansion in the output, employment, and incomes of the American economy, it was the agreed task of debt management, alongside the monetary policy determined by the Federal Reserve, to try to help maintain conditions in the credit and capital markets that would sustain the expansion without cumulating into an inflationary excess of aggregate demand, or a speculative spiral of securities prices and property values. At the same time, it was essential to reconcile this task of debt management with another, that of helping to nudge upward those interest rates which might be able to hold in the United States some of the volatile short-term funds that could otherwise flow out to foreign markets, aggravating our already large balance of payments deficit.

All of this meant that debt management was called upon to find and fill a useful place in the effort which the Government as a whole had to make to help stimulate the domestic economy, to help eliminate the balance of payments deficit, and to help in maintaining the conditions of monetary stability essential for both home expansion and external balance.

The place that debt management found in the effort to stimulate the economy was, very largely, though not only, protective, containing the potential for inflation that lay in the use of other, more active, stimulators. While the Government debt has continued to rise -- though, to be sure, on a declining scale in recent years -- as a consequence of the Government's expenditure requirements and tax policies, debt management has been able to keep the financing of the deficits in non-inflationary form. Of the total increase in marketable debt of nearly $21 billion over these past four years, for example, some $20 billion is at this moment accounted for by the enlarged outstanding total of bonds of five years or more in maturity. And all this new debt, on balance, has been absorbed by non-bank investors. The total holdings of all Government securities of all maturities by the commercial banks have actually declined by about $1-1/2 billion since the beginning of 1961.

At the same time, as the supply of longer-term Government bonds has been increased, every effort has been made to so adapt the timing and form of new issues to the current market as to exert a minimum of upward impact on longer-term interest rates and to assure the continued ready availability of long-term funds for all other economic uses.

In fact, while long-term Government bonds have been issued over the past four years at several times the pace of the preceding four years, the aggregate volume of funds loaned or invested in the economy as a whole has been around one-third greater than in the preceding four years, and interest rates on mortgages, corporate bonds, and municipal bonds are still 1/4 to 3/8 percent below their highs of 1961. To be sure, many other factors were at work as well in producing these results, perhaps most notably the spur to savings provided by the continuing general stability of prices. But at any rate debt management does seem to have been able to accomplish its main objective, so far as the domestic economy was concerned -- to finance the growing debt in a non-inflationary manner without impeding the other stimuli being given the economy by fiscal and monetary policy in the effort to promote expansion.

On the balance of payments side, the main problem for debt management centered in the behavior of short-term flows of funds, and the interest rates which to some extent affect them. For the Federal Reserve's continuing effort to assure a ready availability of credit, unless conditioned in some way, would mean short-term interest rates so low as to spur an outflow of funds to other centers that would swamp out the benefits of any other gains being made toward balance in our over-all external accounts. One clear way to help, along with other important methods adapted to this same need by the Federal Reserve itself, was to add to the market supply of very short-term issues, notably Treasury bills. This the Treasury has proceeded to do.

From January, 1961, to the present, the supply of Treasury bills has been increased by some $15 billion, or more than one-third. This added supply has been an important factor in raising the rate on 3-month bills from 2-1/4 percent early in 1961 to nearly 3-5/8 percent today. There have, to be sure, been intervals when neither the step by step increases that have brought about this rise, nor the effect of changes in the cost of obtaining forward cover, have been sufficient to check substantial outflows of short-term funds; but most of the time the over-all deterrent effect has been clear and impressive. Certainly such flows could have been disastrously greater had not these more or less steady increases in short-term rates proved possible -- during years in which we have also been in need of a continuing ample availability of funds at home for spurring domestic economic expansion.

But there are risks in adding indefinitely to the supply of Treasury bills. For these, too, represent liquidity, a form of near-money. Account had to be taken of their impact on the near-cash positions of businesses and banks, as well as the implications for debt management in the need to keep rolling over these bills in large amounts at frequent intervals. To provide at least a partial offset, the Treasury steadily reduced the supply of other short-term issues. Roughly $6-1/2 billion of coupon issues in the under-one year area have now disappeared; about $7-1/2 billion has been taken out of the 1-to-5 year sector. The combined total reflects a rise of only $1 billion, on balance, in the entire maturity segment from

0-to-5 years. And the remainder, as already noted -- roughly $20 billion of the total of about $21 billion of new marketable debt since January, 1961 -- has all been placed in maturities beyond 5 years.

There has been another way in which debt management has been made a part of balance of payments policy -- through the issuance of short-term bonds to foreign monetary authorities, denominated in their own currencies. With more than $1 billion of these now outstanding, and with transfers of them between other countries already having occurred, the versatility of this instrument is being demonstrated, and it may have already found a permanent place in the monetary arrangements of the future. As a possible means of absorbing foreign monetary balances that might otherwise be pressed upon us for conversion into gold, this new approach can provide direct assistance to our external monetary position, while also carrying as well as any conventional issue a corresponding amount of the debt which must, in any event, be placed with some holder somewhere.

Perhaps the most effective single technique that has been used to keep the debt well placed, as a base for continuing monetary stability in the United States, has been that of advance refunding, first introduced in 1960 by our predecessors, Secretaries Anderson and Baird. Debt extension, through this route or any other, is an omnipresent consideration because:

1. No Secretary of the Treasury can let so much debt pile up in the short-term area that he must always do his financing, literally, with his back to the wall. He needs some scope for choosing the timing, amounts, and maturities of his offerings in relation to the going market.

