consultation with the Secretary as to the date of issue, maximum interest rates, and other terms and conditions.

In addition to the provision for optional purchases of Postal Service obligations by the Secretary, new section 1006 would permit the Service at its discretion to sell to the Treasury Postal Service obligations up to $2 billion. New section 1007 would authorize the Secretary to use the proceeds from the sale of public debt securities to purchase Postal Service obligations.

We believe that these financing provisions are appropriate for the proposed postal establishment, and are mindful of the fact that similar provisions could well be adapted to other business-like activities of the Government.

These provisions are consistent with the intent that the debt obligations of the Postal Service meet the test of the market. The language prescribing the minimum rate of interest on Treasury purchases of Postal Service obligations is designed to preclude indirect subsidies by assuring that any borrowings from the Treasury will be at rates not less than the current estimated cost of money to the Government. The Secretary's right of first refusal to purchase Postal Service obligations will provide the Secretary the opportunity to coordinate Postal Service borrowings with the financing of other Government activities without interfering with the financing of essential Postal Service

TREASURY DEPARTMENT

WASHINGTON, D.C.

May 1, 1969

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TREASURY DEPARTMENT

TREASURY GENERAL COUNSEL DECLINES PATMAN INVITATION

The following letter from Paul W. Eggers, General Counsel of the U.S. Treasury, has been delivered to Wright Patman, Chairman of the House Banking and Currency Committee:

"Dear Mr. Chairman:

"Thank you for your letter of April 30, 1969, in which you invite me to appear before your Committee on May 3. It appears that you wish me to testify concerning the financial affairs of Secretary Kennedy.

"I must respectfully decline to appear before your Committee for this purpose. Secretary Kennedy's personal finances are irrelevant to H.R. 6778. At the beginning of the hearings on H.R. 6778 you made statements concerning Secretary Kennedy which were erroneous as to the facts alleged and as to the conclusions drawn. My statement was for the purpose of insuring that the Record accurately reflects the facts. Because the allegations made by you will appear in the Record of the hearings on H.R. 6778 it is reasonable, as your letter states, to request that an accurate statement of the facts be placed in that Record. Such a statement has been furnished you for that purpose. There is nothing I can add to that statement.

Sincerely yours,

(Signed) Paul W. Eggers
Paul W. Eggers"

The Honorable
Wright Patman, Chairman
Banking and Currency Committee
House of Representatives
Washington, D. C. 20515

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TREASURY DEPARTMENT
Washington

FOR A.M. RELEASE
TUESDAY, MAY 6, 1969

REMARKS OF THE HONORABLE CHARLS E. WALKER
UNDER SECRETARY OF THE TREASURY
BEFORE THE
TEXAS BANKERS ASSOCIATION, 85TH ANNUAL CONVENTION
HOUSTON, TEXAS, MONDAY, MAY 5, 1969, 8 P.M., C.D.S.

I want to talk tonight about two high priority items which have been consuming a significant amount of effort during the early months of the Nixon Administration -- the pursuit of peace and the control of inflation.

As the President said in his April 14 Message to Congress, "Peace has been the first priority" of the Administration. Without peace, he went on, we will not be able to fulfill our domestic needs. What we are able to do at home will depend in large measure on the prospects for an early end to the war in Vietnam.

The Administration, recognizing there are no easy solutions to the myriad problems we face around the world, is committed to the pursuit of peace with justice. But peace is not achieved simply by wishing for it, but by working for it -- relentlessly, vigorously, with determination and with good judgment.

In the world, as it is, military strength is needed to make a nation's diplomacy work, to make it credible. This is especially true of the United States, a nation that, because of its unparalleled strength, bears tremendous leadership responsibilities.

The decision to proceed with an anti-ballistic missile system, the "ABM," was evidence of the President's determination that no American President -- neither Mr. Nixon nor his successor -- should ever be put in a position of having to negotiate with a potential adversary from a position of military inferiority. At the same time, a decision to shift to the Safeguard system showed a strong determination to bring the arms race under control.

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The debate over deploying a limited ABM system has generated an inordinate amount of verbiage, pro and con. I believe the view of Representative Emanuel Celler, liberal Democratic dean of the House, should be read carefully, for it represents a prudent view from Capitol Hill. Some have said his is the majority view of the House.

In discussing the ABM system, Mr. Celler asks not "What if the opponents are right?" but, "What if they are wrong?"

He answers his own question in the following words:

> "If the opponents are right, we have spent $800 million; but if they are wrong, we, in our turn, have wronged untold millions of lives. Certainly, there are unprovable assumptions on both sides; estimates that cancel out each other, demonstrable facts upholding each end of the argument. But the disparity in possible consequences leads me inexorably to conclude in favor of the Safeguard system, the modified anti-ballistic-missile program. The gamble is too great, the awesome risk too much to bear."

Next year Safeguard will cost between $800 and $900 million -- about one-half of the projected cost of the Sentinel system. Over the next four years, Safeguard could cost between six and seven billion dollars if completed. As has been emphasized, it may not be necessary to complete the system.

There is still another related revenue question: What does the initial money buy? More than half of the first year's budget will go to research and development. Most of the remainder will go to start the construction of the defense of two Minuteman sites, part of our deterrent system.

These Safeguard costs will not reduce our determination to meet domestic needs. We can do both. Our gross national product, now in excess of $900 billion, permits us to meet our domestic goals while also initiating the Safeguard system.

All things considered, it seems to me that Mr. Celler's remarks best sum up the issue: If they (the opponents) are right, he argues, the Treasury will be out $800 million, but if they are wrong, the cost may run to untold millions of lives. "The gamble is too great; the awesome risk too much."

This Administration, as I indicated earlier, is also exerting every effort to eliminate another risk -- the risk that inflation poses for our economy.

-- Why is this Administration determined to stop inflation?

-- What have we done to achieve this goal?

-- What are the prospects for bringing inflation to a halt?

Inflation is primarily an economic problem, although its repercussions spread beyond economics. Some highlights of economic damage from inflation are:

-- over the past four years, the purchasing power of your dollars have declined sharply as consumer prices rose by about 15 percent;

-- the economic overheating that causes inflation contributed to the elimination of our trade surplus in 1968 and thus removed one of the strongest plus factors in our international payments position;

-- excess demand, rapidly rising prices, and expectations of further increases have pushed interest rates to the highest levels in a hundred years;

-- the distortions and imbalances that result from overheating threaten ultimately to end the boom and tip the economy into recession.

It is this last danger that broadens this Administration's concern about inflation, for we know that in the last analysis the achievement of all of our major national goals -- whether of national security or in dealing with the problems of the cities, rural America, the poor and the disadvantaged -- depend upon the maintenance of a strong, healthy, and growing economy. This means a balanced and noninflationary economy.

The ultimate result of inflation at the recent rate is almost certain to be a weakening of our economy and impairment of our ability to deal with pressing national problems.

What steps has this Administration taken to stop inflation?

We have dealt not with symptoms but with fundamentals. Let me enumerate:

-- the two intensive budget reviews ordered by the President resulted in cutbacks in every Federal department except Justice, where extra funds are needed to carry out the fight against crime;

-- the President has requested a full-year extension of the income tax surcharge, with a cutback to five percent next January 1. This reduction would be off-set by permanent repeal of the seven percent investment tax credit;

-- Federal Reserve authorities have contained the rate of monetary growth by limiting the volume of reserves available to banks and by raising the discount rate.

Will these policies work? What are the prospects for bringing inflation to a halt, and how soon?

These policies will work. But we must be patient. To force early and sharp anti-inflationary effects would risk a shift in the economy which might tip us into the very recession our gradual policies are aimed at avoiding.

But do not underestimate the degree of restraint that now exists. We believe that it is sufficient to cool the economy and gradually slow inflation and diminish inflationary expectations, but not so severely as to result in economic overkill.

If this is true, why have we not yet seen any convincing signs of a levelling off?

Partly because of the gradualness of the policy itself; partly because inflationary forces and expectations have in the past four years become deeply ingrained in the economy. Expectations of further inflation are especially troublesome; they distort business and personal decision-making processes and create a built-in force for further inflation.

The battle against inflation cannot be won until these inflationary expectations begin to subside. My personal view is that they are diminishing. If so, visible signs of success in the battle against inflation will emerge before long.

This does not mean that the escalation of prices will shortly come to a halt. The wage-price spiral, itself partly a result of inflationary expectations, will not end overnight. It will come gradually under control as restrictive fiscal and monetary pressures relieve basic inflationary pressures.

Prices cannot long continue to rise in the face of a determined policy of economic restraint. We expect to see a measurable reduction in the rate of price increase before the end of this year.

Questions have been raised about the impact of the Administration's anti-inflationary program on employment -- will the economic cooling which we are seeking push unemployment to unacceptable levels? Technical analyses of this matter, although not conclusive, are reassuring. But what is important to understand is that continuation of inflation at the present rate offers no solution to the problem. Sooner or later, the distortions and imbalances bred by inflation lead to disruptive reactions and adjustments. If this is allowed to happen, growth might stop instead of only slowing, and unemployment might shoot up to an intolerably high level.

Stated differently, this Administration's policy of first slowing and then stopping inflation, through firm but gradual measures, is the best assurance possible that workers will continue to enjoy maximum employment opportunities.

To summarize the answers to the three questions I posed concerning our efforts to stop inflation:

-- This Administration is determined to stop inflation because its continuation will undermine our efforts to achieve not only our economic goals but other vital national goals as well.

-- Our efforts include several firm but gradual steps to cool the economy through restrictive fiscal and monetary policies.

-- The prospects for slowing and ultimately halting inflation are good -- only patience is needed; ultimately the restrictive policies will have their effects.

Neither peace nor economic stability can be achieved by wishful thinking -- to let inflation continue at the present rate risks severe costs for the economy and our people; to fail to maintain adequate defenses carries grave risks both for our people and our friends abroad.

Nor can peace and economic stability be achieved overnight. Nevertheless, under the leadership of a new President and a new Administration, a significant start has been made in dealing with both of these problems. The policies adopted have been carefully argued, the President has considered all points of view, and he has made his decisions on the basis of what he believes to be best for the American people, now and in the decades ahead.

These policies, for peace abroad and stability at home, deserve your support.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

May 2, 1969

FOR IMMEDIATE RELEASE

NOTICE TO THE PRESS:

Sir Leslie O'Brien, Governor of the Bank of England, will have an introductory meeting with Treasury Secretary David M. Kennedy at Treasury at 3:00 P.M., Tuesday, May 6, the Treasury Department and the British Embassy jointly announced today.

Sir Leslie, who will arrive in Washington Sunday afternoon on a routine visit to the United States, will visit Mr. Kennedy in accordance with long-standing plans to meet members of the new Administration.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

May 5, 1969

FOR IMMEDIATE RELEASE

TREASURY ANNOUNCES COUNTERVAILING DUTY ORDER ON STEEL PRODUCTS FROM ITALY

The Treasury Department announced today that it has sent to the Federal Register for publication on May 6 notification of countervailing duties to be imposed on importations of some basic steel products from Italy.

The countervailing duty action resulted from an investigation by the Bureau of Customs of a complaint made by United States Steel Corporation, Pittsburgh, Pa. It complained that certain steel products from Italy were being subsidized by the government.

The countervailing duties will become effective June 14, 30 days after publication in the Customs Bulletin.

The Treasury said the countervailing duties are intended to counteract subsidies by Italy ranging from about $10 to $24 per metric ton on exports of these products to the United States. The products include such items as pipe, cables, staples, nails, rivets, bolts and nuts.

Countervailing duties will be assessed only on shipments receiving benefits from the subsidy program. The amount will be equal to the amount of the subsidy.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

R RELEASE 6:30 P.M.,
nday, May 5, 1969.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced that the tenders for two series of Treasury ills, one series to be an additional issue of the bills dated February 6, 1969, and the ther series to be dated May 8, 1969, which were offered on April 30, 1969, were pened at the Federal Reserve Banks today. Tenders were invited for $1,700,000,000, r thereabouts, of 91-day bills and for $1,300,000,000, or thereabouts, of 182-day ills. The details of the two series are as follows:

NGE OF ACCEPTED MPETITIVE BIDS:	91-day Treasury bills maturing August 7, 1969		182-day Treasury bills maturing November 6, 1969	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	98.498 a/	5.942%	96.951	6.031%
Low	98.478	6.021%	96.922	6.088%
Average	98.489	5.978% 1/	96.935	6.063% 1/

a/ Excepting one tender of $783,000
98% of the amount of 91-day bills bid for at the low price was accepted
35% of the amount of 182-day bills bid for at the low price was accepted

OTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 28,436,000	$ 18,436,000	$ 3,470,000	$ 3,470,000
New York	1,919,971,000	1,171,466,000	1,762,617,000	965,617,000
Philadelphia	35,879,000	20,879,000	18,216,000	8,216,000
Cleveland	37,749,000	37,749,000	25,514,000	25,514,000
Richmond	23,542,000	23,542,000	8,979,000	7,479,000
Atlanta	47,124,000	38,124,000	29,551,000	17,691,000
Chicago	185,021,000	154,916,000	173,429,000	133,229,000
St. Louis	50,015,000	43,015,000	31,704,000	22,854,000
Minneapolis	27,466,000	27,406,000	25,606,000	20,656,000
Kansas City	30,843,000	30,843,000	12,990,000	12,990,000
Dallas	28,441,000	19,441,000	21,581,000	13,331,000
San Francisco	149,224,000	114,184,000	141,217,000	69,117,000
TOTALS	$2,563,711,000	$1,700,001,000 b/	$2,254,874,000	$1,300,164,000 c/

/ Includes $327,657,000 noncompetitive tenders accepted at the average price of 98.489
/ Includes $144,963,000 noncompetitive tenders accepted at the average price of 96.935
/ These rates are on a bank discount basis. The equivalent coupon issue yields are 6.15% for the 91-day bills, and 6.34% for the 182-day bills.

CORRECTED COPY

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TREASURY DEPARTMENT

WASHINGTON, D.C.

May 6, 1969

FOR IMMEDIATE RELEASE

TREASURY SECRETARY KENNEDY CALLS MEETING OF THE JOINT COMMISSION ON THE COINAGE

Secretary of the Treasury David M. Kennedy has called a meeting of the Joint Commission on the Coinage for Monday, May 12, at 9:30 a.m., in the Treasury Building, Washington, D. C. to discuss silver and coinage policies.

The Joint Commission on the Coinage, created by the Coinage Act of 1965, consists of 24 members, including 12 from the Congress, four from the Executive Branch, and eight public members. Secretary Kennedy is Chairman.

The members are: David M. Kennedy, Secretary of the Treasury; Maurice H. Stans, Secretary of Commerce; Robert Mayo, Director, Bureau of the Budget; Eva Adams, Director, Bureau of the Mint, and Senators John Sparkman, Wallace F. Bennett, John O. Pastore, Alan Bible, George Murphy, Peter H. Dominick, and Congressmen Wright Patman, William B. Widnall, Ed Edmondson, Robert N. Giaimo, and Silvio O. Conte.

Public members are Julian B. Baird, St. Paul, Minnesota; Amon Carter, Jr., Fort Worth, Texas; William C. Decker, New York, New York; Samuel M. Fleming, Nashville, Tennessee; Edward H. Foley, Washington, D. C.; Harry F. Harrington, St. Louis, Missouri; Eugene S. Pulliam, Indianapolis, Indiana, and Harry E. Rainbolt, Norman, Oklahoma.

A vacancy created by the resignation of Congressman James F. Battin to accept a judgeship has not been filled.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

May 6, 1969

FOR IMMEDIATE RELEASE

RICHARD M. NIXON PRESIDENTIAL MEDAL NOW ON SALE AT THE MINT

The Richard M. Nixon Medal has been added to the Presidential Series of medals available for purchase from the Bureau of the Mint, the Treasury announced today.

The Nixon Presidential Medal may be purchased from the Superintendent, United States Mint, Philadelphia, Pennsylvania 19130. The cost is $3.00, including postage. The medal is of Mint bronze, and is three inches in diameter. Delivery time will be approximately one week.

The front of the medal contains a profile portrait of the President, looking to the viewer's right. Above and around the border is the inscription, "President of the United States," and to the left of the bust, "Richard Milhous Nixon."

The reverse side has an adaptation of the Seal of the President of the United States within a wreath of 50 stars. Below the seal is the inscription: "Inaugurated January 20, 1969 -- a new day for America -- A new dawn for peace and freedom in the world -- Richard M. Nixon." The statement is from his August, 1968, speech accepting the nomination for President.

Both front and reverse designs were executed by Frank Gasparro, Chief Engraver of the Mint.

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

Production of commemorative medals honoring the Presidents, Army and Navy heroes and outstanding citizens, and memorializing events of national importance, has been carried on at the Philadelphia Mint for more than 150 years.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

May 7, 1969

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 $3,000,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing May 15, 1969, in the amount of $2,998,828,000, as follows:

91-day bills (to maturity date) to be issued May 15, 1969, in the amount of $1,700,000,000, or thereabouts, representing an additional amount of bills dated February 13, 1969, and to mature August 14, 1969, originally issued in the amount of $1,100,498,000, the additional and original bills to be freely interchangeable.

182-day bills, for $1,300,000,000, or thereabouts, to be dated May 15, 1969, and to mature November 13, 1969.

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

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Daylight Saving time, Monday, May 12, 1969. 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 each issue 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 for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on May 15, 1969, in cash or other immediately available funds or in a like face amount of Treasury bills maturing May 15, 1969. 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.

May 6, 1969

FOR IMMEDIATE RELEASE

TREASURY SECRETARY KENNEDY AND SIR LESLIE O'BRIEN, GOVERNOR OF THE BANK OF ENGLAND, MEET TO DISCUSS MUTUAL INTERESTS

Secretary of the Treasury David M. Kennedy and Sir Leslie O'Brien, Governor of the Bank of England, met today at Treasury.