2. A vast array of market institutions, including a wide variety of savings intermediaries, has developed around a balanced distribution of debt instruments of short, intermediate, and long maturities. Although the proportions among these can be expected to change with changing market conditions, and changing expectations as to these conditions, there must at all times be some intermediate and some long-term issues outstanding in order to "hold a place" in the debt structure for the time when public policy calls for additions, or retirements, in one sector or another. That is, without familiarity and continuity, there will be virtually no markets in the longer sectors when the time comes for active influence to be exerted in these areas.

3. A balanced debt structure will usually assure a lower aggregate cost of debt service. It is concentration of the debt, or of current financing, in one maturity sector that risks high interest costs to the Treasury of the kind represented by the so-called "Magic Fives" -- which we just retired last August -- or their sister, the 4-7/8's, which we just retired last Monday.

4. Moreover, a significant supply must be kept in all maturity sectors in order to give the Federal Reserve a suitable market through which to exert its own desired influence. In its effort to help hold short rates at higher levels, the Federal Reserve has over the past three years and more been doing some of its buying in the intermediate or longer-term area to avoid putting downward pressure on bill yields. The additions to the market supply of these longer issues have been useful, in helping to give the Federal Reserve an active trading market to work in.

5. The active trading markets made possible when there is a substantial supply in all maturity segments is an important medium for gauging the impact of changes in general supply and demand conditions -- in a form of widely tradable instrument free of credit risk.

6. The timing and decisiveness of Treasury action in making its own offering can also act as a catalyst for the related markets in corporate and municipal bonds. For example, the successful offering of three-quarters of a billion dollars

> of 21-year, 4-1/4 percent bonds as part of the January advance refunding at the beginning of this year seemed to give many other elements in the market a signal they were waiting for, restoring confidence to a nervous market, and actually resulting in a marked reduction of market yields. Similarly, the 10-year, 4-1/4 percent bond included in the regular May refunding provided a tonic to market psychology as investors took $1-1/2 billion of the offering.

There are, reinforcing these reasons for always giving weight to the possibility of debt extension, three additional considerations that have made advance refundings particularly attractive from the Treasury's point of view:

1. The Treasury has complete initiative with respect to timing and amounts. Instead of being bound to act on a maturity date established many years earlier, the Treasury can choose when to enter the market, in the light of prevailing market conditions -- accomplishing more, disturbing less.

2. Moreover, should the response be comparatively poor -- either because new events intervened while the books were open, or because the design of the offering was not adequately attractive -- the Treasury suffers no significant consequences. It still will have other opportunities to handle the remaining holdings of securities eligible for the advance exchange, and there will be no impact at all upon its cash position. Low response to a refunding of actually matured issues, on the other hand, raises innuendoes of "failure," and leads to a possible short-fall of cash as the Treasury pays out heavy amounts for redemptions.

3. By combining many issues in a single operation, often taking maturities scattered over a range of several years, the Treasury can reduce the total number, or the scale, or both, of its subsequent offerings. The effect can be to reduce the weight of Treasury operations in the market, particularly important in periods when the market itself is under strain -- as might have been anticipated through this past autumn, for example.

The role of advance refundings in the debt extension effort of recent years has been spectacular. Over the five years 1960-54 that advance refundings have been in use, the Treasury has issued an annual average of about $4 billion of bonds maturing in ten years or more, compared with an average of slightly more than $1 billion per year for the eight preceding years -- the eight years that followed the "Accord" of 1951. Or if the definition of long bonds is stretched to include 9-year maturities -- which proved to be a particularly useful middle-issue in advance refunding offerings -- the annual average for the past five years becomes more than $7 billion, while the average for the earlier years remains unchanged at about $1 billion. Another gauge of this effect is to look at the presently outstanding Treasury debt due after five years. Some $32.9 billion, or 53 percent of the current total, was issued in advance refundings. It is not often realized, when concern is expressed over loose fiscal and monetary policies in Washington, that on balance practically all of the increase in the Treasury's marketable debt since January, 1961, has been financed at long-term so that it is still, despite the passage of the years since then, due in five years or more.

As a result, the long postwar decline in the average maturity of the marketable debt to a low of four years and two months in September, 1960, was not only ended but reversed. The average maturity is now five years and two months, up about twelve months from the September, 1960, low.

It is worth noting, however, that by the year-end the average maturity will be practically unchanged from the end of last year, despite the issuance of $13.8 billion of Treasury bonds this year. This is eloquent evidence of the volume of new long-term financing that must be done in order to offset the impact of the passage of time on the maturity structure.

None of this is intended to imply that debt extension should be restricted to advance refundings only, any more than it has been in the past, or indeed that debt extension must be confined to offerings of long-term bonds. On the first point, for example, we achieved a modest amount of debt extension last May by selling $1.5 billion of 10-year, 4-1/4 percent bonds in the course of refunding a regular quarterly maturity. This operation increased the average maturity of the marketable debt by nearly one month. With regard to the second point, I would note that our continuing program to move from the old pattern of a one-year anchor issue in our quarterly refundings to an 18-month pattern has already increased the average maturity by about three-quarters of a month over what it would otherwise have been.

However, I have already continued this discussion much too long. My only excuse is that opportunities of this kind are rare, and I could not resist making the most of this one, particularly because I have suspected that I might be preaching to the converted.

I have not begun to touch on many of the other fascinating sides of debt management -- the experiment in auctioning long-term bonds -- the continuing role of the dealer market -- the techniques for issuing Treasury bills -- the impact of cash offerings as contrasted with exchanges -- to list a few.