Sir Leslie is on a routine visit to the United States planned some time ago, and is taking the opportunity to meet members of the new Administration.

This was the first time that Mr Kennedy and Sir Leslie had met since the appointment of Mr. Kennedy as Treasury Secretary. They used the occasion to discuss economic and financial developments within their two countries, and particularly reviewed the progress each nation is making in curbing inflation and overcoming balance of payments deficits.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

May 7, 1969

FOR IMMEDIATE RELEASE

TREASURY GENERAL COUNSEL PAUL W. EGGERS DESIGNATED TREASURY'S DIRECTOR OF EQUAL EMPLOYMENT OPPORTUNITY

Treasury Secretary David M. Kennedy designated General Counsel Paul W. Eggers as Treasury's Director of Equal Employment Opportunity.

Mr. Eggers, the fourth ranking official of the Department, will spearhead a concerted effort throughout the Department to achieve equality of opportunity for job applicants and employees regardless of their race, color, religion, national origin or sex.

The assignment carries with it responsibility of insuring that contractors doing business with the Treasury Department and banks holding deposits of Federal funds comply with Treasury's equal employment policies and regulations. In assuming these duties, Mr. Eggers made it clear that he intended to pursue an innovative program aimed at creating in Treasury a working climate that reflects welcome and fairness to all citizens.

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TREASURY DEPARTMENT
Washington

FOR RELEASE AT NOON
WEDNESDAY, MAY 7, 1969

REMARKS BY THE HONORABLE DAVID M. KENNEDY
SECRETARY OF THE TREASURY
AT THE DEPARTMENT OF DEFENSE KICK-OFF RALLY
WASHINGTON, D.C.
WEDNESDAY, MAY 7, 1969, 12 NOON

The name of this Department of our Government is synonymous with security -- for the nation, for the family, for the individual. To defend is to protect -- to safeguard -- support -- to sustain.

There is another name with a built-in protective meaning -- the Payroll Savings Program. While this is a long-standing program, it has acquired a new pertinence.

Our President and Commander-in-Chief has made it perfectly clear to all of us, and I quote, that:

> "A sound dollar is vital to the American free enterprise system. It is one of the pillars of our prosperity and national strength. In these critical and uncertain times, the defense of the dollar ranks among the highest of national priorities."

To the President's remarks, let me add something I cannot say too often: This Administration is firmly committed to ending inflation. You here in the Defense Department know of the patience, hard work, and ingenuity necessary to provide for the military security of the nation. You know from your own knowledge and experience the importance of the Safeguard Anti-ballistic missile system and the key role this Administration feels Safeguard will play in protecting our country from missile attack.

I suspect you also know -- from your visits to the grocery store and the department store -- what inflation could do to our economy. The Administration is committed,not only to ending inflation, but to doing so in an orderly way. We are cutting expenditures, we are increasing efficiency to cut down on waste, and we are pursuing a tight money policy to restrict excessive corporate and personal spending. That is why the Administration has asked the Congress to extend the 10 percent surcharge on income taxes until January 1, after which time it would be reduced to 5 percent, and that is why the Administration has recommended the abolishment of the 7 percent investment tax credit allowed business for machinery and equipment.

While we can already see some early results from these anti-inflationary policies -- a drop in new factory orders and in manufacturer's shipments in March -- the government needs assistance from all of its citizens, and especially from its own employees.

That calls for a larger volume of private voluntary savings -- and I underscore the word, "voluntary."

As members of the Federal Family, you are all one with us, in achieving our 1969 campaign goals. Let me tell you what we ask of you:

-- We want to sign up at least 80 percent of all employees in each Defense Agency.

-- We hope to encourage present Bond buyers to purchase higher denomination Bonds.

-- Most important, we seek to establish a strong sustaining program, so that employee participation will not diminish between yearly campaigns.

Now, as you well know, the purchase of Savings Bonds and Freedom Shares is a voluntary action. But the act of purchasing bonds goes far beyond purely personal interests -- it is in our national interest.

To help safeguard our economic stability, it is desirable that the bulk of the Federal debt be placed in the hands of long-term savers.

The best way to increase the amount of the debt in the hands of real savers is through the sale of Savings Bonds and Freedom Shares to those persons who buy them from money saved out of current earnings.

The widespread payroll participation by you and your fellow employees -- and, in fact, by Americans everywhere, in every walk of life -- is ample testimony to the continuing worth of U.S. Savings Bonds in personal as well as Federal financial planning.

Such personal participation, which is unmatched by the citizens of any other nation, reflects the great confidence of the people in the integrity of our currency and in our financial policies.

It is unique testimony to our national solidarity and strength.

Perhaps many of you are not aware of the impressive record of participation in the Savings Bonds program achieved in the Department of Defense. Let me cite a few figures:

-- Last year, total Federal purchases amounted to more than one billion, seventy-five million dollars. The Defense Establishment accounted for more than half of that amount, or six hundred, ninety-million dollars. Members of the Armed Forces bought more than three hundred, forty-six million dollars, while civilian employees of the Department bought more than three hundred, forty-three million dollars.

-- In 1968, more than three million, six hundred forty-one thousand Federal employees were enrolled in the Payroll Savings Plan. The Defense Department accounted for more than two million, five hundred ninety-five thousand: more than one million, eight hundred forty-two thousand Servicemen; more than seven hundred, fifty-two thousand civilian employees.

-- The 1968 tally shows more than 71 percent of Department employees -- both civilian and Servicemen -- enrolled for Payroll Savings.

I am sure you are aware that at the request of the President the Treasury is preparing a study of the interest rates the Government pays on its debt obligations. The 4-1/4 percent return that E Bonds pay offers sound protection for home and family and an opportunity for individual citizens to contribute to a sound dollar. At the same time, we believe strongly that E Bonds should be fully competitive with similar savings instruments. We will ask Congress to review the current interest rate ceiling at an early date.

It has been a personal pleasure to be with you. Let us move forward together to defend the dollar -- to defeat the forces of inflation -- and to help achieve greater personal and national security through Federal Payroll Savings.

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UNITED STATES SAVINGS BONDS ISSUED AND REDEEMED THROUGH April 30, 1969

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

DESCRIPTION	AMOUNT ISSUED 1/	AMOUNT REDEEMED 1/	AMOUNT OUTSTANDING 2/	% OUTSTANDING OF AMOUNT ISSUED
TURED				
;eries A-1935 thru D-1941	5,003	4,996	7	.14
;eries F and G-1941 thru 1952	29,521	29,481	40	.14
;eries J and K-1952 thru 1957	3,754	3,709	45	1.20
MATURED				
;eries E 3/ :				
1941	1,880	1,661	219	11.65
1942	8,301	7,343	958	11.54
1943	13,360	11,847	1,513	11.32
1944	15,580	13,730	1,850	11.87
1945	12,242	10,614	1,628	13.30
1946	5,553	4,633	920	16.57
1947	5,268	4,239	1,028	19.51
1948	5,448	4,292	1,156	21.22
1949	5,377	4,151	1,227	22.82
1950	4,700	3,578	1,123	23.89
1951	4,067	3,097	469	23.83
1952	4,262	3,219	1,043	24.47
1953	4,866	3,587	1,279	26.28
1954	4,960	3,582	1,377	27.76
1955	5,167	3,671	1,496	28.95
1956	4,990	3,497	1,492	29.90
1957	4,697	3,224	1,474	31.38
1958	4,576	3,004	1,572	34.35
1959	4,290	2,738	1,552	36.18
1960	4,296	2,630	1,665	38.76
1961	4,344	2,489	1,856	42.73
1962	4,183	2,334	1,850	44.23
1963	4,664	2,421	2,244	48.11
1964	4,547	2,368	2,179	47.92
1965	4,446	2,269	2,176	48.94
1966	4,784	2,240	2,544	53.18
1967	4,735	2,043	2,692	56.85
1968	4,448	1,362	3,086	69.38
1969	295	-	295	100.00
Unclassified	719	1,004	-285	-
Total Series E	161,045	116,866	44,179	27.43
Series H (1952 thru May, 1959) 3/	5,485	3,323	2,161	39.40
H (June, 1959 thru 1969)	7,014	1,607	5,407	77.09
Total Series H	12,499	4,931	7,568	60.55
Total Series E and H	173,544	121,797	51,747	29.82
All Series — Total matured	38,277	38,186	92	.24
All Series — Total unmatured	173,544	121,797	51,747	29.82
All Series — Grand Total	211,821	159,983	51,839	24.47

'cludes accrued discount.

urrent redemption value.

t option of owner bonds may be held and will earn interest for additional periods after original maturity dates.

TREASURY DEPARTMENT

WASHINGTON, D.C.

May 8, 1969

FOR RELEASE AT NOON
THURSDAY, MAY 8, 1969

DOROTHY ANDREWS ELSTON TAKES OATH OF OFFICE AS THIRTY-THIRD TREASURER OF THE UNITED STATES

Mrs. Dorothy Andrews Elston of Middletown, Delaware, took the oath of office today as 33rd Treasurer of the United States. It was administered by Secretary of the Treasury David M. Kennedy in a noon ceremony at the Treasury Department.

A native of Wilkes-Barre, Pennsylvania, and a long-time resident of Delaware, Mrs. Elston is a former President of the National Federation of Republican Women. Her mother, Mrs. Mabel Aston Andrews of Wilmington, Delaware, took part in the ceremony by holding the century-old Welsh family Bible used in the oath-taking. Also present were a number of Senators and Representatives in addition to friends and relatives from several states.

Besides her long association with Republican Party organs in numerous national, state and local capacities, Mrs. Elston has been actively affiliated with the Grange, the Daughters of the American Revolution, and the General Federation of Women's Clubs. She has served a three-year term as a trustee of Kruse School, a state correctional institution in Delaware, and was for an equal period a state advisor to the Farmers Home Administration. In 1964-65 she was on the Advisory Board of the New York World's Fair and in 1965 was a delegate to the White House Conference on International Cooperation.

For 22 years Mrs. Elston has owned and operated a 183-acre nursery farm in McDonough, Delaware. She is a member of St. Paul's Methodist Church in Odessa, Delaware, and has served it in both pastoral and administrative capacities. In 1964 the League of Women Voters of the United States cited Mrs. Elston as one of 12 outstanding political women in the country.

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As Treasurer of the United States, whose office is within the Treasury's Fiscal Service, Mrs. Elston is responsible for receipt, custody and disbursing of public funds and for maintaining records as to their source, location and disposition. New issues of paper currency will bear her signature in addition to that of Secretary Kennedy.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

'OR IMMEDIATE RELEASE

May 9, 1969

PRELIMINARY RESULTS OF CURRENT EXCHANGE OFFERING

Preliminary figures show that about $5,107 million, or 74.9% of the $6,818 illion notes and bonds maturing May 15 and June 15 have been exchanged for the wo notes included in the current offering.

Subscriptions total $2,401 million for the 6-3/8% notes of Series D-1970 and $2,706 million for the 6-1/2% notes of Series B-1976, of which $2,140 million for he 6-3/8% notes and $2,233 million for the 6-1/2% notes were received from the public.

Of the eligible securities held outside the Federal Reserve Banks and Government accounts $3,197 million, or 84.5% of an aggregate of $3,784 million, of May 15 maturities and $1,176 million, or 54.9% of an aggregate of $2,144 million of June 15 maturities were exchanged.

Following is a breakdown of securities to be exchanged (amounts in millions):

ELIGIBLE FOR EXCHANGE			SECURITIES TO BE ISSUED				
			6-3/8%	6-1/2%			
	Date		Notes	Notes		UNEXCHANGED	
Securities	Due	Amount	D-1970	B-1976	Total	Amount	%
5-5/8% notes, B-1969	5/15/69	$ 4,277	$ 1,753	$ 1,786	$3,539	$ 738	17.3
2-1/2% bonds, 1964-69	6/15/69	2,541	648	920	1,568	973	38.3
Total		$ 6,818	$ 2,401	$ 2,706	$5,107	$1,711	25.1

Details by Federal Reserve Districts as to subscriptions will be announced later.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

May 9, 1969

FOR A.M. RELEASE,
SUNDAY, MAY 11, 1969

TREASURY EXPLAINS ITS TAX PROPOSALS DO NOT BAR VOTER REGISTRATION DRIVES BY PUBLICLY-SUPPORTED, TAX-EXEMPT ORGANIZATIONS

The Treasury Department explained today that its recent recommendations to Congress regarding tax-exempt private foundations would not prohibit them from making grants to publicly-supported tax-exempt charitable or educational organizations which among their functions carry on voter registration drives or other permitted political activity. The recommendations would, however, prohibit private foundations from themselves engaging in voter registration drives or other activity affecting political campaigns.

Under present law, all organizations exempt from tax under § 501 (c)(3) of the Internal Revenue Code as charitable, educational, religious or similar institutions, including private foundations, are subject to two prohibitions on politically-related activities. First, no substantial part of the activities of the organization may consist of carrying on propaganda or otherwise attempting to influence legislation. Second, the organization may not intervene in any political campaign on behalf of any candidate for public office.

The Treasury Department has recommended to Congress that with respect to private foundations, the second prohibition be broadened. Thus, a private foundation would be prohibited from engaging in any activity intended to affect a political campaign. This would include sponsoring voter registration drives, educational campaigns as to the issues in the political campaign, or panel discussions between the candidates.

The Treasury Department recommendation would not prohibit or affect voter registration drives or other such political activities by charitable or educational organizations other than private foundations.

Moreover, under the Treasury Department recommendation, private foundations would be permitted, as at present, to make grants to publicly-supported tax-exempt charitable or educational organizations which as a part of their permitted functions carry on voter registration drives or other such political activities.

In summary, the Treasury Department has recommended provisions to insure proper activities by private foundations, which are not subject to the discipline of public support, without in any way impeding legitimate social action conducted by organizations which are substantially supported by, and thus in some measure responsible to, the general public.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

May 12, 1969

FOR IMMEDIATE RELEASE

TREASURY LIFTS COIN MELTING BAN AND REVISES WEEKLY SILVER SALES PROGRAM

The Treasury Department announced today that it will reduce the amount of silver offered at its weekly auction from 2 million ounces to 1-1/2 million ounces, and lift the ban on melting silver coins.

Silver sales will be open to all bidders.

The announcement followed a meeting of the Joint Commission on the Coinage, chaired by Secretary of the Treasury David Kennedy.

The Treasury will present and urge prompt enactment of legislation to authorize the minting of a non-silver, half dollar -- the minting of a non-silver dollar coin -- and, under a plan recommended by the Joint Commission, sale of the 2.9 million rare silver dollars still held by the Treasury. The recommendation was made by the Commission on December 5, 1968.

The Treasury will also reduce the weekly amount of silver offered for sale through the General Services Administration from the present 2 million ounces to 1-1/2 million ounces, and maintain this level until the present surplus of about 150 million ounces is exhausted. A set-aside for small businesses will be continued.

The GSA weekly silver sale will be open to all competitive bidders without restriction on the use of the silver purchased and the existing administrative ban on the melting and export of silver coins will end.

Changes in the amount of GSA weekly sales and the bidding procedure will be effective as of the May 27 offering. Details of this change will be announced by the GSA shortly.

The end to the ban on the melting and export of silver coins will take effect immediately.

A copy of Secretary Kennedy's statement to the Commission is attached.

Attachment
K-88

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OPENING STATEMENT OF THE SECRETARY BEFORE THE MEETING OF THE JOINT COINAGE COMMISSION MAY 12, 1969, 9:30 A. M.

This is the first meeting of the Joint Commission on the Coinage under the new Administration and I want to express my appreciation and that of President Nixon for your taking the time from busy schedules to give us the benefit of your thinking on some hard decisions that must be made on our remaining silver and coinage issues.

Under authority of the Coinage Act of 1965, this bipartisan Commission has the responsibility of giving advice on silver and coinage problems to the President, the Secretary of the Treasury, and the Congress. When it was first activated I think few envisaged the key role the Coinage Commission would play in the actual policy decision making process. In addition to making available to the Treasury a broad range of expertise on complex monetary problems, the Commission meetings have served as a useful forum for a frank exchange of views between the Administration and key members of Congress which has clearly been in the best public interest. At this time we again seek your advice.

For a number of weeks a Task Force within the Treasury headed by General Counsel Paul Eggers and including Assistant Secretary Rossides, Deputy Under Secretary MacLaury, and other officials has been taking a hard look at the entire range of silver and coinage policy issues. The basic objective of this broad review was not simply to reach judgments on each of these issues in isolation but rather to develop a balanced over-all program, fair to the public as consumers and taxpayers as well as to silver producers and industrial users. The Treasury group has completed its work and a copy of their report has been sent to each of you.

I have carefully reviewed the report of the Treasury Task Force on Silver and Coinage Policy and strongly endorse the recommendations therein as being fully in the public interest. The proposed legislative and administrative actions will be discussed in the course of our meeting, but let me briefly review the highlights and give you some of the reasons why I consider this to be a sound program.

The first recommendation, for the minting of a non-silver clad half dollar, is consistent with the conclusions reached by the Commission at its meeting last December. I think the convincing argument here is that despite the minting of some 760 million 40 percent silver half dollars over the past three years, very few of these coins are actually circulating. Even if we were to continue pouring all of our remaining 150 million ounces of surplus silver into the silver half quantity. Moreover, this use of our remaining silver would require a halting of surplus silver sales which would very probably drive the price up excessively and further stimulate the hoarding of these coins. In short, the 40 percent half dollar on our past experience is simply a losing proposition.

If we are authorized to mint a non-silver half dollar, I am confident that within a reasonable period of time this coin will circulate in adequate quantity for all commercial needs.

The second major recommendation in the Treasury Report, and one to which we gave a great deal of careful attention, is that the current administrative ban on the melting and export of silver coins be discontinued. I am aware that at your meeting last December the Coinage Commission reached a different conclusion, but I think the basic situation has substantially changed and a review of this issue is in order. In contrast to the situation in the past, the melting ban no longer either keeps silver coins in circulation or contributes to the Treasury's supply of silver coins. Since July 1968 we have added very few coins to our inventory. And I rather doubt that a determination by the Congress affirming the ban would cause any appreciable amount of these coins to circulate. In short, I think there is no longer a really constructive reason for maintaining the ban on the melting of coins which was first established in 1967 for purposes which no longer apply.

The Treasury Report next covers sale of surplus silver through the GSA and recommends that the weekly amount offered be reduced from 2 to 1-1/2 million ounces. At the same time the Report urges that it be made clear, as nearly as possible, how long these silver sales will be maintained. The purpose of the latter point is to reduce the element of uncertainty which has disrupted the market in the past. If, as recommended, the minting of a non-silver half dollar is authorized then all of the Treasury's current supply of silver becomes surplus to its needs. As you know, a separate 165 million ounce strategic stockpile of silver has already been established by law. In the judgment of the Office of Emergency Preparedness this stockpile is fully adequate for emergency needs.

I would point out that the GSA sale of silver not only adds to the Treasury's revenue but makes a solid contribution to our balance of payments by reducing the need for commercial silver imports. In my judgment these sales should be continued. However, we must recognize that at some point the Government will cease to be a silver supplier. It is clearly in the public interest that the market adjustment to this fact be as smooth as possible. I think a reduction in the weekly amount of silver offered and the maintenance of sales at that level will tend to ease this adjustment. If we set a firm sales figure and indicate the pool of surplus silver to be made available, both silver producers and consumers will be on notice as to when, within reasonable limits, the Treasury supply will end and can base their planning on this awareness.

The Treasury Report also recommends that the GSA silver sales be open to all bidders with no restrictions on the silver purchased. When these sales were begun in August 1967 the Treasury, mainly because of the prevailing refinery strike, required that the silver purchased be used in domestic industry. However, it was also announced at that time that this restriction would be removed as soon as feasible. I think this change should be made now.

The final two recommendations of the Treasury Report are in accord with the decisions reached by this Commission at its December meeting. The first is that the Congress authorize the minting of a non-silver dollar coin. I think this is an excellent idea and fully endorse it. Such a coin should be increasingly useful in the future, particularly in view of the steady expansion of the vending machine industry.

The final recommendation in the Treasury Report is an endorsement of the plan sponsored by the Coinage Commission to dispose of the Treasury's 2.9 million rare silver dollars. While any plan for this purpose will have shortcomings - and this one is no exception - I think the plan is the best I have seen and deserves serious consideration by the Congress.

This then is a brief summary of the highlights of a program which, in my judgment, constitutes a reasonable and balanced approach to resolving the silver and coinage issues this Commission has been concerned with since its inception.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

May 13, 1969

FOR IMMEDIATE RELEASE

TREASURY MARKET TRANSACTIONS IN APRIL

During April 1969, market transactions in Federal Securities of Government accounts resulted in net sales by the Treasury Department of $28,527,000.00.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

)R RELEASE 6:30 P.M.,
)nday, May 12, 1969.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced that the tenders for two series of Treasury llls, one series to be an additional issue of the bills dated February 13, 1969, and the ther series to be dated May 15, 1969, which were offered on May 7, 1969, were)ened at the Federal Reserve Banks today. Tenders were invited for $1,700,000,000, : thereabouts, of 91-day bills and for $1,300,000,000, or thereabouts, of 182-day llls. The details of the two series are as follows:

ANGE OF ACCEPTED)MPETITIVE BIDS:	91-day Treasury bills maturing August 14, 1969		:	182-day Treasury bills maturing November 13, 1969	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	98.480 a/	6.013%	:	96.891 b/	6.150%
Low	98.451	6.128%	:	96.852	6.227%
Average	98.462	6.084% 1/	:	96.870	6.191% 1/

a/ Excepting 1 tender of $150,000; b/Excepting 2 tenders totaling $357,000
100% of the amount of 91-day bills bid for at the low price was accepted
34% of the amount of 182-day bills bid for at the low price was accepted

)TAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 29,609,000	$ 19,609,000	:	$ 7,596,000	$ 7,596,000
New York	1,890,152,000	1,182,152,000	:	1,789,555,000	988,635,000
Philadelphia	39,796,000	24,796,000	:	17,485,000	7,485,000
Cleveland	37,567,000	37,567,000	:	27,788,000	27,788,000
Richmond	15,486,000	14,986,000	:	8,768,000	7,368,000
Atlanta	50,159,000	47,159,000	:	31,096,000	17,653,000
Chicago	158,898,000	133,898,000	:	131,858,000	106,558,000
St. Louis	44,972,000	42,972,000	:	32,358,000	29,858,000
Minneapolis	28,535,000	28,535,000	:	22,672,000	22,672,000
Kansas City	36,646,000	36,645,000	:	13,071,000	13,071,000
Dallas	28,388,000	20,388,000	:	19,252,000	9,252,000
San Francisco	151,893,000	111,893,000	:	115,961,000	62,161,000
TOTALS	$2,512,101,000	$1,700,600,000 c/		$2,217,460,000	$1,300,097,000 d/

Includes $327,685,000 noncompetitive tenders accepted at the average price of 98.462
Includes $150,169,000 noncompetitive tenders accepted at the average price of 96.870
These rates are on a bank discount basis. The equivalent coupon issue yields are 6.27% for the 91-day bills, and 6.48% for the 182-day bills.

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TREASURY DEPARTMENT

CONSOLIDATED LAW ENFORCEMENT TRAINING CENTER

Introductory Statement of Eugene T. Rossides
Assistant Secretary of the Treasury
For Presentation to the Subcommittee on
Public Buildings and Grounds of the
House Public Works Committee
10:00 A.M., Tuesday, May 13, 1969

Mr. Chairman and Members of the Committee:

I welcome the opportunity to appear before you today to discuss the authorization requested by the Treasury Department for the Consolidated Law Enforcement Training Center.

My statement covers the following five points:

1. The proposed facility is a major part of the President's overall effort to improve law enforcement in the drive against crime.

2. The urgent need for this facility by the Treasury Department, the second largest law enforcement department in the Government, as well as the need of some twenty other Federal law enforcement agencies.

3. The Warren Commission Report stressing the need for the Secret Service to have adequate manpower and facilities.

4. There is no duplication between the FBI facilities and the proposed training center, as the FBI facilities--both existing and the proposed enlargement at Quantico, Virginia--are and will be utilized to full capacity and cannot be used by the Treasury enforcement agencies and some twenty other Federal enforcement agencies.

5. The difference in facilities and training methods between the specialized enforcement agencies of the Treasury Department, as well as many of the other agencies scheduled to use the proposed new Center, and those of the FBI facility.

1. The proposed facility is a major part of the President's overall effort to improve law enforcement in the drive against crime.

In the review of President Johnson's budget, the Consolidated Law Enforcement Training Center was carefully considered by the new Administration and fully endorsed. It will be an important part of the overall effort to improve and strengthen law enforcement ability and capability in the fight against crime which is of such national concern. The Center will be a major asset in the war on crime. We must support our law enforcement effort and give these dedicated men the facilities and equipment they so urgently need.

One of the great areas that has been neglected in our national life is the proper training in proper facilities of our law enforcement officials on a national, state and local basis. We must elevate the status of law enforcement as a profession. This we at the Treasury are pledged to do. We seek your necessary support.

On the national level, the proposed Consolidated Law Enforcement Training Center facility is urgently needed and long overdue.

2. The urgent need for this facility by the Treasury Department, the second largest law enforcement department in the Government as well as the need of some twenty other Federal law enforcement agencies.

The Treasury Department, the second largest enforcement department in the Government, is in dire need of the proposed facility. The current facilities utilized by the Treasury Agents of the Secret Service, the Customs Agency Service, and the enforcement arms of the IRS, are grossly inadequate.

Mr. Chairman, we at Treasury are greatly concerned that the Secret Service does not have adequate facilities in being today. They are operating at a distinct handicap.

To obtain efficient, highly trained agents, we must have the necessary facilities and equipment.

The Bureau of the Budget concurred in the urgent need of the Secret Service for proper facilities and then reviewed the facilities of other law enforcement agencies of the Federal Government and found them wanting. The Bureau of the Budget then chaired an inter-agency committee which recommended the proposed Consolidated Law Enforcement Training Center.

3. The Warren Commission Report stressing the need for the Secret Service to have adequate manpower and facilities.

The Warren Commission, of which Senator Cooper was a distinguished member, concluded that the Secret Service did not have adequate resources of personnel and facilities; that the situation "should be promptly remedied"; and recommended that the Secret Service "be provided with the personnel and resources which the Service and the Department of the Treasury may be able to demonstrate are needed to fulfill its important mission."

The Commission Report stated in Part 12(a) of its Conclusions, as follows:

> "(a) The complexities of the Presidency have increased so rapidly in recent years that the Secret Service has not been able to develop or to secure adequate resources of personnel

> and facilities to fulfill its important assignment. This situation should be promptly remedied."

Recommendation 7 of the Warren Commission reads in part as follows:

> "The Commission recommends that the Secret Service be provided with the personnel and resources which the Service and the Department of the Treasury may be able to demonstrate are needed to fulfill its important mission."

The Commission noted that the Secretary of the Treasury had prepared a planning document dated August 27, 1964, which recommended additional personnel and facilities to enable the Secret Service to expand its protection capabilities. That planning document was submitted on August 31, 1964, to the Bureau of the Budget for review and has been made a part of the Warren Commission's published record. With your permission, Mr. Chairman, a copy of that document is submitted for the record.

The underlying staff and consultants' reports examined by the Commission had not been made a part of the public record, since the disclosure of such detailed information relating to protective methods might undermine present methods of protecting the President.

Mr. Chairman and members of the Committee, unless this prospectus is approved, it is clear that the Secret Service will not have the facilities it needs and which the Warren Commission recommended that it obtain.

4. There is no duplication between the FBI facilities and the proposed training center, as the FBI facilities--both existing and the proposed enlargement at Quantico, Virginia--are and will be utilized to full capacity and cannot be used by the Treasury enforcement agencies and some twenty other Federal enforcement agencies.

The Department of Justice testified at the hearing before the House Public Works Subcommittee on Buildings and Grounds in support of the proposed Training Center, pointing out the full utilization by the FBI and State and local police employees throughout the nation of existing FBI facilities and of the proposed enlargement of those facilities. A representative of the Department of Justice is here today and will elaborate on that point.

5. The difference in facilities and training methods between the specialized enforcement agencies of the Treasury Department, and many of the other agencies scheduled to use the proposed new Center, and those of the FBI facility.

The Consolidated Training Center includes the provision of a number of outdoor training facilities that require large acreages. There is no FBI requirement and no physical space at Quantico for these facilities which include:

a. The vehicular range, which the Secret Service will use for motorcade training and other protective training. This range also provides an area of false front buildings for training in the firing of weapons from a vehicle. The course contains an overpass, various types of curves and uphill and downhill driving.

b. Raid and crowd demonstration areas which include mock-ups of residential, commercial and rural settings for both day and night exercises. This includes such special facilities as outdoor stills, border tracking areas, model recreation areas, and industrial buildings.

The Consolidated Center is designed to handle small classes from many different kinds of organizations, in a wide variety of training programs. The basic unit is a 24-man classroom, fully equipped and supplemented by a large proportion of breakout rooms for very small groups for individual student participation and performance.

Mr. Chairman, that concludes my statement. As I mentioned earlier, the proposed Consolidated Law Enforcement Training Center is urgently needed and long overdue. We seek your necessary support. Director Rowley has his statement for the Committee. I shall be pleased to answer any questions that you or members of the Committee may have.

EXPANDED AND IMPROVED TRAINING FACILITIES

Expanded and improved training facilities will be required for the training of all Service personnel and also for the proposed Headquarters Detail.

The limitations of the present facility have long been recognized, and in 1961 definite plans were laid and an active program started to develop a new training facility to meet the particular needs of the Service. The present facility is inadequate in that it does not provide necessary class room accommodations and is too small to be expanded for new and vitally needed training. In addition, its operations constitute a hazard to visitors to the National Arboretum where it is located.

A site was found at the Agricultural Research Center at Beltsville, Md. Through cooperation of the Department of Agriculture, the site will be available

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when needed.

The General Services Administration has been most cooperative in assisting in the development of the new facility and is now completing a detailed prospectus. It has included a request for funds in its budget.

This new training center will provide not only for all phases of Secret Service operations but for White House Police Force and Treasury Guard Force. It will be particularly helpful in new programs for expanded training in connection with our protective responsibilities. These include training in the use of many types of weapons where safety is a factor. They also include specialized training regarding techniques to be used with the Presidential automobile and follow-up vehicles. Adequate space will be available at the new center for simulated conditions using vehicles and other items under favorable conditions for training.

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TREASURY DEPARTMENT

WASHINGTON. D.C.

May 14, 1969

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 $3,000,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing May 22, 1969, in the amount of $3,005,486,000, as follows:

91-day bills (to maturity date) to be issued May 22, 1969, in the amount of $1,700,000,000, or thereabouts, representing an additional amount of bills dated February 20, 1969, and to mature August 21, 1969, originally issued in the amount of $1,104,142,000, the additional and original bills to be freely interchangeable.

182-day bills, for $1,300,000,000, or thereabouts, to be dated May 22, 1969, and to mature November 20, 1969.

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

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Daylight Saving time, Monday, Mav 19, 1969. 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 each issue 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 for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on May 22, 1969, in cash or other immediately available funds or in a like face amount of Treasury bills maturing May 22, 1969. 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.

May 15, 1969

FOR RELEASE A.M.'S
FRIDAY, MAY 16, 1969

TREASURY GENERAL COUNSEL URGES CITIZEN SUPPORT IN CRIME FIGHT

(Note to Editors. There is no text available of Mr. Eggers' speech)

Treasury General Counsel Paul W. Eggers told a Houston audience tonight that "crime is turning America into a mole society. Our people are becoming fearful of venturing out of doors -- something not even the threat of nuclear destruction has been able to do to our way of living."

He said a massive national educational program is needed to enlist public support at the local level in the President's recently announced campaign against organized crime.

Mr. Eggers said that along with solving the Vietnam War, curbing inflation is the key to sound economic growth and will permit more effective government action in solving our other domestic problems.

He said that the President's decision to proceed with deployment of the Safeguard anti-ballistic missile defense system (ABM) "shows a firm determination that this nation will not have to negotiate from an inferior position." He said that debate on the ABM is "a healthy sign in our democracy," and expressed confidence that Congress would approve its deployment.

"No one, regardless of social status," Mr. Eggers told a joint annual meeting of the Houston Business and Estate Council and Houston Estate and Financial Forum, "is safe from crime's onslaught, which rolls forward like some medieval plague from the Middle Ages -- engulfing everything and everybody."

He said: "Fleeing the cities is not an answer. The enemy is pursuing us to the suburbs and even the countryside.

Wherever we go, fear remains with us. As citizens we wonder if anyone -- including our government -- really cares."

He said that President Nixon's recent message to Congress on fighting organized crime signifies that the government does care and is now embarked on a national campaign. "We will use all the weapons at our disposal to bring domestic tranquility to the nation," he said.

"One of our greatest weapons is to enlist the aid of the public, particularly at the local level," he said, "but much more needs to be done in educating the public to the dangers of organized crime."

Mr. Eggers said that it is at the local level that the organized crime syndicate exercises its corrupting power, and the President is determined that the cities and states shall play a significant part in wagering the battle against crime.

"While the Federal government stands ready to provide the leadership, funding support, and to coordinate the efforts and available resources in cooperation with our cities and states, the main effort must come from the local level."

"The Federal government just can not manage community affairs since the basic responsibility for the welfare of our citizens lies with the states and their subdivisions."

Mr. Eggers said that the Treasury Department with its more than 5,000 enforcement agents -- the second largest law enforcement department of the Federal government -- is in the vanguard of the expanded war against crime.

"Treasury is participating in this effort on a full partnership basis with the Department of Justice and other Federal departments and agencies," he said.

The complete resources of the Department -- including each of its investigative and enforcement arms -- are being strengthened in pressing this war, he said. The Department is asking Congress for $9.4 million for 680 additional enforcement personnel. In addition, the Department, is requesting $1.2 million to design a proposed Law Enforcement Training Facility to be constructed near Beltsville, Maryland, just outside of Washington, D. C.

The school would function as a new activity of the Treasury Department, providing training for law enforcement agencies of the Federal government, other than the Federal Bureau of Investigation. The planned $18 million facility would consist of a campus-like training center with modern classrooms, firing ranges, specialized training areas and equipment, dormitories, support facilities, and services to accommodate 750 resident students from 20 federal law enforcement agencies, Mr. Eggers said.

He pointed out that the status of Treasury's law enforcement effort has been upgraded by putting it under the direct supervision of an Assistant Secretary who is in the process of enlarging and reorganizing his staff and upgrading Treasury's law enforcement in keeping with Treasury's expanded efforts. The General Counsel's office, for the first time, has hired an attorney with a background in criminal law in order to better support Treasury's law enforcement efforts, Mr. Eggers said.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR IMMEDIATE RELEASE MAY 14, 1969

SUBSCRIPTION FIGURES FOR CURRENT EXCHANGE OFFERING

The results of the Treasury's current exchange offering of

6-3/8% notes dated May 15, 1969, maturing August 15, 1970, and
6-1/2% notes dated May 15, 1969, maturing May 15, 1976,

are summarized in the following tables.