But I have most wanted to emphasize the inherent dualism in debt management. The housekeeping is essential; proper technical placement must be assured. But there are also inherent and important other potentials. We have been gaining some added experience over the past four or five years in using these potentials to help further the broader objectives of Government economic policy. Where better than in the administration of the Government's own debt should there be concern for maintaining conditions of liquidity and credit availability that will help, as far as Government influence can, to maintain monetary stability in the United States?

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FOR RELEASE A.M. NEWSPAPERS,
Tuesday, November 24, 1964.

November 23, 1964

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced last evening that the tenders for two series o reasury bills, one series to be an additional issue of the bills dated August 27, 19 and the other series to be dated November 27, 1964, which were offered on November 18 were opened at the Federal Reserve Banks on November 23. Tenders were invited for $1,200,000,000, or thereabouts, of 90-day bills and for $1,000,000,000, or thereabout of 181-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	90-day Treasury bills maturing February 25, 1965		:	181-day Treasury bills maturing May 27, 1965	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equi Annual Rate
High	99.068 a/	3.728%	:	98.040 b/	3.898%
Low	99.054	3.784%	:	98.000	3.978%
Average	99.061	3.758% 1/	:	98.018	3.942% 1/

a/ Excepting two tenders totaling $350,000; b/ Excepting three tenders totaling
37 percent of the amount of 90-day bills bid for at the low price was accepted
85 percent of the amount of 181-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 25,332,000	$ 12,072,000	:	$ 11,865,000	$ 9,115,0
New York	2,023,974,000	755,824,000	:	1,578,654,000	745,404,0
Philadelphia	27,686,000	14,686,000	:	9,381,000	6,381,0
Cleveland	23,581,000	23,581,000	:	26,853,000	11,853,0
Richmond	11,937,000	11,937,000	:	5,105,000	5,105,0
Atlanta	25,107,000	23,407,000	:	10,924,000	9,794,0
Chicago	266,292,000	205,827,000	:	167,769,000	106,769,0
St. Louis	33,676,000	28,076,000	:	11,914,000	10,914,0
Minneapolis	20,851,000	17,851,000	:	6,496,000	6,496,0
Kansas City	26,832,000	26,832,000	:	27,263,000	27,263,0
Dallas	25,128,000	14,628,000	:	9,424,000	9,274,0
San Francisco	128,279,000	65,419,000	:	72,034,000	51,659,0
TOTALS	$2,638,675,000	$1,200,140,000 c/		$1,937,682,000	$1,000,027,0

c/ Includes $219,790,000 noncompetitive tenders acceptedgat the average price of 99.0
d/ Includes $68,351,000 noncompetitive tenders accepted at the average price of 98.0
1/ On a coupon issue of the same length and for the same amount invested, the return these bills would provide yields of 3.85%, for the 90-day bills, and 4.08%, for t 181-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannu compounding if more than one coupon period is involved.

TREASURY DEPARTMENT

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a/ Excepting 2 tenders totaling $350,000; b/ Excepting 3 tenders totaling $1,100,000
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TAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

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New York	2,023,974,000	755,824,000	:	1,578,654,000	745,404,000
Philadelphia	27,686,000	14,686,000	:	9,381,000	6,381,000
Cleveland	23,581,000	23,581,000	:	26,853,000	11,853,000
Richmond	11,937,000	11,937,000	:	5,105,000	5,105,000
Atlanta	25,107,000	23,407,000	:	10,924,000	9,794,000
Chicago	266,292,000	205,827,000	:	167,769,000	106,769,000
St. Louis	33,676,000	28,076,000	:	11,914,000	10,914,000
Minneapolis	20,851,000	17,851,000	:	6,496,000	6,496,000
Kansas City	26,832,000	26,832,000	:	27,263,000	27,263,000
Dallas	25,128,000	14,628,000	:	9,424,000	9,274,000
San Francisco	128,279,000	65,419,000	:	72,034,000	51,659,000
TOTALS	$2,638,675,000	$1,200,140,000 c/		$1,937,682,000	$1,000,027,000 d/

/ Includes $219,790,000 noncompetitive tenders accepted at the average price of 99.061

/ Includes $68,351,000 noncompetitive tenders accepted at the average price of 98.018

/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 3.85%, for the 90-day bills, and 4.08%, for the 181-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

TREASURY DEPARTMENT

WASHINGTON, D.C.

November 23, 1964

FOR RELEASE, 9:00 A.M.
MONDAY, NOVEMBER 23, 1964

STATEMENT OF THE TREASURY ON BRITISH BANK RATE

The United States respects and understands the decision of the Bank of England to raise its Bank Rate to 7 percent in order to overcome the recent heavy pressures on Sterling. The series of measures that have now been taken by the United Kingdom demonstrate the determination and ability of the British Government successfully to maintain the integrity of Sterling.

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TREASURY DEPARTMENT

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TREASURY DEPARTMENT

WASHINGTON, D.C.