		Exchanged For			For Cash Redemption		
Issues Eligible for Exchange	Amount Eligible for Exchange	6-3/8% Notes	6-1/2% Notes	Total	Total Amount	% of Total Out-standing	% of Public Hold-ings
		(Amounts in millions)					
5-5/8% Notes, B-1969	$ 4.277	$1,767	$1,783	$3,550	$ 728	17.0	15.2
2-1/2% Bonds, 1964-69	2,541	665	930	1,595	946	37.2	43.8
Total	$ 6,818	$2,431	$2,713	$5,144	$1674	24.6	25.6

Exchanges for 6-3/8% Notes of Series D-1970

Federal Reserve District	5-5/8% Notes Series B-1969	2-1/2% Bonds of 1964-69	Total
Boston	$ 41,214,000	$ 5,562,000	$ 46,776,000
New York	877,109,000	392,274,000	1,269,383,000
Philadelphia	45,752,000	9,069,000	54,821,000
Cleveland	85,691,000	9,811,000	95,502,000
Richmond	30,893,000	10,430,000	41,323,000
Atlanta	113,955,000	40,341,000	154,296,000
Chicago	178,120,000	51,922,000	230,042,000
St. Louis	107,829,000	29,273,000	137,102,000
Minneapolis	24,382,000	5,383,000	29,765,000
Kansas City	62,168,000	10,741,000	72,909,000
Dallas	70,096,000	9,001,000	79,097,000
San Francisco	125,371,000	87,372,000	212,743,000
Treasury	3,948,000	3,415,000	7,363,000
TOTAL	$1,766,528,000	$ 664,594,000	$ 2,431,122,000

Exchanges for 6-1/2% Notes of Series B-1976

Federal Reserve District	5-5/8% Notes Series B-1969	2-1/2% Bonds of 1964-69	Total
Boston	$ 76,887,000	$ 5,152,000	$ 82,039,000
New York	1,096,011,000	570,812,000	1,666,823,000
Philadelphia	33,469,000	16,613,000	50,082,000
Cleveland	63,140,000	21,255,000	84,395,000
Richmond	26,463,000	17,734,000	44,197,000
Atlanta	44,359,000	11,497,000	55,856,000
Chicago	146,082,000	94,132,000	240,214,000
St. Louis	55,069,000	19,973,000	75,042,000
Minneapolis	22,768,000	16,186,000	38,954,000
Kansas City	46,761,000	22,606,000	69,367,000
Dallas	26,549,000	15,137,000	41,686,000
San Francisco	143,980,000	117,673,000	261,653,000
Treasury	1,523,000	1,202,000	2,725,000
TOTAL	$1,783,061,000	$929,972,000	$ 2,713,033,000

FOR RELEASE AT 3:30 P.M.
THURSDAY, MAY 15, 1969

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STATEMENT OF THE HONORABLE JOHN R. PETTY
ASSISTANT SECRETARY OF THE TREASURY
BEFORE THE
SENATE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON DEFICIENCIES AND SUPPLEMENTALS
ON THE
APPROPRIATION OF THE FIRST INSTALLMENT OF THE
U. S. CONTRIBUTION TO THE SECOND REPLENISHMENT
OF THE RESOURCES OF THE
INTERNATIONAL DEVELOPMENT ASSOCIATION
MAY 15, 1969

Mr. Chairman and members of the Committee: I appreciate this opportunity to appear in behalf of the Administration in support of an appropriation of $160 million for the first of three equal annual contributions by the United States of its share in the second replenishment of the International Development Association (IDA) an affiliate of the International Bank for Reconstruction and Development.

The Senate yesterday passed without amendment H.R. 33, which authorizes the U. S. Governor of IDA to agree on behalf of the United States to contribute $160 million as our share in each of these years. The bill was passed by the House of Representatives on March 12.

Under this replenishment, the 18 economically advanced member countries of IDA plus Switzerland would provide IDA with $400 million of additional resources in each of the fiscal years 1969, 1970, and 1971.

There is an urgent need for the replenishment to take effect if IDA is to continue its lending operations. Without the replenishment, IDA's resources available for new credit commitments will soon be exhausted.

The replenishment agreement, however, cannot take effect until twelve countries with aggregate contributions of at least $950 million have formally committed their pledges, and this requirement cannot be met until the U.S. agrees to participate. A sufficient number of other countries have completed legislative action to enable the agreement to take effect as soon as the U.S. takes this step.

Under the terms of the agreement our contribution for the first year will have to be paid - in the form of a letter of credit - within thirty days after the agreement takes effect. It is therefore necessary for us to be in a position to make a prompt first payment on our pledge. Consequently, the need for action on this appropriation request is particularly urgent.

The U.S. contribution to the replenishment represents 40 percent of the $1.2 billion total, reflecting a continued decrease in our share in comparison to the initial subscriptions to IDA of the economically advanced countries in 1960, and their contributions to the first replenishment in 1964.

In addition, an integral feature of the agreement is an assurance that if the U.S. so requires, there will be no adverse effect of the U.S. contribution on our balance of payments through at least the end of fiscal year 1971.

Under the agreement, if our current payments imbalance persists, we will provide in cash until fiscal 1972 only that part of our contribution which is expended for IDA-financed purchasing in the United States. Furthermore, this arrangement would continue after that until other contributors' shares in this replenishment are exhausted. In other words, the agreement provides that cash payments by the United States -- to the extent required for purchasing in other countries -- will be postponed. Instead, other countries will accelerate their contributions during this period. This arrangement would not affect IDA and the World Bank's traditional system of international competitive bidding.

Expenditures resulting from the replenishment will be substantially less than the appropriated amount of $160 million per year over the three year contribution period, since the annual U.S. contribution will be made in the form of a letter of credit which will be drawn upon only as IDA needs cash to meet its disbursements. Cash calls on the U.S. contribution will not exceed our pro rata share of total calls, and while the U.S. balance of payments situation requires continuation of the agreed safeguards, will not exceed amounts needed to pay for U.S. procurement.

Calls for cash during the period FY 69-FY 71 will therefore be only a fraction of the amounts appropriated in these years. The budgetary aspects of our contribution are fully consistent with our current efforts to exercise maximum restraint with regard to total federal expenditures.

IDA stemmed from an American idea and has received bipartisan support of four Presidents, members of Congress and many other leaders in American national life. IDA was created primarily at Congressional initiative. Senate Resolution 264 of 1958 originally suggested establishment of the Association as an affiliate of the World Bank.

President Eisenhower strongly recommended the formation of IDA -- pointing out that, "The well-being of the free world is vitally affected by the progress of the nations in the less developed areas." Presidents Kennedy and Johnson encouraged and approved the subsequent expansion of IDA's operations. This replenishment now has the full support of President Nixon.

The establishment of IDA in 1960, and the agreement to provide it with additional and larger resources in 1964, were, in effect, commitments by other nations to a more equitable sharing of the burden. The proposed second replenishment represents additional progress in that direction.

In the eight years since IDA began operations, several of the developing countries have made truly impressive progress. Yet many other countries are advancing only slowly. The lives of their people are blighted by hunger, sickness and ignorance. These nations -- the poorest of the developing world -- urgently require the assistance that IDA provides. If they are to progress, they must have access to credit on terms they can meet -- specifically, to credits that can be repaid on easier terms over a longer period of time. Development financing on harder terms would be self-defeating, because mounting debt-servicing costs would drain away the funds provided, and required, for economic growth.

As a multilateral agency, IDA offers important advantages:

-- the objectivity of an international institution

-- the broad and collective experience of its members nations

-- the opportunity to exercise leadership in the development effort.

IDA is also strengthened by its direct affiliation with the World Bank. Because it is directed by the same President, guided by the same Board of Directors and Governors, and utilizes the same expert management and staff, we can be certain that its funds will be expended prudently. Applications for IDA credits must meet the same strict standards set for requests for World Bank loans, and are given the same careful appraisal. Moreover, IDA credits, like the Bank's loans, must be amortized in hard currency. The only essential difference is that IDA provides funds in cases where the borrowers need more favorable foreign currency repayment terms than the Bank can provide.

IDA made its first development credit in May 1961. Through December 31, 1968 it had extended credits amounting to $1.8 billion in 43 countries and territories. Large amounts have gone to India and Pakistan within the framework of the World Bank consortia organized for those countries. Under the second replenishment it is intended to achieve wider geographic diversification.

Up to now most of IDA's funds have gone into transportation and other basic economic infrastructure. Recently, however, increasing emphasis has been given to agricultural and educational projects in the realization that improved agricultural productivity and trained manpower are also essential prerequisites of economic development.

It is essential in my judgment that the vital work of IDA be continued. The appropriation we seek today will serve that purpose.

FOR IMMEDIATE RELEASE

May 15, 1969

STATEMENT BY
SECRETARY OF THE TREASURY DAVID M. KENNEDY
ON FIRST QUARTER 1969
BALANCE OF PAYMENTS RESULTS

The first quarter balance of payments results, announced today by the Department of Commerce, show sharply divergent movements in the two principal indicators of our overall balance. While the "liquidity" measure was in deficit by $1.8 billion, the "official settlements" basis shows a surplus of $1.1 billion. Taken by itself, each of these measures would be misleading in terms of our present position and problems. Each must be considered in light of special factors affecting it during this period.

1. The persistent strength of the dollar in the exchange markets during the first quarter was reflected in the surplus on the official settlements basis. That surplus -- which measures

the improvement in our official net reserve position -- was accompanied by a decline of the liquid dollar holdings of several leading European central banks toward minimal working levels during the quarter.

Essentially, the surplus on official settlements was dependent on the borrowing of short-term funds abroad by American banks faced with heavy demands for credit in the United States and limited domestic sources. Over time, a limited increase in foreign private holdings of dollars can be anticipated, reflecting the use of the dollar as an international currency, and short-term inflows of dollars have contributed importantly to achieving a surplus on the official settlements basis in two of the past three years.

However, inflows -- mainly from the Euro-dollar market -- of the $3 billion magnitude experienced during the first quarter are unprecedented. We could not expect them to be maintained after our money markets ease appreciably, but as we gain full control over domestic prices and interest rates decline, our reliance on this source of funds to balance our accounts should also be reduced.

2. The large swing in the liquidity deficit has been heavily influenced by temporary factors. Most importantly, present indications are that the large amount of money repatriated late last year by U.S. corporations,mainly to assure compliance with the ceilings on direct investments, was matched by equally large outflows in the first quarter.

Furthermore, inflows of official medium-term capital, which served to reduce previous deficits and which were particularly large in the fourth quarter of 1968, declined significantly in the first quarter of this year.

Given the special circumstances of the last two quarters, the basic trend in our payments can best be analyzed by averaging the two periods, as follows:

BALANCE OF PAYMENTS RESULTS BY SIX-MONTH PERIODS
(In millions of dollars, seasonally adjusted)

	Liquidity Balance		Official Settlements Balance
	Including Special Transactions	Excluding Special Transactions	
Six months ending:			
March, 1969	- 926	- 1,911	+ 1,431
Sept., 1968	- 94	- 1,375	+ 1,757
March, 1968	- 2,344	- 2,221	- 1,505
Sept., 1967	- 1,324	- 2,233	- 559

Note: "Special transactions" include, basically, various governmental transactions of a non-recurring nature, although some are related to military neutralization agreements or other continuing policies.

As the table shows, the combined results of the last two quarters are well within the recent range. At the same time, the data illustrate that the structure of our balance of payments remains unsatisfactory. The salient factors shaping our recent performance are:

-- More than three years of inflation and excess demand have eliminated our formerly strong trade surplus.

-- The extra "first year" impact of the mandatory direct investment program, when many companies fell far short of their targets and thus "carried over" a large portion of their permissible investments, is now behind us.

-- Large private capital inflows have helped offset the balance of payments costs of our military and foreign assistance responsibilities, as well as our outward investment flows.

-- While long-term foreign investment in the U.S. has been accelerating -- as evidenced by continuing heavy purchases of U.S. stocks by foreign investors in the first quarter -- we must recognize that these flows are potentially more volatile than current payments.

The policy implications of these comments are plain. As President Nixon pointed out in his statement of April 4, "...the problem of regaining equilibrium in the U.S. balance of payments cannot be solved with expedients that postpone the problem to another year." Only by persisting firmly in our efforts to restore stable and non-inflationary growth can we build the base for a sustained trade surplus, while at the same time maintaining a favorable climate for foreign investment

The basic fiscal and monetary policies designed to achieve this aim are now in place. However, after years of deficit, a quick and dramatic change in the structure of our payments is not to be expected.

Fortunately, monetary restraints, related short-term capital inflows, and the favorable investment climate in the United States help to protect our position. They provide the time needed for the fundamental cures to work. What we must do is to use that time effectively to deal with the root causes of our problems, and thus restore the basis for a sizeable trade surplus and sustainable equilibrium.

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TREASURY DEPARTMENT 55

WASHINGTON, D.C.

FOR RELEASE 6:30 P.M.,
Monday, May 19, 1969.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated February 20, 1969, and the other series to be dated May 22, 1969, which were offered on May 14, 1969, were opened at the Federal Reserve Banks today. Tenders were invited for $1,700,000,000, or thereabouts, of 91-day bills and for $1,300,000,000, 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 August 21, 1969		:	182-day Treasury bills maturing November 20, 1969	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	98.458	6.100%	:	96.864	6.203%
Low	98.436	6.187%	:	96.836	6.258%
Average	98.446	6.148% 1/	:	96.850	6.231% 1/

34% of the amount of 91-day bills bid for at the low price was accepted
9% of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 27,239,000	$ 17,239,000	:	$ 10,389,000	$ 10,389,000
New York	2,042,312,000	1,284,412,000	:	1,979,956,000	1,088,756,000
Philadelphia	33,729,000	18,729,000	:	17,352,000	7,352,000
Cleveland	32,320,000	30,462,000	:	23,786,000	23,686,000
Richmond	18,214,000	17,884,000	:	10,838,000	8,883,000
Atlanta	41,715,000	34,895,000	:	35,825,000	30,257,000
Chicago	140,662,000	114,362,000	:	108,909,000	28,259,000
St. Louis	44,001,000	41,001,000	:	20,804,000	18,149,000
Minneapolis	22,722,000	20,722,000	:	16,652,000	9,697,000
Kansas City	26,373,000	26,372,000	:	19,244,000	19,244,000
Dallas	24,452,000	15,452,000	:	21,050,000	12,050,000
San Francisco	134,170,000	78,710,000	:	149,616,000	43,500,000
TOTALS	$2,587,909,000	$1,700,240,000 a/		$2,414,421,000	$1,300,222,000 b/

a/Includes $309,607,000 noncompetitive tenders accepted at the average price of 98.446
b/Includes $146,229,000 noncompetitive tenders accepted at the average price of 96.850
1/These rates are on a bank discount basis. The equivalent coupon issue yields are 6.33% for the 91-day bills, and 6.52% for the 182-day bills.

STATEMENT OF THE HONORABLE DAVID M. KENNEDY
SECRETARY OF THE TREASURY
BEFORE THE
HOUSE COMMITTEE ON WAYS AND MEANS
TUESDAY, MAY 20, 1969, 10 A.M.

Mr. Chairman, I appear today with Dr. Paul W. McCracken, Chairman of the President's Council of Economic Advisers, and Mr. Robert P. Mayo, Director of the Bureau of the Budget, in support of three of the President's tax recommendations.

-- First, to extend the income tax surcharge at the full 10-percent rate throughout 1969 and at 5 percent until mid-1970;

-- Second, to postpone the scheduled reductions in excise taxes on automobiles and telephone services; and

-- Third, to repeal the 7-percent investment credit.

The case for these proposals is compelling. More than three years of inflation have distorted our economy, robbed the thrifty of part of their savings, and eliminated our favorable trade balance. A continuation of the inflationary boom ultimately is likely to lead to a sharp contraction in economic activity, accompanied by a painful level of unemployment. Inflation must be stopped -- and it can only be stopped by continued fiscal and monetary restraint.

Federal spending for the coming fiscal year has been cut back sharply from the levels proposed in January by the preceeding Administration. Further cuts would imperil programs vital to meeting our national needs. In these circumstances, the needed budgetary surplus requires that we not permit the surcharge to expire.

An extension of the surcharge would, according to current estimates, result in Federal budget receipts of $199.2 billion in fiscal 1970. With spending reduced to $192.9 billion, the result would be a surplus of $6.3 billion. Given the size of the inflation problem, that surplus would be none too large. But failure to extend the surcharge and excises would convert the surplus to a deficit.

Mr. Chairman, I would now like to turn to Mr. Mayo, who will discuss the budget situation, and then to Dr. McCracken, who will present the economic case for the President's tax proposals. Following these statements I would like to discuss the proposed repeal of the 7-percent investment credit and to make some concluding remarks.

....

Mr. Chairman, the President is committed to removal of the surtax just as soon as economic and military conditions permit. However, it is possible at this time to recommend a halving of the surtax as of January 1, 1970.

Such a reduction in the surtax, bringing some measure of relief to all income taxpayers, would be possible only because of the proposed elimination of the 7-percent investment tax credit. The revenue lost from reduction of the surcharge would almost exactly offset the revenue gained from repeal of the credit.

Although elimination of the credit would help curtail the demand for business equipment -- and thus relieve inflationary pressures -- that is not the only reason for suggesting its removal. This subsidy to business investment ranks below other pressing national needs.

The revenues released by repeal of the credit can be used -- beginning in fiscal year 1971 -- to help fund the Administration's forthcoming programs, including revenue-sharing with State and local governments, and tax credits to encourage investment in poverty areas and hiring and training of the hardcore unemployed.

Stated simply, the case for removal of the investment credit rests primarily upon the fact that the social needs and economic conditions of the 1970's will be greatly different from those of a decade ago. Stimulation of a sluggish rate of business investment was a high priority goal in the early 1960's. Since that time, business has put close to $400 billion into new plant and equipment. Even without the credit, a high rate of investment is expected to continue because the fundamental incentive to invest -- good prospective markets for industry's products -- is likely to remain strong. Instead of inducing still more business investment, additional resources will be available to meet pressing needs for housing, to aid State and local governments, and to improve the lot of the poor.

Mr. Chairman, let me conclude by discussing briefly three of the arguments that have been advanced against extension of the surcharge.

First, there are a few who argue that the degree of fiscal and monetary restraint is now too great, and that extension of the surcharge risks economic overkill. The data now available refute this view. The slight abatement in the pace of advance, although gratifying, is surely not sufficient to justify relaxation of our efforts at this time. What we are seeking in this legislation is not to turn the anti-inflation screw another notch, but to retain approximately the budget position we have now achieved. Indeed, as Dr. McCracken pointed out, failure to extend the surcharge would significantly boost the inflationary expectations that now pervade the economy.

Second, there are those who argue that enactment of the surcharge failed to cool the economy last year and will fail again this year. Dr. McCracken has also met this argument. Our tax program must be viewed as part of a co-ordinated approach, and with this legislation fiscal and monetary policies will remain properly synchronized. Failure to extend the surcharge would shift too much of the burden to monetary policy, with the unhappy prospect of even higher interest rates and tighter credit conditions than now prevail.

Finally, there are those who argue that extension of the surcharge should be postponed until a conprehensive tax reform bill has been reported out of this Committee.

The Administration is fully committed to achieving significant tax reform at the earliest possible date. We made a substantial down payment on this commitment by presenting to the Committee, after only three months in office, a comprehensive set of tax reform proposals of major substantive significance. They are not simply proposals of the Treasury or of its staff. They were studied carefully in the White House. They enjoy the full support of the President.

We recognize that additional tax reform proposals are needed. Further recommendations are now being prepared by the Treasury. The initial package, however, should be a convincing demonstration of the depth and strength of this Administration's commitment to far-reaching and meaningful reform.

Whatever package of tax reforms Congress enacts this year can be balanced so as to be consistent with the budget position established by the measures under consideration today. The Administration reform proposal is balanced in that way.

Linking tax reform with the problem of restoring economic stability through fiscal responsibility and restraint can only jeopardize both goals.

I therefore urge the Committee to formally act upon the President's proposals promptly to extend the surcharge and excises and to repeal the investment credit. Any protracted period of uncertainty about the fiscal plan of the government will strengthen the inflationary expectations with which we now contend and complicate seriously the problem of monetary management, and undermine confidence at home and abroad in our will and ability to maintain a stable dollar.

In acting promptly on the President's recommendation, we shall demonstrate that we can face up to our fiscal responsibilities and mount an effective program to halt inflation.

At this point, I am submitting a supplementary statement, which includes a general explanation of the provisions relating to the surcharge, investment credit repeal, and the excise taxes, a technical explanation of those proposed tax changes, and a proposed Bill.

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SUPPLEMENTARY STATEMENT OF
THE HONORABLE DAVID M. KENNEDY
SECRETARY OF THE TREASURY
PRESENTED TO THE
HOUSE COMMITTEE ON WAYS AND MEANS
TUESDAY, MAY 20, 1969, 10 A.M.

The attached material, submitted at hearings before the House Ways and Means Committee by Secretary of the Treasury David M. Kennedy, includes the following items:

-- A general explanation of the provisions relating to the surcharge extension, the repeal of the investment tax credit, and the postponement of reductions in excise tax rates on automobiles and telephone service.

Tables are included showing:

(1) the revenue consequences of the surcharge extension and investment credit repeal;

(2) the changes in tax liability for individuals and families resulting from the proposed surcharge extension for 1969 and 1970.

-- A technical explanation of the provisions relating to the surcharge extension and the investment credit repeal;

-- A copy of a draft bill to extend the surcharge and the excise taxes on automobiles and telephone service, and to repeal the investment tax credit.

Attachments

GENERAL EXPLANATION

1. In General.

The President's proposal would amend provisions relating to the surcharge, the investment credit, and the excise taxes on automobiles and telephone service.

The surcharge would be extended at the rate of 10 percent for 1969. Under present law the surcharge rate for 1969 is 5 percent, representing a surcharge of 10 percent for half the year from January 1, 1969, to June 30, 1969. Under the proposed extension most taxpayers will pay this surcharge through withholding rates about 10 percent above the regular rates until December 31, 1969.

The surcharge would be enacted at a rate of 2-1/2 percent for 1970, to be paid by most taxpayers through withholding at rates 5 percent above the regular rates until June 30, 1970. This will represent a reduction in the withholding rate from 10 percent to 5 percent in January.

Under the proposal the surcharge would expire after June 30, 1970, and withholding rates would be restored to their basic levels at that time.

In addition, the investment credit would be repealed with respect to property constructed or acquired after April 20, 1969, except for property on which construction had begun or which had been contracted for by that date.

The present schedule of reductions in the excise tax rates on automobiles and on telephone service beginning January 1, 1970, would be extended for an additional year. On this basis the automobile tax would drop from 7 percent to 5 percent on January 1, 1971, and the telephone tax would drop from 10 percent to 5 percent on January 1, 1971. The other reductions now scheduled will each take place one year later.

This program will produce approximately the same revenue through fiscal year 1970 as would have been provided by the extension of the surcharge at 10 percent through June 1970 as proposed by the previous Administration. Since repeal of the investment credit would be permanent, the revenue after June 1970 will be substantially higher under this program than it would be under present law. The revenue details are set out in Table 1.

II. The Proposal in Detail.

A. The Surcharge. The President's proposal contemplates continuation of present withholding rates, as recommended by the previous Administration, until December 31, 1969. The extra withholding would then be reduced in half from January 1, 1970, through June 30, 1970, when the surcharge would expire. In all other respects the surcharge would be continued as it has been in operation for the past year.

B. Excise Tax on Automobiles and Telephone Service. The continuation of the excise rates on automobiles and telephones at present levels also is required by the budget situation. At the current time the demand for automobiles as well as telephone service is strong, and continuation of the present excise will not be burdensome on either industry. Under the proposal, the reductions in these excise tax rates will be deferred for one year.

In the case of both the surcharge and the excise extension, prompt passage is important. If the rates are permitted to lapse temporarily due to failure of the bill to be enacted before July 1, there will be difficult conditions facing employers, particularly in having to change their withholding schedules on July 1, and again when the surcharge is enacted. Moreover, if there were a time gap between July 1 and the date of enactment, either withholding would have to be set at a higher rate for the balance of 1969 or additional tax would have to be paid by employees on filing their final 1969 returns in April 1970.

C. The Investment Credit. The terms of repeal of the investment credit should include a rule that assets acquired pursuant to a binding contract executed on or before April 20, 1969 -- that is, before the President's announcement -- would qualify for the credit. Contracts entered into after that date would not qualify for the credit. For these purposes a contract would be considered binding if, under the applicable local law, the taxpayer is legally bound to perform. In addition, specific property on which construction began prior to April 21 would qualify for the credit.

These rules will achieve the most equitable results in that those who commenced construction of property or legally bound themselves to acquire property in reliance on the credit will receive the benefit of the credit for such property. On the other hand, those who committed themselves after the President's Message on April 21, 1969, will not receive a benefit at the expense of other taxpayers. We emphasize that any change in the proposed cut-off date or transition rules could not only seriously affect the revenue impact of repeal, requiring reconsideration of the extent of the surcharge reduction, but could also discriminate unfairly between those who did and those who did not act with regard to the President's Message.

The situation with respect to the present proposal for repeal of the credit differs from that involved in the temporary suspension that was enacted in 1966. In the case of the temporary suspension a special equity problem existed because construction going on during the suspension would in the future compete with projects built after the suspension that would qualify for the credit. In a repeal of the credit, future investors will not have the credit. Thus fairness requires that the law allow no credit to particular future investments unless they were acquired pursuant to contracts that were binding on April 20, 1969.

Fair provisions should also be made with respect to existing unused investment credit carryovers. Under present law taxpayers are allowed to carry forward for seven years any amount of investment credit in excess of the statutory limitation of $25,000 plus 50 percent of their tax liability above $25,000 for the year. By the end of 1968 taxpayers held an estimated $2 billion of such unused credits and some equitable disposition of these credits is necessary when the investment credit is repealed. It is proposed that taxpayers be allowed to carry forward and take as credits against their income tax liabilities for years ending after April 20, 1969, as much of their unexpired unused credits from prior years as they would have been able to claim in the event the investment credit had not been repealed.

Under this provision, taxpayers would compute for each year ending after April 20, 1969, a simulated tentative investment tax credit based upon the cost of all property put in service during that year that would have qualified for the credit but for repeal. This simulated credit plus the credit available for property acquired pursuant to a binding contract entered into prior to April 21, 1969, or property the construction of which was commenced before that date (both of which may be referred to as pre-repeal property) would then be compared to the taxpayer's limitation on the credit ($25,000 plus 50 percent of the tax in excess of $25,000). If the total were less than the limitation, the full credit for pre-repeal property would be allowed, and any unused investment credit carryover would be allowed to the extent of the difference between the limitation, reduced by the credit allowed for pre-repeal property, and the simulated credit. If the total were more than the limitation, the credit for pre-repeal property would be allowed on a pro rata basis, and any remaining unused credit on the pre-repeal property would be added to the taxpayer's unused carryovers to be carried over to subsequent years.

Of course, if there were no credit for pre-repeal property, the carryover would be allowed to the full extent of the excess of the limitation over the simulated credit.

This system provides a fair allowance for both unused credit carryovers and credits for pre-repeal property. As stated, this system results in allowance of the credit for both pre-repeal property and for unused carryovers to the same extent as would have been allowed if the credit had not been repealed. It is considerably fairer than the 1966 suspension period rules which first reduced the limitation by the full amount of the simulated credit, resulting in many cases of complete denial of the credit for property acquired pursuant to binding contracts entered into prior to the suspension. Our proposed simulated credit approach eliminates this inequity.

This method has the added advantage of providing an incentive to taxpayers to defer expenditures on qualified property and thus generally to strengthen the Administration's anti-inflation program. By deferring such expenditures, there will be a smaller simulated credit, and unused carryovers can be utilized to a greater extent.

In addition, the proposal contains a rule to protect property which is purchased after repeal as a replacement for property on which the credit has previously been claimed but which is destroyed by casualty or is stolen. To the extent the property is replaced, there would be no reduction of benefit from the credit through either recapture or the simulated credit.

A final topic related to the investment credit repeal is the issue of exceptions. The situation regarding repeal is different from that involved in 1966 under temporary suspension. Under a temporary suspension there was reason to allow small business to have the credit on assets acquired during the suspension period because they would be competing in the future with large companies that would get the credit on investment after the suspension. To provide permanently that small business should get the credit would introduce a discrimination that may be unwise. A decision to favor small business by some minimum credit would, for example, need to be compared with other techniques for dealing with small business, such as the additional first-year depreciation allowance in Section 179 of the Code; and it would have to be allowed under limitations so that it could not be enjoyed on a multiple basis by chains of corporations.

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Further, continuation of an investment credit with a dollar limitation would not be an efficient way to help small business. The large bulk of small business is in the retail and wholesale trade lines where much of their investment must be in inventories and receivables. Where a small business does involve a heavy investment in assets that would be covered by the investment credit, this typically occurs early in the business life when the credit is apt to be very large relative to the tax and is thus apt to be largely wasted. An investment credit limited in dollar amount is likely to be a far less viable assistance to new business than government efforts to make loans available to new and small firms.

Other recommendations have been made to preserve the investment credit for particular kinds of assets, such as airplanes or railroad freight cars. This would be a very unwise decision to make in the context of the present repeal legislation. This would be a complete chang in the character of the investment credit from an across-the-board encouragement to equipment investment in general to a specialized subsidy to certain investments in certain industries. The Congress should not decide to preserve a discriminatory credit for, say, airplanes without studying this as a specific problem in transportation policy. Whether an airplane investment should get a special assistance not available to other assets would need to be studied in terms of more detailed investigation of the national interest involved and the total relationship of the Federal Government to the industry.

We have argued for several years that there should be additional charges on airway users for the free services government already provides.

Further, it does not appear desirable for the Congress to provide a credit permanently for special categories of investment, such as investment in anti-pollution equipment, by simply excluding them from the proposed repeal. Legislation regarding such equipment should be separately considered on its own merits, and if tax credits are to be used in some degree to achieve these objectives, they should be specially designed to achieve their intended purpose without undue revenue loss. In many situations the appropriate business response may not be in new investment. It may, for example, be in the form of incurring extra costs for a desulfurized fuel. It may not be advisable to introduce a Federal subsidy for anti-pollution investments but not for other anti-pollution costs. These are matters to which the present Administration is giving careful attention at the present time.

If the Congress sees fit to modify this proposal as to repeal of the investment credit by creating exceptions or liberalizing the terms of the repeal, so as to significantly reduce the revenue expected in the fiscal year 1970, a smaller reduction of the surcharge in 1970 would be necessary.

Attachments

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Increase in Revenue from Extension of Surcharge at 10 Percent to December 31, 1969
and at 5 Percent to June 30, 1970 Combined with Repeal of Investment Credit
Compared with Increase from Extension of Surcharge at 10 Percent to June 30, 1970

($ billions)

	Fiscal Year 1970			Fiscal Year 1971		
	Individual	Corporation	Total	Individual	Corporation	Total
A. Extend surcharge at 10 percent to December 31, 1969 and at 5 percent to June 30, 1970; repeal investment credit effective April 20, 1969						
Increase from extension of surcharge	5.6	2.0	7.6	0.4	0.8	1.2
Increase from repeal of investment credit..	0.4	1.1	1.5	0.6	2.3	2.9
Total increase	6.0	3.1	9.1	1.0	3.1	4.1
B. Extend surcharge at 10 percent to June 30, 1970						
Increase from extension of surcharge	7.2	2.3	9.5	0.9	1.5	2.4
Increase (+), decrease (-), A over B ...	-1.2	+0.8	-0.4	+0.1	+1.6	+1.7

Office of the Secretary of the Treasury
Office of Tax Analysis

May 20, 1969

Table 2

Comparison of Tax Liabilities Under Proposed Surcharge Change 1/

Single Individual

Wage income	1968 tax 2/	1969 tax 3/	Change from 1968	1970 tax 4/	Change from 1969
$ 1,000	$ 16	$ 16	$ 0	$ 16	$ 0
1,900	147	147	0	147	0
2,000	166	167	1	164	-3
3,000	358	366	8	341	-25
5,000	721	738	17	688	-50
7,500	1,256	1,285	29	1,197	-88
10,000	1,873	1,916	43	1,786	-130
12,500	2,578	2,638	60	2,458	-180
15,000	3,391	3,469	78	3,233	-236
20,000	5,287	5,410	123	5,041	-369
25,000	7,506	7,680	174	7,157	-523
35,000	12,499	12,790	291	11,918	-872

Office of the Secretary of the Treasury
Office of Tax Analysis

May 20, 1969

Note: There is no surcharge for a single person whose regular tax is less than $145.

1/ Tax liabilities assume minimum standard deduction or deductions equal to 10 percent of income whichever is greater. Tax liabilities from optional tax table where income is under $5,000.

2/ Includes 10 percent tax surcharge effective from April 1, 1968 to December 31, 1968 (i.e., 7-1/2 percent for calendar year). Surcharge liability from tables contained in the Revenue and Expenditure Control Act of 1968.

3/ Includes 10 percent tax surcharge proposed for full year. Surcharge liability computed as 10 percent of adjusted tax, but not to exceed 20 percent of adjusted tax in excess of $145 for single returns and $290 for joint returns.

4/ Includes 5 percent surcharge proposed for one-half year, effective from January 1, 1970 to June 30, 1970 (i.e., 2-1/2 percent for calendar year). Surcharge liability from proposed surcharge tables for 1970.

Table 3

Comparison of Tax Liabilities Under
Proposed Surcharge Change 1/

Married Couple, No Dependents

Wage income	1968 tax 2/	1969 tax 3/	Change from 1968	1970 tax 4/	Change from 1969
$ 2,000	$ 58	$ 58	$ 0	$ 58	$ 0
3,000	204	204	0	204	0
3,600	295	295	0	294	-1
5,000	533	543	10	512	-31
7,500	983	1,005	22	937	-68
10,000	1,443	1,476	33	1,376	-100
12,500	1,968	2,014	46	1,877	-137
15,000	2,510	2,569	58	2,393	-175
20,000	3,745	3,832	87	3,571	-261
25,000	5,156	5,276	120	4,916	-360
35,000	8,597	8,797	200	8,197	-600

Office of the Secretary of the Treasury
Office of Tax Analysis

May 20, 1969

Note: There is no surcharge for a married couple whose regular tax is less than $290.

1/ Tax liabilities assume minimum standard deduction or deductions equal to 10 percent of income whichever is greater. Tax liabilities from optional tax table where income is under $5,000.

2/ Includes 10 percent tax surcharge effective from April 1, 1968 to December 31, 1968 (i.e., 7-1/2 percent for calendar year). Surcharge liability from tables contained in the Revenue and Expenditure Control Act of 1968.

3/ Includes 10 percent tax surcharge proposed for full year. Surcharge liability computed as 10 percent of adjusted tax, but not to exceed 20 percent of adjusted tax in excess of $145 for single returns and $290 for joint returns.

4/ Includes 5 percent surcharge proposed for one-half year, effective from January 1, 1970 to June 30, 1970 (i.e., 2-1/2 percent for calendar year). Surcharge liability from proposed surcharge tables for 1970.

Table 4

Comparison of Tax Liabilities Under Proposed Surcharge Change 1/

Married Couple, Two Dependents

Wage income	1968 tax 2/	1969 tax 3/	Change from 1968	1970 tax 4/	Change from 1969
$ 3,000	$ 4	$ 4	$ 0	$ 4	0
5,000	290	290	0	290	0
7,500	737	755	18	703	-52
10,000	1,198	1,225	27	1,142	-83
12,500	1,685	1,724	39	1,606	-118
15,000	2,217	2,268	51	2,114	-154
20,000	3,397	3,476	79	3,239	-237
25,000	4,743	4,853	110	4,522	-331
35,000	8,094	8,282	188	7,717	-565

Office of the Secretary of the Treasury
Office of Tax Analysis

May 20, 1969

Note: There is no surcharge for a married couple whose regular tax is less than $290.