November 23, 1964

FOR RELEASE AT 4:30 P.M.
MONDAY, NOVEMBER 23, 1964

DILLON STATEMENT ON FEDERAL RESERVE DISCOUNT RATE

Secretary of the Treasury Douglas Dillon this afternoon released the following statement:

> The Federal Reserve has acted today to maintain the strength of the dollar without impairing the steady and healthy advance of the American economy.
>
> Increasing the discount rate to 4 percent will make it possible to maintain short-term money rates in an appropriate alignment with those abroad. Recently there have been a number of increases in foreign official rates which culminated in today's increase in the Bank of England rate to 7 percent. The ceiling on rates payable for time deposits has also been raised to 4-1/2 percent to permit active competition by American banks for funds that might move internationally.
>
> These moves, together with cooperative action in the foreign exchange markets, will avert an outflow of interest-sensitive liquid funds from the United States and provide a base for further progress in strengthening our balance of payments position. At the same time, the supply of savings and the ready availability of credit at reasonable rates within the United States, which will not be diminished by these actions, give assurance that financing facilities will remain ample to support the continued expansion of our prospering economy.

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D-1416

REMARKS BY THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
AT PRESENTATION OF THE TREASURY'S EXCEPTIONAL SERVICE AWARDS TO
SECRET SERVICE SPECIAL AGENTS
RONALD J. SZEGO AND KENNETH A. MORROW,
12 NOON, TUESDAY, NOVEMBER 24, 1964, IN ROOM 4121
MAIN TREASURY BUILDING, WASHINGTON, D. C.

It is always a privilege to take part in honoring those whose public service has so transcended the normal course of duty that it merits recognition as "exceptional."

Today the privilege is particularly gratifying, because in this instance the customary "routine" of those who are being honored is, in itself, so different from what is conventionally thought of as the routine of the Civil Servant.

As applied to these gentlemen, the word "exceptional" has no parallel in the usual pattern of activity followed by the rest of us.

In line of duty, U. S. Secret Service Special Agents Morrow and Szego were called upon to locate and apprehend a suspect wanted for check forgery. This was "routine" for them, though few of us would consider such an assignment in that light. More significant is the fact that the suspect, who was wanted by the State of Ohio on criminal charges, had a record which predicted a resistance to arrest not characteristic of usual forgery suspects.

This prediction proved true.

First of all, Special Agents Morrow and Szego displayed perseverance in locating the suspect's whereabouts. To apprehend him and bring him to justice was accomplished by them at the gravest personal risk -- so grave, in fact, that only by a miracle of good fortune is Special Agent Szego here with us at all.

It is good to see him here, alongside his partner in this "routine" mission which was performed so exceptionally well.

By their outstanding and courageous action these men have earned the highest respect of their fellow agents in a brave service. They have also earned the lasting gratitude of us all for the credit they reflect upon the Treasury and the Federal Government.

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BIOGRAPHIES:

KENNETH A. MORROW

Kenneth A. Morrow was born September 22, 1934, in Detroit, Michigan and obtained his early education there. He was graduated from Wayne State University in Detroit in February 1959, receiving an A.B. degree.

Mr. Morrow served in the U. S. Coast Guard from February 1953 to February 1957.

Before his appointment as a Special Agent with the U. S. Secret Service on October 5, 1959, he served as a public welfare investigator for the city of Detroit.

Mr. Morrow has been assigned to Detroit, Cleveland, and at present is in the Chicago office. He has been on numerous temporary assignments with the White House Detail.

Mr. Morrow resides in Hammond, Indiana, with his wife, Judith, and their three children, Lisa, age 5; Russell, age 2; and Donna, 11 months.

RONALD J. SZEGO

Ronald J. Szego was born March 30, 1937. His early education was obtained in Lyndhurst, Ohio.

In June 1961 he was graduated from Western Reserve University in Cleveland, Ohio, with a B.B.A. degree.

Mr. Szego served in the U. S. Marine Corps from February 1956 to February 1958.

On June 26, 1961, he was appointed as a Special Agent with the U. S. Secret Service. Since that date he has been assigned to the Cleveland Office and has been on a number of temporary assignments away from Cleveland.

Mr. Szego resides in South Euclid, Ohio, with his wife, Linda; and their daughter Gennifer, age 2; and son Michael, age 1.

CITATION

EXCEPTIONAL SERVICE AWARD

RONALD JAY SZEGO

For his demonstration of outstanding courage and voluntary risk of personal danger while officially engaged at Cleveland, Ohio, on May 19, 1964, in the apprehension of one Thomas Wesley Ceasor, an armed fugitive, who was sought by the Secret Service for the forgery and negotiation of numerous United States Treasury Checks and by law enforcement authorities of the State of Ohio for armed robbery. As he entered the room where the fugitive was hiding, Special Agent Szego was struck by pistol fire of the fugitive from the shadows of the room. Special Agent Szego's fellow officer, Special Agent Kenneth A. Morrow, returned the fire, disabling the assailant.

CITATION

EXCEPTIONAL SERVICE AWARD

KENNETH A. MORROW

For his outstanding courage and voluntary risk of personal danger while officially engaged at Cleveland, Ohio, on May 19, 1964, in the apprehension of one Thomas Wesley Ceasor, an armed fugitive, who was sought by the Secret Service for the forgery and negotiation of numerous United Statzs Treasurer's Checks and by law enforcement authorities of the State of Ohio for armed robbery. In effecting the arrest, Special Agent Morrow entered a room with his colleague, Special Agent Szego, and when Ceasor opened fire from the shadows and wounded Special Agent Szego, he returned the fire, hitting the assailant in three places, disabling him, and possibly saving the life of his colleague as well as himself.

FOR RELEASE A. M. NEWSPAPERS,
Wednesday, November 25, 1964. November 24, 1964

RESULTS OF REFUNDING OF $1 BILLION OF ONE-YEAR BILLS

The Treasury Department announced last evening that the tenders for $1,000,000,00 or thereabouts, of 365-day Treasury bills to be dated November 30, 1964, and to mature November 30, 1965, which were offered on November 18, were opened at the Federal Reser Banks on November 24.

The details of this issue are as follows:

Total applied for -	$2,496,352,000	
Total accepted -	1,000,262,000	(includes $52,043,000 entered on a noncompetitive basis and accepted in full at the average price shown below)

Range of accepted competitive bids: (Excepting two tenders totaling $300,000)

High	- 95.944	Equivalent	rate	of	discount	approx.	4.000%	per	annum
Low	- 95.855	"	"	"	"	"	4.088%	"	"
Average	- 95.876	"	"	"	"	"	4.068%	"	"

(28% of the amount bid for at the low price was accepted)

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 33,954,000	$ 21,754,000
New York	1,883,404,000	694,239,000
Philadelphia	13,522,000	3,522,000
Cleveland	80,809,000	28,309,000
Richmond	3,752,000	2,752,000
Atlanta	29,623,000	15,623,000
Chicago	207,362,000	93,037,000
St. Louis	15,123,000	7,823,000
Minneapolis	9,871,000	4,271,000
Kansas City	9,123,000	5,123,000
Dallas	32,717,000	5,717,000
San Francisco	177,092,000	118,092,000
Total	$2,496,352,000	$1,000,262,000

1/ On a coupon issue of the same length and for the same amount invested, the return o these bills would provide a yield of 4.26%. 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 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 numb 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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Wednesday, November 25, 1964.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

November 25, 1964

FOR IMMEDIATE RELEASE

RICHARD O. LOENGARD, JR., TO SERVE AS
SPECIAL ASSISTANT FOR INTERNATIONAL TAX AFFAIRS

Richard O. Loengard, Jr., has been named Special Assistant for International Tax Affairs to Assistant Secretary for Tax Policy, Stanley S. Surrey. He will also serve as Associate Tax Legislative Counsel for International Tax Affairs in the Office of the Tax Legislative Counsel.

In these capacities, Mr. Loengard will specialize in the tax treatment of foreign investment and income, and will perform duties previously performed by David R. Tillinghast, who is resigning, effective November 27, to resume practice with the law firm of Hughes, Hubbard, Blair and Reed, New York City, in which he was a partner before coming to the Treasury in 1962.

Mr. Loengard comes to the Treasury from the firm of Strasser, Spiegelberg, Fried and Frank, of New York City, with which he has been associated since his graduation from Harvard Law School in 1956. He completed his undergraduate work at Harvard College in 1953, and before that attended Phillips Exeter Academy.

In private practice, Mr. Loengard has specialized in the field of taxation, with substantial experience in matters dealing with the taxation of foreign income of United States citizens and corporations, and of the United States source income of aliens.

He is a member of the American Bar Association and has been active as a member of the Committee on Taxation of Foreign Income of the Association's Section of Taxation.

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WASHINGTON, D.C.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

November 25, 1964

FOR IMMEDIATE RELEASE

TREASURY'S WEEKLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $2,200,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing December 3, 1964, in the amount of $2,205,493,000, as follows:

91-day bills (to maturity date) to be issued December 3, 1964, in the amount of $1,200,000,000, or thereabouts, representing an additional amount of bills dated September 3, 1964, and to mature March 4, 1965, originally issued in the amount of $900,287,000, the additional and original bills to be freely interchangeable.

182-day bills, for $ 1,000,000,000, or thereabouts, to be dated December 3, 1964, and to mature June 3, 1965.

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

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Standard time, Monday, November 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.

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 September 3, 1964,(91days remaining until maturity date on March 4, 1965) and noncompetitive tenders for $100,000 or less for the 182-day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Banks on December 3, 1964, in cash or other immediately available funds or in a like face amount of Treasury bills maturing December 3, 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.

November 25, 1964

FOR IMMEDIATE RELEASE

The Federal Reserve System and the United States Treasury today issued the following statement:

"The United Kingdom and eleven other countries today made arrangements providing $3 billion to back up Britain's determination to defend the pound sterling.

"Today's funds are in addition to the $1 billion drawing the United Kingdom will obtain from the International Monetary Fund at the end of this month under an existing standby.

"Austria, Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, Switzerland, and the United States, together with the Bank for International Settlements, moved quickly to mobilize a massive counter-attack on speculative selling of the pound.

"The IMF drawing, which can have a maturity of up to three years, will enable the British to pay off all outstanding short-term credits from central banks including the Federal Reserve.

"The currency swap arrangement with the Federal Reserve System has been raised by $250 million to $750 million and a $250 million credit has been made available by the U. S. Export Import Bank. (These amounts are included in the total package of $3 billion.)"

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TREASURY DEPARTMENT

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D-1420

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Nov. 25, 1964

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Secretary of the Treasury Douglas Dillon today issued the following statement:

The United States was extremely pleased to join with the United Kingdom and ten other countries in a concerted action to defend the British pound sterling against UNWARRANTED speculative pressures

The speed with which support for the pound sterling was mobilized is yet another demonstration that [redacted] present international monetary [redacted] ARRANGEMENTS ARE STRONG sound, flexible, resourceful, and responsive to the needs of the free world.

TREASURY DEPARTMENT

WASHINGTON, D.C.