1/ Tax liabilities assume minimum standard deduction or deductions equal to 10 percent of income whichever is greater. Tax liabilities from optional tax table where income is under $5,000.

2/ Includes 10 percent tax surcharge effective from April 1, 1968 to December 31, 1968 (i.e., 7-1/2 percent for calendar year). Surcharge liability from tables contained in the Revenue and Expenditure Control Act of 1968.

3/ Includes 10 percent tax surcharge proposed for full year. Surcharge liability computed as 10 percent of adjusted tax, but not to exceed 20 percent of adjusted tax in excess of $145 for single returns and $290 for joint returns.

4/ Includes 5 percent surcharge proposed for one-half year, effective from January 1, 1970 to June 30, 1970 (i.e., 2-1/2 percent for calendar year). Surcharge liability from proposed surcharge tables for 1970.

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Technical Explanation

Revenue Act of 1969

Section 1. Short Title, Etc.

Section 1(a) of the bill provides that the bill, when enacted may be cited as the "Revenue Act of 1969". Section 1(b) of the bill provides that, except as otherwise expressly provided, whenever an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference is to be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

Section 2. Extension of Tax Surcharge.

(a) Surcharge extension.--Section 2(a) of the bill provides for the extension of the tax surcharge until June 30, 1970. The tax surcharge is currently scheduled to expire to June 30, 1969. Under the bill, the surcharge rate on an annual basis for the period beginning July 1, 1969, and ending December 31, 1969, would be the present rate of 10 percent. The surcharge rate on an annual basis for the period beginning January 1, 1970, and ending June 30, 1970, would be 2 1/2 percent.

Subsection (a)(1) amends section 51(a)(1)(A) of the Code by deleting the existing tax tables applicable to individuals whose taxable year is the calendar year 1969 (which tables are based upon an annual rate of 5 percent) and inserting new tax tables for calendar year 1969 (based upon an annual rate of 10 percent) and for calendar year 1970 (based upon an annual rate of 2.5 percent).

Subsection (a)(2) amends section 51(a)(1)(B) of the Code by revising the annual surcharge rate schedule for calendar year taxpayers other than individuals (i.e., estates, trusts, and corporations). As revised, the schedule would provide an annual rate of 10 percent for 1969 and 2.5 percent for 1970.

Paragraphs (3) and (4) of section 2(a) amend section 51(a)(2)(A) of the Code to modify the method of computing the amount of tax surcharge for fiscal year taxpayers. Under existing law, a 10 percent surcharge is multiplied by a fraction, the numerator of which is the number of days in the taxable year which are within the surcharge period, and the denominator of which is the total number of days within the taxable year.

Paragraph (3) of section 2(a) of the bill would amend section 51(a)(2)(A) of the Code to extend its application to taxable years beginning before July 1, 1970, in accordance with the extension of the tax surcharge. Paragraph (4) would amend section 51(a)(2)(A)(ii) to provide that, in computing the numerator of the fraction described in the preceding paragraph, only one-half of the number of the days in the taxable year occurring in the first six months of calendar year 1970 are to be taken into account. This adjustment corresponds to the reduction of the annual surcharge rate from 10 percent to 2.5 percent. This computation may be illustrated by the following example:

Example. An individual's adjusted tax is $10,000 for his taxable year beginning September 1, 1969, and ending August 31, 1970. The amount of surcharge is $582.19, computed as follows:

Step 1.	10 percent of adjusted tax	$ 1,000
Step 2.	Computation of fraction	
	Number of days in taxable year before January 1, 1970	122
	One-half times number of days in taxable year after December 31, 1969 and before July 1, 1970 (1/2 x 181)	90.5
	Total (numerator of fraction)	212.5
	Denominator of fraction	365
	Fraction	0.58219
Step 3.	Amount of surcharge (10 percent of adjusted tax times fraction)	$ 582.19

(b) Estimated tax.--Section 2(b) of the bill provides special rules for the payment of additional amounts of estimated income tax occasioned by the extension of the tax surcharge. In general, any amount by which the taxpayer's estimated income tax (taking into account the extension of the tax surcharge) exceeds the estimated tax originally determined is to be paid ratably on each of the installment dates remaining in the taxable year beginning with the first installment date on or after the 30th day after enactment of the bill. The full amount of the increase of estimated tax must be reflected ratably in the taxpayer's remaining installment payments. Thus, for example, assume that a calendar-year corporation initially determined an estimated tax of $10,500 and made payments of $2,625 on April 15 and June 15. If the taxpayer determines that, because of the extension of the tax surcharge, the estimated tax is $11,000, the $500 difference should be paid in two installments of $250 each on September 15 and December 15, along with the payments of $2,625 due on those dates.

(c) Conforming amendments.--Section 2(c) of the bill amends section 963(b) of the Code to provide that, for the purposes of that section, the term"surcharge period" means the period beginning January 1, 1968, and ending June 30, 1970.

Section 2(d) of the bill makes conforming amendments to the withholding provisions of the Code. Paragraph (1) amends section 3402(a) of the Code to extend until December 31, 1969, the applicability of the tables based on an annual surcharge rate of 10 percent for the percentage method of withholding on wages and to add tables based on an annual surcharge rate of 5 percent, which would apply for the first six months of 1970. Paragraph (2) amends section 3402(c)(6) of the Code to extend for an additional year the authority granted therein to the Secretary or his delegate to prescribe wage-bracket withholding tables to be used while the tax surcharge is in effect. The tables applicable during calendar year 1969 would be based on an annual surcharge rate of 10 percent and tables applicable during the first six months of calendar year 1970 would be based on an annual surcharge rate of 5 percent.

(d) Effective date.--Section 2(e) of the bill provides that the amendments made by section 2 shall be effective July 1, 1969.

Section 3. Continuation of Excise Taxes on Communications Services and on Automobiles.

(a) In general.--Section 3 of the bill delays the scheduled reduction of the excise tax on communication services and automobiles for one year. It makes no amendments to these provisions other than those necessary to delay such scheduled reduction.

(b) Passenger automobiles.--The excise tax on passenger automobiles (imposed on the manufacturer's price) is 7 percent prior to January 1, 1970. Under existing law on that date the rate is to begin a gradual reduction, to 5 percent during 1970, to 3 percent during 1971, to 1 percent during 1972 respectively, and a repeal of the remaining 1 percent tax for 1973. Section 3(a) of the bill amends section 4061(a)(2)(A) (relating to tax on passenger automobiles) and makes other necessary conforming amendments to delay such scheduled reduction of excise tax on passenger automobiles for one year. Under this amendment the new schedule is as follows:

If the article is sold--	The tax rate is--
Before Jan. 1, 1971	7 percent
During 1971	5 percent
During 1972	3 percent
During 1973	1 percent

(c) Communication services.--The excise tax on amounts paid for local and toll telephone and teletypewriter exchange service is 10 percent prior to January 1, 1970. On that date the rate, under existing law, is to begin a gradual reduction to 5 percent during 1970, to 3 percent during 1971, to 1 percent during 1972, and repeal of the remaining 1 percent for 1973. Section 3(b) of the bill amends section 4251(a)(2) (relating to tax on certain communications) and makes other necessary conforming amendments to delay the scheduled reduction for one year. Under this amendment the new schedule is as follows:

Amounts paid pursuant to bills first rendered--	Percent
Before Jan. 1, 1971	10
During 1971	5
During 1972	3
During 1973	1

Section 4. Repeal of Investment Credit.

(a) In general.--Section 38 of the Internal Revenue Code of 1954 provides a 7 percent tax credit with respect to "qualified investment" in section 38 property. However, in the case of section 38 property which is public utility property, the credit is limited to 3 percent of the qualified investment.

Section 38 property includes, in general, tangible personal property, certain other tangible property (not including a building and its structural components), and elevators and escalators. The term includes only property with respect to which depreciation (or amortization in lieu of depreciation) is allowable and which has a useful life of four years or more.

Qualified investment is investment in either new or, to a limited extent ($50,000 for each taxable year), used section 38 property. If such property has an estimated useful life of from four to six years, the qualified investment is one-third of the investment in such property. If the estimated useful life is six to eight years, the qualified investment is two-thirds of such investment; and if the estimated useful life is eight years or more, the entire investment in such property qualifies.

The amount of the investment credit allowed for a taxable year may not exceed the first $25,000 of liability for tax plus 50 percent of the excess thereof. Credits which are unused as a result of this limitation may be carried back to the three prior taxable years and then carried forward to the succeeding seven taxable years.

(b) Repeal of Investment Credit.

(1) In general.--Section 4 (a) of the bill would add a new subsection (k) to section 48 (relating to definitions; special rules). Paragraph (1) of the new subsection would provide that section 38 property does not include property the physical construction, reconstruction, or erection of which is begun after April 20, 1969, or which is acquired by the taxpayer after that date. The determination of when physical construction, reconstruction, or erection of property is begun would be made under the same rules employed when the investment credit was suspended by Public Law 89-800.

(2) Binding contracts.--Paragraph (2) of the new subsection provides that paragraph (1) does not apply to any property to the extent that it is constructed, reconstructed, erected, or acquired pursuant to a contract which was on April 20, 1969, and at all times thereafter, binding on the taxpayer. The investment credit suspension rules under section 48 (h) (3), relating to binding contracts, would

be applied to determine what constitutes a contract binding on the taxpayer.

(3) Taxable years ending after April 20, 1969.--Under section 46 (a) (2), relating to the limitation based on amount of tax, the amount of investment credit allowed by section 38 for any taxable year may not exceed the first $25,000 of liability for tax plus 50 percent of the excess thereof. Section 4 (b) (1) would amend section 46 (a) by adding a new paragraph (6) to provide that the amount otherwise determined under section 46 (a) (2) for any taxable year ending after April 20, 1969, must be reduced by an amount equal to the lesser of: (i) the credit which would have been allowable under section 46 (a) (1) for such taxable year with respect to any property but for the application of section 48 (k) (1), or (ii) an amount which bears the same ratio to the amount otherwise determined under section 46 (a) (2) as the amount described in (i) bears to the sum of such amount so described plus the credit which is allowable for such taxable year under section 46 (a) (1).

The manner of computing the limitation based on amount of the tax under the above rule is illustrated by the following examples:

Example (1). Corporation X, a calendar year taxpayer, has a liability for tax for 1970 of $25,000. During 1970, X places in service a lathe which is section 38 property because it was acquired pursuant to a binding contract which was on April 20, 1969, and at all times thereafter binding on the taxpayer and a machine press which is not section 38 property because of the application of section 48 (k) (1). X's credit earned with respect to the lathe is $10,000 and its credit earned with respect to the machine press would have been $40,000. Under the rule described above, X's credit allowed for 1970 is limited to $5,000 since the limitation otherwise determined under section 46 (a) (2), $25,000, is reduced by $20,000 to $5,000. The reduction is the lesser of: (i) $40,000 (the credit X would have earned with respect to the machine press), or (ii) $20,000 ($25,000 multiplied by $\frac{\$40,000}{\$40,000 \text{ plus } \$10,000}$). Under section 46 (b) (1), X's unused credit for 1970 is $5,000, that is $10,000 (X's credit earned for 1970) less $5,000 (the portion of the $10,000 credit allowed for 1970).

Example (2). Assume the same facts as in example (1), except that the credit earned with respect to the machine press would have been $2,500 but for the application of section 48 (k) (1). Under the new rule, X's entire $10,000 credit earned in 1970 would be allowed for 1970 since the limitation of $25,000 would only be reduced to $22,500. The amount of the reduction is the lesser of: (i) $2,500, or (ii) $5,000 ($25,000 multiplied by $\frac{\$2,500}{\$2,500 \text{ plus } \$10,000}$). Under section 46 (b), the amount of any of X's unused credits from other taxable years which are allowable in 1970 is $12,500, that is, $22,500 (X's recomputed limitation based on amount of tax for 1970) less $10,000 (X's credit earned in 1970).

Section 4 (b) (2) of the bill would amend section 48 (d) to provide that in the case of property which would be section 38 property but for the application of section 48 (k) (1) and which is leased and is property of a kind which the lessor ordinarily leases to one lessee for a substantial portion of the useful life of the property, the lessor of the property shall be deemed to have elected to treat the first such lessee as having acquired such property for purposes of applying section 46 (a) (6). The proposal also provides that in the case of section 38 property which (i) is leased after April 20, 1969 (other than pursuant to a binding contract to lease entered into before April 21, 1969), (ii) is not property to which section 48 (k) (1) applies with respect to the lessor but is property to which section 48 (k) (1) would apply if acquired by the lessee, and (iii) is property of the same kind which the lessor ordinarily sold to customers before April 21, 1969, or ordinarily leased before such date and made an election under section 48 (d), the lessor of such property shall be deemed to have made an election under section 48 (d) with respect to such property.

(4) Replacement of property destroyed by casualty.--The proposal would amend section 47 (a) (4), relating to investment credit recapture in the case of property destroyed by casualty, etc., to provide that, in general, if property ("replacement property") which would be section 38 property but for repeal of the investment credit is placed in service by the taxpayer to replace the property so destroyed ("casualty property"), then such casualty property shall be treated as ceasing to be section 38 property only to the extent that the basis (or cost) which had been taken into account in computing its qualified investment exceeds the cost of construction, reconstruction, erection, or acquisition of such replacement property. To the extent that the casualty property is not treated as having ceased to be section 38 property with respect to the taxpayer, such replacement property shall be treated for purposes of recapture under section 47 as if it were the casualty property and it had not been destroyed; thus, there will be no recapture on such casualty property to the extent replaced, but the replacement property will be subject to recapture if later disposed of. Furthermore, for purposes of applying section 46 (a) (6), the replacement property will be treated as not being section 38 property to the extent that the qualified investment in the casualty property has been replaced; thus, to such extent, the replacement property will generate no simulated credit.

The application of the new rules may be illustrated by the following example:

Example (i). Corporation X, a calendar year taxpayer, acquires and places in service on January 1, 1968, a machine with a basis of $300 and an estimated useful life of 8 years. For 1968 X is allowed a $21.00 investment credit under section 38 with respect to the machine. On January 1, 1970, the machine is destroyed by fire. On such date, X acquires a new machine for $200 and places it in service to replace the machine destroyed. Under the proposal, the destroyed machine, only to the extent of $100 ($300 less $200) of its original basis, would be treated as ceasing to be section 38 property and $7 of the investment credit allowed would be recaptured. The new machine would be treated, to the extent of the remaining $200 of original basis of the destroyed machine, as if it were the destroyed machine for the purpose of making any future recapture determination.

(ii) For purposes of applying section 46 (a) (6), the $200 new machine would not be treated as section 38 property. Thus, the purchase of the new machine will not generate any simulated credit for purposes of section 46 (a) (6).

(iii) If X had acquired the new machine in (i) for $400 instead of $200, no portion of the $21.00 investment credit allowed to X would have been recaptured, and for purposes of applying section 46 (a) (6), the new machine to the extent of $100 of its basis

($400 cost less $300 original basis of destroyed machine) would be treated as property which would be section 38 property but for the application of section 48 (k) (1). Thus, $100 will have to be taken into account in determining the simulated credit under section 46 (a) (6).

(c) Effective date.--The amendments made by the proposal will apply to taxable years ending after April 20, 1969.

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A BILL

To extend the tax surcharge and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE, ETC.

(a) Short Title.--This Act may be cited as the "Revenue Act of 1969".

(b) Amendment of Existing Law.--Except as otherwise expressly provided, whenever in this Act an amendment is expressed in terms of an amendment to a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

SEC. 2. EXTENSION OF TAX SURCHARGE.