November 25, 1964

FOR RELEASE AT 4:00 P.M., E.S.T.
WEDNESDAY, NOVEMBER 25, 1964

Secretary of the Treasury Douglas Dillon today issued the following statement:

"The United States was extremely pleased to join with the United Kingdom and ten other countries in a concerted action to defend the British pound sterling against unwarranted speculative pressures.

"The speed with which support for the pound sterling was mobilized is yet another demonstration that present international monetary arrangements are strong, sound, flexible, resourceful, and responsive to the needs of the free world."

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TREASURY DEPARTMENT

WASHINGTON, D.C.

November 27, 1964

FOR RELEASE 12:00 NOON
FRIDAY, NOVEMBER 27, 1964

DILLON ANNOUNCES STRENGTHENING OF SECRET SERVICE

Secretary of the Treasury Douglas Dillon announced today that the Secret Service is accelerating its program to strengthen Presidential protection.

This program, which was launched soon after the assassination of President Kennedy has the approval of the President's Committee on the Warren Report.

As a first step, the Service will be expanded during the next few months by some 75 new agents, clerks and technical personnel, at a cost of approximately $650,000.

The full modernization program, which will include necessary modern protective equipment, will take up to 20 months. The basic emphasis will be on more effective advance and preventive work by the Service in connection with Presidential travel, as well as the use of more sophisticated equipment.

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TREASURY DEPARTMENT
Washington

FOR RELEASE P.M. NEWSPAPERS
MONDAY, NOVEMBER 30, 1964

REMARKS BY THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
BEFORE THE FIRST LATIN AMERICAN MEETING
OF DEVELOPMENT FINANCING INSTITUTIONS
AT THE MAYFLOWER HOTEL, WASHINGTON, D. C.
MONDAY, NOVEMBER 30, 1964, 10:30 A.M., EDT

I am extremely pleased to take part in this inaugural session of the first Latin American meeting of development financing institutions.

The organizations represented here are in the very forefront of the Alliance for Progress. Few others come into closer or more constant contact with the intense and insistent need for more rapid development that lies at the heart of of our Alliance. And few other organizations can do more to help meet that need, since no single factor is more essential to successful economic development than investment. For that reason, the meetings which you are now initiating will not only offer an invaluable opportunity for the exchange of ideas and experience among specialists in your field, but will also serve as a highly useful and instructive public forum.

It is difficult, in fact, to overstate the importance of your efforts to the success of our Alliance for Progress -- for much that we aspire to achieve will depend upon those efforts.

Because my country has long recognized that fact, nowhere has its support for development financing institutions been keener, more widespread, or more diversified than in Latin America.

Even before the formal adoption of the Alliance for Progress, United States participation in the Inter-American Development Bank demonstrated that support. In addition to the intensive work of the IDB itself, the Agency for International Development and its predecessor agencies have made 49 loans, totalling $332.4 million, to assist development financing institutions throughout Latin America.

These loans have been used to encourage, develop and sustain an extraordinarily broad range of investment. AID loans have been used to assist all kinds of development banks -- both public and private -- as well as other more specialized institutions in the fields of agriculture, fishing, mining, industry and housing. In some countries, loans for development re-lending purposes have been made to central banks, in others to commercial banks -- some of them regional in nature -- and, in still others, to national development corporations, which typically combine development financing functions with public administration functions. In Colombia, for instance, part of the peso counterpart of AID program loans has been used to finance a Private Investment Fund which, under the over-all supervision of the Bank of the Republic, is administered through the commercial banking system.

The immense diversity so evident in even the few institutional arrangements that I have cited underscores both how enormous and how diverse is the Latin American need for development financing. Even more significantly, it points up the growing need for the development of effective and efficient capital markets throughout Latin America.

Two of the main reasons for the emergency of development financing institutions such as those represented here today are the need for long-term investment capital and the need to foster the growth of local capital markets. These needs, however, since they occur in different environments, will tend to be different in detail -- and so, invariably, will the institutions that arise to serve them. As a result, specialization is as necessary, healthy, and desirable in development financing as it is in other fields. But it can be carried too far. Overly-specialized institutions will probably not be able to contribute effectively to the development of capital markets. In certain cases, a development financing institution may even become a substitute for some of the ordinary functions of a capital market and thus actually retard the development of that market.

Far too little attention has, in fact, been given to the development of capital markets in Latin America -- undoubtedly because of the complexity and difficulty of this endeavor.

There are, however, a number of things that development financing institutions can -- and should -- do to encourage the growth of indigenous capital markets. They can, and should, make their investments with a considered -- even primary -- view toward their future value and marketability. Most development financing institutions can directly nourish the growth of a local capital market by sales from portfolio, by participations, or by sales of their own shares to the public. Many can underwrite new issues of securities, or attract direct investor participation in their own projects.

In all of these ways, and in many others, development financing institutions can foster useful connections between savers and investors. If for some legal or institutional reason a development financing institution is unable to help in securing these connections, then certainly steps should be taken to remedy the situation. For the establishment of such connections is one of the most important social services development financing institutions can provide as well as one of their own best assurances of a viable and worthwhile future.

Thus, encouraging the growth of local capital markets is one of the most fruitful ways in which the institutions represented here can make even greater contributions toward accomplishing the enormous economic and social task that we have set for ourselves under the Alliance for Progress.

The aim of that Alliance, as we do well to often remind ourselves, is to relieve as rapidly as possible the lot of millions of people in this hemisphere who, while they live within sight or hearing or even touch of a world of great abundance, remain in bondage to the bleak heritage of the past. None of us has ever been deceived about the magnitude -- or the importance -- of the task before us. We have always known that the mistakes of centuries could not be redeemed in a few years. We have known, as well, that we must be prepared to meet with renewed determination and added patience the setbacks that inevitably occur as the massive, mounting impatience of long unsatisfied needs rebels at what often seems -- and will often continue to seem -- interminably slow and infinitesimally small progress.

We have all heard -- and we will undoubtedly continue to hear -- those skeptical voices that tell us the Alliance is faltering or failing because its goals are not yet achieved. But we must avoid the corrosive taint of such skepticism just as we must, with equal vigor, avoid being so hypnotized by high hopes that we forget the need for real, tangible progress.

But in these days, above all, we can take heart. For despite frustrations and failures, there is hard, unshakeable evidence on every side that the Alliance is indeed moving forward -- that we are joining a firm adherence to principle with a solid grasp of realities -- that we are bringing realistic solutions to the problems of the day.

Let me review very briefly some of our recent progress. In my own country, as you know, President Johnson early this year placed the Latin American bureau in the State Department and the Latin American division of AID under the single command of Assistant Secretary of State Thomas C. Mann -- who combines an extraordinary personal competence and a prudent respect for political and economic realities with a profound and sympathetic understanding of the human needs which the Alliance is designed to serve. This yoking of our AID activities and our political and economic policies concerning Latin America under Assistant Secretary Mann, has already yielded important, and concrete, results. In the first six months of 1964 we made more Alliance for Progress loans than in all of 1963 -- committing all of the funds made available by the Congress. More significant still, the new and improved coordination in our dealings with Latin America has meant an improved quality in projects approved -- and thus a greater contribution to Latin American economic and social development than ever before.

In a move of major importance to the success of the Alliance, the Inter-American Committee for the Alliance for Progress was formed -- thus strengthening the multilateral nature of the Alliance and creating, for the first time, a permanent forum in which the American Republics can together examine and discuss in detail the whole spectrum of their economic problems, needs and accomplishments. By including in its studies and discussions, not only governments, but the Inter-American Development Bank, the World Bank, the International Monetary Fund, and outside experts, the Committee exposes the many and difficult problems throughout our hemisphere to the careful and searching analyses of the best talent the hemisphere has to offer. CIAP has already earned the confidence of all our governments. The studies it has underway, and its excellent recent report on problems and prospects in Latin America, have given us solid grounds for assurance that CIAP will be a major force for progress under the Alliance.

When we turn to survey the Latin American countries themselves, we can already see the kind of concrete results we expect the Alliance to produce increasingly in the future. The high growth rates in Venezuela, Mexico, Central America and in certain other countries have been accompanied by a new confidence in the stability and viability of those countries' economies -- a confidence tangibly expressed in a rising flow of foreign investments. United States investors, for example, are now investing in Latin America at about twice the rate they did in 1963.

We also see, throughout the hemisphere, a heartening growth in self-help measures -- measures which, more perhaps than any other single factor, signal how genuine and lasting is our progress under the Alliance. Since the Alliance began, all countries have improved their tax administration capabilities and nine countries have adopted major tax reform legislation. Twelve countries have introduced agrarian reform legislation. As a whole, Latin American education budgets have been increased by close to 13 percent a year -- with five million more children attending school. Fifteen countries have established self-help housing programs. Nine countries have passed legislation for savings and loans associations, and eight countries have established new private or public development banks.

Programs under the Alliance have helped build more than 23,000 classrooms, more than 220,000 houses, some 3,000 miles of roads, and more than 1,000 water supply and sewage systems serving 15 million people. They have helped create some 900 credit unions, have made more than 200,000 agricultural credit loans, and, in this year alone, have helped feed more than 23 million people.

And, while there have been -- and we must, realistically, continue to expect -- some setbacks, any overall evaluation of the past three years can only lead to the conclusion that the cause of political freedom and social progress throughout the Hemisphere has been markedly well-served.

In these and other respects, our partnership under the Alliance for Progress is producing the kinds of results that can be seen and felt -- the kinds of results that help better the lives of millions of our people, that nourish in them new hope and new confidence that the Alliance is indeed capable of high performance as well as high promise.

This year, therefore -- the fourth under the Alliance -- we should dedicate ourselves to redoubled effort toward our goal of economic, social and political progress for all the people of Latin America, confident in the knowledge that, while problems will continue to beset us, we have made solid gains upon which to build -- confident in the knowledge that, in words spoken to the ambassadors of the Latin American nations by President Johnson earlier this year:

"We have reached a turning point.

"The foundations have been laid. The time calls for more actions and not just words. In the next year, there will be twice as much action, twice as much accomplished as in any previous year in this program. I can say that with confidence, and I can say that our Alliance for Progress will succeed. The success of our effort, the efforts of your countries and my country will indicate to those who come after us the vision of those who set us on this path."