(a) Surcharge Extension.--Section 51 (a) (relating to imposition of tax surcharge) is amended--

(1) by striking out so much of paragraph (1)(A) as follows the table heading "CALENDAR YEAR 1969" and inserting in lieu thereof the following:

TABLE 1.--Single person (other than head of household) and married persons filing separate return

If the adjusted tax is:		
At least	But less than	The tax is--
0	$ 148	0
$ 148	153	$ 1
153	158	2
158	163	3
163	168	4
168	173	5
173	178	6
178	183	7
183	188	8
188	193	9
193	198	10
198	203	11
203	208	12
208	213	13
213	218	14
218	223	15
223	228	16
228	233	17
233	238	18
238	243	19
243	248	20
248	253	21
253	258	22
258	263	23
263	268	24
268	273	25
273	278	26
278	283	27
283	288	28
288	295	29
295	305	30
305	315	31
315	325	32
325	335	33
335	345	34
345	355	35
355	365	36
365	375	37
$ 375	$ 385	$ 38
385	395	39
395	405	40
405	415	41
415	425	42
425	435	43
435	445	44
445	455	45
455	465	46
465	475	47
475	485	48
485	495	49
495	505	50
505	515	51
515	525	52
525	535	53
535	545	54
545	555	55
555	565	56
565	575	57
575	585	58
585	595	59
595	605	60
605	615	61
615	625	62
625	635	63
635	645	64
645	655	65
655	665	66
665	675	67
675	685	68
685	695	69
695	705	70
705	715	71
715	725	72
725	735	73
735 and over, 10% of the adjusted tax		

TABLE 2.--Head of household

If the adjusted tax is:		
At least	But less than	The tax is--
0	$ 223	0
$ 223	228	$ 1
228	233	2
233	238	3
238	243	4
243	248	5
248	253	6
253	258	7
258	263	8
263	268	9
268	273	10
273	278	11
278	283	12
283	288	13
288	293	14
293	298	15
298	303	16
303	308	17
308	313	18
313	318	19
318	323	20
323	328	21
328	333	22
333	338	23
338	343	24
343	348	25
348	353	26
353	358	27
358	363	28
363	368	29
368	373	30
373	378	31
378	383	32
383	388	33
388	393	34
393	398	35
398	403	36
403	408	37
$ 408	$ 413	$ 38
413	418	39
418	423	40
423	428	41
428	433	42
433	438	43
438	445	44
445	455	45
455	465	46
465	475	47
475	485	48
485	495	49
495	505	50
505	515	51
515	525	52
525	535	53
535	545	54
545	555	55
555	565	56
565	575	57
575	585	58
585	595	59
595	605	60
605	615	61
615	625	62
625	635	63
635	645	64
645	655	65
655	665	66
665	675	67
675	685	68
685	695	69
695	705	70
705	715	71
715	725	72
725	735	73
735 and over, 10% of the adjusted tax		

TABLE 3.--Married persons or surviving spouse filing joint return

If the adjusted tax is:			If the adjusted tax is:		
At least	But less than	The tax is--	At least	But less than	The tax is--
0	$ 293	0	$ 478	$ 483	$ 38
$ 293	298	$ 1	483	488	39
298	303	2	488	493	40
303	308	3	493	498	41
308	313	4	498	503	42
313	318	5	503	508	43
318	323	6	508	513	44
323	328	7	513	518	45
328	333	8	518	523	46
333	338	9	523	528	47
338	343	10	528	533	48
343	348	11	533	538	49
348	353	12	538	543	50
353	358	13	543	548	51
358	363	14	548	553	52
363	368	15	553	558	53
368	373	16	558	563	54
373	378	17	563	568	55
378	383	18	568	573	56
383	388	19	573	578	57
388	393	20	578	585	58
393	398	21	585	595	59
398	403	22	595	605	60
403	408	23	605	615	61
408	413	24	615	625	62
413	418	25	625	635	63
418	423	26	635	645	64
423	428	27	645	655	65
428	433	28	655	665	66
433	438	29	665	675	67
438	443	30	675	685	68
443	448	31	685	695	69
448	653	32	695	705	70
453	458	33	705	715	71
458	463	34	715	725	72
463	468	35	725	735	73
468	473	36	735 and over, 10% of the adjusted tax		
473	478	37			

CALENDAR YEAR 1970

TABLE 1.--Single person (other than head of household) and married persons filing separate return

If the adjusted tax is:			If the adjusted tax is:		
At least	But less than	The tax is--	At least	But less than	The tax is--
0	$ 155	0	$ 380	$ 420	$ 10
$ 155	175	$ 1	420	460	11
175	195	2	460	500	12
195	215	3	500	540	13
215	235	4	540	580	14
235	255	5	580	620	15
255	275	6	620	660	16
275	300	7	660	700	17
300	340	8	700	740	18
340	380	9	740	and over	2.5% of the adjusted tax

TABLE 2.--**Head of household**

If the adjusted tax is:			If the adjusted tax is:		
At least	But less that	The tax is--	At least	But less than	The tax is--
0	$ 230	0	$ 410	$ 430	$ 10
$ 230	250	$ 1	430	460	11
250	270	2	460	500	12
270	290	3	500	540	13
290	310	4	540	580	14
310	330	5	580	620	15
330	350	6	620	660	16
350	370	7	660	700	17
370	390	8	700	740	18
390	410	9	740 and over, 2.5% of the adjusted tax		

TABLE 3.--**Married persons** or **surviving** spouse filing joint return

If the adjusted tax is:			If the adjusted tax is:		
At least	But less than	The tax is--	At least	But less than	The tax is--
0	$ 300	0	$ 480	$ 500	$ 10
$ 300	320	$ 1	500	520	11
320	340	2	520	540	12
340	360	3	540	560	13
360	380	4	560	580	14
380	400	5	580	620	15
400	420	6	620	660	16
420	440	7	660	700	17
440	460	8	700	740	18
460	480	9	740 and over, 2.5% of the adjusted tax		

(2) by striking out the table in paragraph (1) (B) and inserting in lieu thereof the following table:

	Percent	
"Calendar Year	Estates and Trusts	Corporations
1968	7.5	10.0
1969	10.0	10.0
1970	2.5	2.5

(3) by striking out "July 1, 1969" the first time it appears in paragraph (2) (A) and inserting in lieu thereof "July 1, 1970", and

(4) by striking out paragraph (2) (A) (ii) and inserting in lieu thereof the following:

"(ii) a fraction, the numerator of which is the sum of the number of days in the taxable year occuring on and after the effective date of the surcharge and before January 1, 1970, plus one-half times the number of days in the taxable year occurring after December 31, 1969, and before July 1, 1970, and the denominator of which is the number of days in the entire taxable year."

(b) Estimated Tax.--If any taxpayer is required to make a declaration or amended declaration of estimated tax, or to pay any amount or additional amount of estimated tax by reason of the amendments made by this section, such amount or additional amount shall be paid ratably on each of the remaining installment dates for the taxable year beginning with the first installment date on or after the 30th day after the date of enactment of this Act. For purposes of this subsection, the term "installment date" means any date on which, under section 6153 or 6154 (whichever is applicable), an installment payment of estimated tax is required to be made by the taxpayer.

(c) Technical Amendment.--Section 963 (b) (relating to receipt of minimum distributions by domestic corporations) is amended by striking out "June 30, 1969", and inserting in lieu thereof "June 30, 1970".

(d) Withholding on Wages.--

(1) Percentage method of withholding.--Section 3402 (a) (relating to requirements of withholding) is amended--

(A) by striking out "June 30, 1969" in paragraph (1) and inserting in lieu thereof "June 30, 1970";

(B) by striking out "July 1, 1969" in paragraph (2) and inserting in lieu thereof "January 1, 1970"; and

(C) by adding at the end thereof the following:

"(3) In the case of wages paid after December 31, 1969, and before July 1, 1970:

[Set forth below are proposed withholding tables for an annual payroll period. Withholding tables for other payroll periods are being prepared, and will be made public when complete.]

"Table 7--If the payroll period with respect to an employee is

ANNUAL

"(a) Single Person--Including Head of Household:

If the amount of wages is:	The amount of income tax to be withheld shall be:
Not over $200	0
Over $200 but not over $700	14% of excess over $200
Over $700 but not over $1200	$70 plus 15% of excess over $700
Over $1200 but not over $4400	$145 plus 18% of excess over $1200
Over $4400 but not over $8800	$721 plus 21% of excess over $4400
Over $8800 but not over $11000	$1645 plus 26% of excess over $8800
Over $11000	$2217 plus 31% of excess over $11000

"(b) Married Person:

If the amount of wages is:	The amount of income tax to be withheld shall be:
Not over $200	0
Over $200 but not over $1200	14% of excess over $200
Over $1200 but not over $3000	$140 plus 15% of excess over $1200
Over $3000 but not over $8800	$410 plus 18% of excess over $3000
Over $8800 but not over $17700	$1454 plus 21% of excess over $8800
Over $17700 but not over $22000	$3323 plus 26% of excess over $17700
Over $22000	$4441 plus 31% of excess over $22000

(2) Wage bracket withholding -- Section 3402(c)(6) is amended--

(A) by striking out "July 1, 1969", and inserting in lieu thereof "July 1, 1970", and

(B) by striking out "subsection (a)(2)." and inserting in lieu thereof "subsection (a)(2) in the case of wages paid before January 1, 1970, and on the basis of table 7 contained in subsection (a)(3) in the case of wages paid after December 31, 1969.".

(e) Effective Date.--The amendments made by this section shall apply as of July 1, 1969.

SEC. 3. CONTINUATION OF EXCISE TAXES ON COMMUNICATION SERVICES AND ON AUTOMOBILES.

(a) Passenger Automobiles.--

(1) In general.--Section 4061 (a)(2)(A)(relating to tax on passenger automobiles, etc.) is amended to read as follows:

"(A) Articles enumerated in subparagraph (B) are taxable at whichever of the following rates is applicable:

If the article is sold--	The tax rate is--
Before Jan. 1, 1971....................	7 percent
During 1971	5 percent
During 1972	3 percent
During 1973	1 percent

The tax imposed by this subsection shall not apply with respect to articles enumerated in subparagraph (B) which are sold by the manufacturer, producer, or importer after December 31, 1973."

(2) Conforming amendment.--Section 6412 (a)(1)(relating to floor stocks refunds on passenger automobiles, etc.) is amended by striking out "January 1, 1970, January 1, 1971, January 1, 1972, or January 1, 1973", and inserting in lieu thereof "January 1, 1971, January 1, 1972, January 1, 1973, or January 1, 1974".

(b) Communications Services.--

(1) Continuation of tax.--Section 4251(a)(2)(relating to tax on certain communications services) is amended by deleting the table and inserting in lieu thereof the following table:

"Amounts paid pursuant to bills first rendered--	Percent--
Before Jan. 1, 1971	10
During 1971	5
During 1972	3
During 1973	1".

(2) Conforming amendment.--Section 4251(b)(relating to termination of tax) is amended by striking out "January 1, 1973", and inserting in lieu thereof "January 1, 1974".

(3) Repeal of subchapter B of chapter 33.-- Section 105(b)(3) of the Revenue and Expenditure Control Act of 1968 (82 Stat. 266) is amended to read as follows:

"(3) Repeal of Subchapter B of Chapter 33.-- Effective with respect to amounts paid pursuant to bills first rendered on or after January 1, 1974, subchapter B of chapter 33 (relating to the tax on communications) is repealed. For purposes of the preceding sentence, in the case of communications services rendered before November 1, 1973, for which a bill has not been rendered before January 1, 1974, a bill shall be treated as having been first rendered on December 31, 1973. Effective January 1, 1974, the table of subchapters for chapter 33 is amended by striking out the item relating to such subchapter B

(c) Effective Date.--The amendments made by this section shall take effect as of the date of enactment of this Act.

SEC. 4. REPEAL OF INVESTMENT CREDIT.

(a) Termination.--Section 48 is amended by redesignating subsection (k) as subsection (l) and by inserting before such subsection the following new subsection:

"(k) Termination of Investment Credit.--

"(1) General rule.--For purposes of this subpart, the term 'section 38 property' does not include property--

"(A) the physical construction, reconstruction, or erection of which is begun after April 20, 1969, or

"(B) which is acquired by the taxpayer after April 20, 1969.

"(2) Binding contracts.--Paragraph (1) shall not apply to any property to the extent that such property is constructed, reconstructed, erected, or acquired pursuant to a contract which was, on April 20, 1969, and at all times thereafter, binding on the taxpayer."

(b) Transition Rules.--

(1) Determination of amount of credit.--Section 46(a) (relating to determination of amount of credit) is amended by adding at the end thereof the following new paragraph:

"(6) Taxable years ending after April 20, 1969.--The amount otherwise determined under paragraph (2) for any taxable year ending after April 20, 1969, shall be reduced by an amount equal to the lesser of--

"(A) the credit which would have been allowable under paragraph (1) for such taxable year with respect to any property but for the application of section 48 (k) (1), or

"(B) an amount which bears the same ratio to the amount otherwise determined under paragraph (2) as the amount described in subparagraph (A) bears to the sum of such amount so described plus the credit which is allowable under paragraph (1) for such taxable year."

(2) Leased property.--Section 48 (d) (relating to certain leased property) is amended by adding at the end thereof the following new sentences: "In the case of property which would be section 38 property but for the application of subsection (k) (1) and which is leased and is property of a kind which the lessor ordinarily leases to one lessee for a substantial portion of the

useful life of the property, the lessor of the property shall be deemed to have elected to treat the first such lessee as having acquired such property for purposes of applying section 46 (a) (6). In the case of section 38 property which is leased after April 20, 1969 (other than pursuant to a binding contract to lease entered into before April 21, 1969), which is not property to which subsection (k) (1) applies with respect to the lessor but is property to which subsection (k) (1) would apply if acquired by the lessee, and which is property of the same kind which the lessor ordinarily sold to customers before April 21, 1969, or ordinarily leased before such date and made an election under this subsection, the lessor of such property shall be deemed to have made an election under this subsection with respect to such property."

(3) Property destroyed by casualty, etc.--Section 47 (a) (4) (relating to property destroyed by casualty, etc.) is amended by adding at the end thereof the following sentences: "If property (hereinafter in this paragraph referred to as 'replacement property') which would be section 38 property but for the application of section 48 (k) (1) is placed in service by the taxpayer to replace property described in subparagraph (A) (hereinafter in this paragraph referred to as 'casualty property'), then for purposes of paragraphs (1) and (3) such casualty property shall be treated as ceasing to be section 38 property only to the extent that the basis (or cost) taken into account in computing

its qualified investment exceeds the cost of construction, reconstruction, erection, or acquisition of such replacement property. To the extent that the casualty property is not treated as having ceased to be section 38 property with respect to the taxpayer, such replacement property shall be treated (i) for purposes of this section as if it were the casualty property and the event described in subparagraph (A) had not occurred, and (ii) for purposes of applying section 46 (a) (6) as if it were not section 38 property."

(c) **Effective Date.**--The amendments made by this section shall apply to taxable years ending after April 20, 1969.

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TREASURY DEPARTMENT

WASHINGTON, D.C.
May 21, 1969

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 $3,000,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing May 29, 1969, in the amount of $3,002,261,000, as follows:

91-day bills (to maturity date) to be issued May 29, 1969, in the amount of $1,700,000,000, or thereabouts, representing an additional amount of bills dated February 27, 1969, and to nature August 28, 1969, originally issued in the amount of $1,100,827,000, the additional and original bills to be freely interchangeable.

183-day bills, for $1,300,000,000, or thereabouts, to be lated May 29, 1969, and to mature November 28, 1969.

The bills of both series will be issued on a discount basis under ompetitive and noncompetive 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 p to the closing hour, one-thirty p.m., Eastern Daylight Saving ime, Monday, May 26, 1969. 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 enders the price offered must be expressed on the basis of 100, ith not more than three decimals, e. g., 99.925. Fractions may not e 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 enders. Others than banking institutions will not be permitted to ubmit tenders except for their own account. Tenders will be received ithout deposit from incorporated banks and trust companies and from

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 each issue 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 for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on May 29, 1969, in cash or other immediately available funds or in a like face amount of Treasury bills maturing May 29, 1969. 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.

TREASURY DEPARTMENT 90

WASHINGTON, D.C.
May 21, 1969

FOR IMMEDIATE RELEASE

TREASURY'S MONTHLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $1,500,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing May 31, 1969, in the amount of $1,703,200,000, as follows:

271-day bills (to maturity date) to be issued June 2, 1969, in the amount of $500,000,000, or thereabouts, representing an additional amount of bills dated February 28, 1969, and to mature February 28, 1970, originally issued in the amount of $1,000,376,000, the additional and original bills to be freely interchangeable.

365-day bills, for $1,000,000,000, or thereabouts, to be dated May 31, 1969, and to mature May 31, 1970.

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

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Daylight Saving time, Tuesday, May 27, 1969. 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 the one-year bills will run for 365 days, the discount rate will be computed on a bank discount basis of 360 days, as is currently the practice on all issues of Treasury bills.) It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. Others than 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 each issue 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 for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on June 2, 1969, in cash or other immediately available funds or in a like face amount of Treasury bills maturing May 31, 1969. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

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

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

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE

EXCERPTS OF REMARKS OF EUGENE T. ROSSIDES
ASSISTANT SECRETARY OF THE TREASURY
BEFORE THE MEMBERS OF
ROTARY CLUB OF WASHINGTON, D. C.
WASHINGTON HOTEL
May 21, 1969
12:00 NOON

It is a privilege and pleasure for me to be here today, representing the new Administration, to join with you in honoring the men and women of the Treasury Department's Bureau of Customs on its 180th Anniversary. On behalf of the 9,000 persons in the oldest of the Treasury's component bureaus, I thank you for this public-spirited dedication.

I bring you the personal greetings of the Secretary of the Treasury, The Honorable David M. Kennedy, who has asked me to express his appreciation for this tribute by the business community of Washington to one of the great Bureaus of the Government.

In the early days of his Administration, President Nixon visited each of the Departments of Government. In his visit to the Treasury, the President stated that what makes the Treasury Department distinctive is:

> "that it really serves the whole Government."
>
> "... without leadership at the Treasury, nothing else is going to work. I think that is one of the reasons why there has always been a special spirit in the Treasury."

The President could just as well have been talking solely about the Bureau of Customs. Customs serves the whole Government, carries out missions for many other Departments. It has unique functions with wide responsibilities--and I should add that it returns $30 for each dollar it spends.

In celebrating the 180th Anniversary of the Customs Service, we should reflect for a moment on its history.

The Customs Service is one of the oldest agencies of Government, actually predating the Treasury Department, and has frequently been described as "a child that is older than its parent."

Customs mirrors the Treasury Department in two of its most important functions: collection of revenues and law enforcement.

Customs collections of duties bring in the second highest total of revenues to the Federal Government, second only to the collections of the Internal Revenue Service.

Customs collections in its early years averaged two to three million dollars annually. Despite gradual reductions in overall duty rates during the past 35 years, Customs revenue today is over three billion dollars. This reflects the phenomenal growth of international trade.

How many persons realize that for a century and a quarter--from 1789 to 1913, when the Internal Revenue Code was enacted--this Government was run primarily on the revenues collected by the Customs Service.

The income tax, of course, is the major source now of revenues which permit the government to perform the necessary functions for the people. And our tax structure, which has become a hodge-podge of regulations and rules, is in need of reform.

Realizing the need, the Treasury, at the direction of the President, is proposing immediate substantial tax reforms.

These proposals are now before the House Ways and Means Committee. The objective is to provide an equalization of the tax impact without endangering collections of revenues. Among our proposals is a low income allowance program which would exempt five million people below the poverty level from payment of any income taxes and a limit on tax preferences which would assure payment of taxes by many wealthy people who now escape taxation through provisions of existing law. In addition, we propose substantive reforms in more than a dozen other areas.