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U.S. TRAVEL ACCOUNT 1951 - 1963
(In millions of dollars)

	Receipts			Expenditures			
Year	Trans-ocean Fare Receipts from Foreigners	Travel by Foreigners in U.S.	Total Travel Receipts	Trans-ocean Fare Payments to Foreign Carriers	Travel by Americans Abroad	Total Travel Payments	NET TRAVEL BALANCE
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1952	62	550	612	-172	-840	-1,012	-400
1953	58	574	632	-179	-929	-1,108	-476
1954	61	595	656	-183	-1,009	-1,192	-536
1955	64	654	718	-201	-1,153	-1,354	-636
1956	63	705	768	-238	-1,275	-1,513	-745
1957	84	785	869	-261	-1,372	-1,633	-764
1958	89	825	914	-320	-1,460	-1,780	-866
1959	90	902	992	-380	-1,610	-1,990	-998
1960	106	875	981	-505	-1,745	-2,250	-1,269
1961	110	885	995	-507	-1,747	-2,254	-1,259
1962	113	870	983	-575	-1,892	-2,467	-1,484
1963	118	934	1,052	-625	-2,070	-2,695	-1,643

Source: Survey of Current Business, June 1964

To be successful, we must be equally as competitive and imaginative in offering tourist services to foreigners as we are in selling goods to foreigners. In this effort, maintenance of price stability in the United States is important since the foreign tourist, by and large, appears much more cost sensitive than the average American tourist traveling abroad. And we must develop a greater national interest in foreign travelers visiting here. Despite the vast variety of attractions this country offers the foreign tourist, his warmth of appreciation is likely to be only as great as our warmth of welcome.

Because of the importance of the tourist factor in our balance of payments, we particularly welcome the hearings of this committee, which can help further to make 1965 a successful step in the "See the United States" program.

Thank you, Mr. Chairman.

Again, some of our tourist dollar expenditures may help some countries whose reserves are so low that their imports from the United States would otherwise be lower than they now are -- but the bulk of such spending flows to countries whose reserve positions are very strong.

On balance, therefore, I suspect that these effects, as good as they may be, do not alter significantly the basic magnitudes which show a vast opportunity for improvement in our balance of payments by cutting our deficit on tourist account

American tourism in foreign countries simply is not a relatively neutral factor in our balance of payments, even when all side effects are taken into consideration.

As I remarked earlier, we think the major way to correct the situation is to build up our receipts from abroad, but we have to make far greater and quicker progress in this effort in order to bring about in this sector of our balance of payments, results which will intensify the gains we have made in other parts of our balance of payments, including substantial reductions in government expenditures abroad, increased volumes of exports, and sharp cuts in outflows of United States capital.

While we do not yet have comparable data for 1964, it appears that the increase in our travel payments abroad will continue to exceed the increase in our receipts from foreign travel in the United States. In short, our travel deficit will reach another all time high in 1964 -- in excess of $1.7 billion.

This does not mean that progress has not been made in attracting tourists here -- but it does mean that we are a very long way from correcting a situation which contributes entirely too much to the United States balance of payments deficit.

The figures I have cited are of course subject to some adjustment for various factors which may tend to offset some of the adverse balance of payments impact. For example, United States tourist expenditures abroad may well have various beneficial "feed-back" effects for our balance of payments. Our travelers probably do stimulate abroad a taste for American products so that the dollars which they spend come back to us for the purchase of United States goods. By the same token, our travelers abroad may well develop a sustained preference for some foreign goods.

We of course respect the freedom of choice of the American consumer to spend his dollars for those purposes that in his judgment promise him the greatest benefits. If we are to achieve a gain in our balance of payments on tourist account, therefore, we must reinforce our efforts to make travel in the United States increasingly attractive when compared to travel abroad, both in order to keep more of our own citizens at home and to attract more foreign visitors.

With the endowment we have of a country of unsurpassed beauty and variety, there is no reason why we should not succeed.

To emphasize the need for reinforced effort, I should like to quote a few figures. Our receipts from foreign tourists, including their fares to American carriers, have hovered near the $1 billion level for the past five years. In 1959, they were $992 million and in 1963 a bare $60 million more.

Our payments for travel, including fares to foreign carriers, on the other hand, have increased steadily from almost $2 billion in 1959 to almost $2.7 billion in 1963 -- a $700 million increase in four years.

imbalance has been reduced from the 1960 level of $3.9 billion, the imbalance this year will still run in the order of $2 billion to $2.5 billion. We simply cannot afford to relax our program to bring about further over-all improvement.

This is why we welcome the hearings now being conducted by this Committee and hopeful that it will again focus attention upon the over-all problem we face and upon the Congressional resolution and the President's proclamation of August 15, 1964. Reinforced efforts are needed to lessen the drain in our travel accounts on our balance of payments.

The rise in expenditures by Americans for foreign travel is, like other consumer expenditures, related to the increase in our national income. But Americans have been spending an increasing share of their income on foreign travel. Continuation of this relationship means an increasingly heavier impact on our balance of payments; and efforts to strengthen other segments of our payments position can be offset to a very considerable extent by increasing travel expenditures abroad.

FOR RELEASE: UPON DELIVERY

STATEMENT BY MERLYN N. TRUED
ACTING ASSISTANT SECRETARY OF THE TREASURY
BEFORE THE SUBCOMMITTEE ON TOURISM OF THE
HOUSE BANKING AND CURRENCY COMMITTEE
MONDAY, NOVEMBER 30, 1964, 10:00 A.M., EST

I appreciate the opportunity to appear before this Committee as it undertakes consideration of a subject with important implications for our balance of payments situation. A year ago the Treasury Department testified before Subcommittee 4 of the House Judiciary Committee in support of H.J. Resolution 658, authorizing and requesting the President to proclaim 1964 as "See America Year". This Resolution was in support of efforts to make travel at home a more appealing alternative to travel abroad, and thereby reduce the large drain on our balance of payments resulting from the constant increase in American tourist expenditures abroad Subsequent to Congressional approval of this resolution, the President designated a "See the United States" program which will carry through 1965.

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