Treasury policy makers realize, as does most everyone, that more comprehensive reforms are needed. At the direction of the President, the Treasury tax division is already in the midst of a thorough-going study of an overall reform and plans to announce further recommendations later.

Taxes have such an impact on the economy and affect so many people that we feel that it would be less than fair to the American people if this

Administration did not take the time necessary to thoroughly study the implications of each reform proposal.

The Administration also is asking the Congress to repeal the 7 percent investment tax credit for plant and equipment expansion and to phase out the income tax surcharge. We propose that the 10 percent rate be extended only until the end of this calendar year and that the rate be reduced next January 1 to 5 percent until mid-year.

A reduction in the surtax will bring a measure of relief to all tax payers and elimination of the investment tax credit will have a salutary effect on our efforts to get inflation under control by reducing capital spending.

As Treasury Secretary Kennedy said: "In acting promptly on the President's recommendation, we shall demonstrate that we can face up to our fiscal responsibilities and mount an effective program to halt inflation."

My responsibilities at the Treasury include supervision of the Bureau of Customs and all law enforcement activities.

Treasury is the second largest law enforcement Department in the Federal Government, and the Customs Bureau carries a major share of the Treasury's law enforcement responsibilities.

The Customs enforcement effort is to protect the revenue and the health and welfare of the nation. It has the responsibility to prevent the smuggling of goods into the United States. This is a huge responsibility and one which the Customs Service has, even with its limited manpower, performed commendably.

This Administration is reviewing each of the operations of Government to see where and how they can be improved. This is one of the major functions of a change in Administration in our political system. President Nixon is taking a particular interest in this and has directed each of his Cabinet officers to review the operations of his Department. He has also established a high-level Committee to review the overall operations of Government.

One of the areas that the President has asked be given particular attention is law enforcement. Secretary Kennedy has directed me to give the highest priority to our support of the various law enforcement arms of the Treasury Department. Particular stress is to be placed on the anti-smuggling drive against narcotics, marihuana and other dangerous drugs.

Following the Presidential directive, we at the Treasury have formed a special narcotics section in the Customs Agency Service, the investigative arm of the Customs Bureau. We have initiated a special training program for the Customs inspectors, the men who inspect travelers' baggage coming into the country. This training program gives them the benefit of techniques that are particularly useful in spotting narcotics, marihuana and other contraband goods. A staff assistant in my office is specializing in the area of anti-smuggling activities.

This anti-smuggling effort is the first line of defense in preventing the invasion of contraband drugs.

There is an urgent need for an expanded anti-smuggling effort. Practically all of the illicit narcotics and high potency marihuana consumed within the United States originate abroad and are smuggled into the United States. The techniques and mechanics for the suppression of smuggling are well known. There is no magic formula we have to discover.

The keys are an adequate number of trained men and proper facilities and equipment. The President stressed this point in his speech at Anaheim, California, on September 16, 1968, when he called for a substantial increase in Treasury Customs Agents for an expanded effort to prevent smuggling of narcotics, marihuana and other dangerous drugs.

The matter of additional Customs enforcement manpower is under active review in the Treasury, and we will be making recommendations shortly to the White House.

Let me give you an example of the type of effort that is necessary in this work. It demonstrates the dedication and perseverance of our Customs Agents.

You may recall in early March of this year that Treasury Customs Agents seized over 115 pounds of heroin in two related seizures. This was one of the three or four largest hauls in the history of smuggling. The two Treasury Customs Agents responsible for this investigation were Edward T. Coyne and Albert W. Seeley.

This case was a year and a half in the making. During this period, approximately twenty couriers were arrested.

Treasury Agents Coyne and Seeley developed a reliable informant and through the normal techniques of criminal investigation over a period of several months, they patiently collected the facts with skill and intelligence. They traced this huge shipment of heroin in paella fish cans from France and Spain to the docks of New York and from there to a transfer point in a private home in Whitestone, Queens. During the operation in early March, 1969, I personally visited the command site in Queens, New York, where the field operations were being coordinated.

President Nixon has emphasized his personal interest in the work and efforts of the career staff of the Federal Government. During his visits to the various departments of government, he stressed his conviction that his Administration will rise or fall not just on his leadership and that of his Cabinet officers, but on the leadership and dedication of the career staff up and down the line. The efforts of Treasury Customs Agents Coyne and Seeley are outstanding examples of superior and distinguished achievement by the career service.

The partnership within Government--between the national administration and the career personnel--is essential for a successful national administration. The key word, in my judgment, is partnership. It is a question of working together to accomplish the enormous tasks of government.

It is not an understatement to say that the efforts and dedication of the 9,000 men and women of the Customs Service are essential to the success of this Administration.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

OR IMMEDIATE RELEASE MAY 21, 1969

REVISED SUBSCRIPTION FIGURES FOR MAY 15 EXCHANGE

The Treasury announced today certain revisions in the tabulation of subscriptions or the offering of 6-3/8% notes maturing August 15, 1970, and the 6-1/2% notes aturing May 15, 1976, both issued May 15, 1969. The revised results are shown n the following table.

					For Cash Redemption		
	Amount	Exchanged For				% of Total	% of Public
Issues Eligible for Exchange	Eligible for Exchange	6-3/8% Notes	6-1/2% Notes	Total	Total Amount	Out-standing	Hold-ings
			(Amounts in millions)				
-5/8% Notes, B-1969	$ 4,277	$1,703	$1,749	$3,452	$ 825	19.3	17.8
-1/2% Bonds, 1964-69	2,541	627	948	1,575	966	38.0	44.8
Total	$ 6,818	$2,330	$2,697	$5,027	$1,791	26.3	27.6

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TREASURY DEPARTMENT
Washington

FOR A.M. RELEASE
SATURDAY, MAY 24, 1969

REMARKS OF THE HONORABLE CHARLS E. WALKER
UNDER SECRETARY OF THE TREASURY
BEFORE THE
RHODE ISLAND COUNCIL ON ECONOMIC EDUCATION
BROWN UNIVERSITY, PROVIDENCE, RHODE ISLAND
FRIDAY, MAY 23, 1969, 8 P.M., EDT

It is indeed an honor to join you here this evening in the first of, what I hope, will be a long and successful series of discussions of major economic issues. The Rhode Island Council on Economic Education and Brown University are to be congratulated for this effort to bring pressing economic problems into a public forum for scrutiny and debate.

I believe it would be appropriate here to make a few remarks about the Rhode Island Council, one of the most recently established in the country. I know the academic community here has been a tremendous source of support of the Rhode Island Council's efforts. Every college and university in the state is represented on the Council. Many of the state's high schools are also cooperating.

One important task to which your Council is now giving serious thought is an economic education program for disadvantaged adults. This is the kind of educational activity which could reap significant rewards for the people of Rhode Island. It would also set an example for so many of the other state Councils.

No discussion about the Rhode Island Council would be complete without talking about the Warwick school system. As you know, it has been designated the first cooperating school system in the state to participate in the Development Economic Education Project, DEEP. As the first element of this program, thirty elementary and secondary teachers are enrolled in an economic education course. The Rhode Island College Center for Economic Education is presenting the course. Dr. Kenneth Lundberg and Professor Peter Moore are sharing the teaching responsibilities. Rhode Island College will grant three hours of graduate credit to the teachers who successfully complete the course. Three fourths of the tuition charges for those enrolled was paid by the Rhode Island Council on Economic Education.

The course has been divided into two main portions. The first deals with basic economic concepts with emphasis on explanation, illustration, and classroom application. The second portion will emphasize the development of grade level guides for teachers prepared by the course participants. All reports indicate that the teachers are finding this a most stimulating and worthwhile experience. Additional plans include more in-service courses and summer workshops for teachers as funds become available.

These are just initial steps of what promises to be an extremely activist State Council. I am heartened by the progress in such a short period of time, and feel assured that the Rhode Island Council on Economic Education will be among the leaders of this most worthy endeavor.

This nation is confronted with a vast array of problems. At the top of the list are the search for peace abroad and the control of inflation at home.

Courageous decisions, carefully arrived at, are necessary if each of these problems is to be solved. The President's speech last week concerning Vietnam told the entire world that we are determined to help bring a just and lasting peace to Southeast Asia. Earlier, the President presented another courageous decision to the American people when he announced the substitution of the Safeguard ABM system for the Sentinel system. This decision, yet to be ratified by the Congress, is a wise choice in the interest of peace, and it deserves the support of the American people.

Courageous decisions have also been taken in the fight against inflation. Spending has been cut back some $4 billion below the adjusted January budget. Extension of the surtax has been requested. And the Federal Reserve authorities have pursued a restrictive monetary policy.

Cutting spending, raising taxes, and making money scarce and expensive are never popular policies. But control of inflation is an absolute must if we are to be successful in meeting our other pressing national needs. Our efforts to increase the supply of low-income housing are crimped by spiralling construction costs. Adequate living standards for the elderly and people on welfare cannot be maintained if the purchasing power of their limited dollars continues to shrink. Defense needs are increasingly difficult to meet -- and the defense budget becomes that much more difficult to control -- as the prices of materials continue to rise.

In short, rapid rises in prices are putting tough obstacles in front of every worthy Government program.

But inflation, once set in motion is extremely difficult to contain without severe disruptions to the economy. This is because the inflationary expectations which are bred by long periods of price increases in themselves sow the seeds of further price increases.

Let me explain what I mean by the impact of "inflationary expectations":

-- Businessmen step up their purchases of plant and equipment in order to "beat" the price rise.

-- Workers strive for money wage increases that are large enough to offset rising consumer prices as well as match productivity gains.

-- Speculators tend to justify their own expectations by pushing up prices as they scramble to acquire commodities and equities.

Economic forecasting is an extremely hazardous occupation and, although my record has been reasonably good, it has not been without error. Perhaps I am once again wrong in assessing the current situation and outlook, but I feel that the degree of fiscal and monetary restraint now being exerted is appropriate to the state of the economy. We should soon see some convincing signs of cooling. This would be a significant indication that we would be well on our way toward gaining control over inflation.

This will happen provided -- and this is a big proviso -- that the Congress acts promptly to extend the income tax surcharge as requested by the President.

It would indeed be a sad commentary on the application of sound economic policies in our democracy if, after waging so long and so hard a battle to gain initial enactment of the surcharge a year ago, the Congress were now to let it lapse just when we may be gaining the upper hand in the fight against inflation. Raising taxes -- or, in this instance, maintaining the existing level -- is never popular. But it is necessary if we are not to lose what I believe to be the fruitful gains of our efforts.

Simply stated, rejection of the surcharge extension would go a long way toward distorting our carefully balanced program of restraint. If inflationary pressures continue at their recent levels, the only alternative would be a further turn of the screw of monetary restraint. With interest rates at their highest levels since the Civil War, such an eventuality is not happy to contemplate.

It is somewhat paradoxical to note Congressional reluctance to extend the surcharge in the face of continued skepticism in business and financial circles that our policy of gradually bringing inflation under control will work. In part, this so-called "credibility gap" may result from a misunderstanding of our goals.

Our goal is to eliminate inflationary expectations and ultimately to halt inflation. But inflation cannot be stopped in its tracks in 1969 without risking a serious business slump and a sharp spurt in unemployment. Consequently, our intermediate goal is to slow inflation this year, with stability our ultimate goal. This is a logical policy and there is no reason why it should not work -- provided, again, that we have the patience to see it out, and provided that we do not undermine it by prematurely relaxing fiscal restraint.

The so-called "credibility gap" may also result in part from our candor in admitting that absolute stability of the consumer price index is not a realistic goal. Economists recognize that this index fails to reflect adequately increases in the quality of the durable goods that consumers purchase. Even more important is the fact that rising consumer affluence and changing tastes can result in a rise in the index.

For example, as incomes rise, consumers spend more for such things as recreation, hospital and medical care, and other services. As such spending shifts, the prices of services may rise rapidly. No balanced anti-inflationary policy could be expected to counter the effects of these shifts on the consumer price index.

But a well-conceived anti-inflationary program -- such as the one now in effect -- can be expected to restore essential balance in the economy and reasonable stability of less biased price indexes, such as the wholesale price index. In this respect, it should be recalled that between 1959 and 1965, when consumer prices rose at a rate of 1.3 percent per year, the wholesale price index was relatively stable.

This goal is well within our reach, provided we maintain the courage to make decisions which, however unpopular they may be in the short run, work for the ultimate good of the economy and of the people.

Obviously the more understanding of basic economic concepts the individual has, the better prepared he will be to make wise and rational choices, either directly or through his representatives in Government. That is why I have long been a strong supporter of the Joint Council on Economic Education and its growing number of affiliated councils.

About 150 years ago Thomas Jefferson said, "I know of no safe depository of the ultimate powers of society but the people themselves; and if we think them not enlightened enough to exercise their control with a wholesome discretion the remedy is not to take it from them but to inform their discretion."

This is what the economic education movement is all about. Economic problems, along with all other problems in our society, will be resolved through the normal democratic process. If we are to expect sound decisions there is no better way than to make sure the public has some grasp of the fundamentals of economics.

So, I therefore commend the leadership community of Rhode Island in their present -- and future -- efforts in this most vital task of enlisting public support in understanding economics and in our mutual fight against inflation.

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FOR RELEASE ON DELIVERY
(SCHEDULED AT 1:00 P.M.
MONDAY, MAY 26, 1969)

STATEMENT OF THE HONORABLE JOHN R. PETTY
ASSISTANT SECRETARY OF THE TREASURY
BEFORE THE
HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON FOREIGN OPERATIONS & RELATED AGENCIES
ON THE
APPROPRIATION OF THE SECOND INSTALLMENT OF THE
U. S. CONTRIBUTION TO THE SECOND REPLENISHMENT
OF THE RESOURCES OF THE
INTERNATIONAL DEVELOPMENT ASSOCIATION
MAY 26, 1969 (Executive Session)

Mr. Chairman and members of the Committee: I appreciate this opportunity to appear in behalf of the Administration in support of a fiscal year 1970 appropriation of $160 million for the second of three equal annual contributions by the United States of its share in the second replenishment of the International Development Association (IDA), an affiliate of the World Bank.

H.R. 33, which authorizes the U. S. Governor of IDA to agree on behalf of the United States to contribute $160 million as our share in each of the years 1969, 1970, and 1971 was passed by the House of Representatives on March 12 and by the Senate on May 14. (Request to Congress - May 20, 1969. H.Doc. 91-117)

Under this replenishment, the 18 economically advanced member countries of IDA plus Switzerland will provide IDA with $1.2 billion of additional resources over a three year period. Under the terms of the agreement the U. S. contribution for the first year will have to be paid -- in the form of a letter of credit -- within thirty days after the agreement takes effect. It is therefore necessary for us to be in a position to make a prompt first payment on our pledge. A request for a supplemental fiscal 1969 appropriation of $160 million which would enable us to make this first payment is presently pending before the Congress. (Senate Doc. 91-19)

Originally the first installment was scheduled to be paid on November 8, 1968; therefore the need for it is particularly urgent. Without the replenishment, IDA's resources available for new credit commitments would soon be exhausted, and the institution would be forced to suspend its lending operations.

The second installment of the U. S. contribution -- for which I am testifying today -- will have to be paid -- again in the form of a letter of credit -- on or before November 8 of this year.

The U. S. contribution to the replenishment represents 40 percent of the $1.2 billion total, reflecting a continued decrease in our share in comparison to the initial subscriptions to IDA of the economically advanced countries in 1960, and their contributions to the first replenishment in 1964.

In addition, an integral feature of the agreement is an assurance that if the U. S. so requires, there will be no adverse effect of the U. S. contribution on our balance of payments through at least the end of fiscal year 1971.

Under the agreement, if our current payments imbalance persists, we will provide in cash until fiscal 1972 only that part of our contribution which is expended for IDA-financed purchasing in the United States. Furthermore, this arrangement would continue after that until other contributors' shares in this replenishment are exhausted. In other words, the agreement provides that cash payments by the United States -- to the extent required for purchasing in other countries -- will be postponed. Instead, other countries will accelerate their contributions during this period. This arrangement would not affect IDA and the World Bank's traditional system of international competitive bidding.

The budgetary aspects of our contributions are fully consistent with the Administration's efforts to exercise maximum restraint on total federal expenditures. Expenditures resulting from the replenishment will be substantially less than the appropriated amount of $160 million per year over the three year contribution period, since the annual U. S. contribution will be made in the form of a letter of credit which will be drawn upon only as IDA needs cash to meet its disbursements. Cash calls on the U. S. contribution will not exceed our pro rata share of total calls, and while the U. S. balance of payments situation requires continuation of the agreed safeguards, will be even less. Actual budgetary expenditures during the period FY 69-FY 71 will therefore be only a fraction of the amounts appropriated in these years.

Participation in IDA effectively serves the U. S. national interest. IDA stemmed from an American idea and has received bipartisan support of four Presidents, members of Congress and many other leaders in American national life. IDA was created primarily at Congressional initiative. Senate Resolution 264 of 1958 originally suggested its establishment.

President Eisenhower then strongly recommended the formation of IDA -- pointing out that, "The well-being of the free world is vitally affected by the progress of the nations in the less developed areas." Presidents Kennedy and Johnson encouraged and approved the subsequent expansion of IDA's operations. Now this replenishment has the full support of President Nixon.

The establishment of IDA in 1960, and the agreement to provide it with additional and larger resources in 1964, were, in effect, commitments by other nations to a more equitable sharing of the burden. The proposed second replenishment represents additional progress in that direction. For every $2 contributed by the U. S. other nations will contribute $3.

In the eight years since IDA began operations, several of the developing countries have made truly impressive progress. All have advanced. Yet many have advanced only slowly. The lives of their people reflect hunger, sickness and lack of education. These nations -- the poorest of the developing world -- urgently require the assistance that IDA provides. If they are to progress, they must have access to credit on terms they can meet -- specifically, to credits that can be repaid on easier terms over a longer period of time. For these countries not to have access to IDA credits would be self-defeating, because mounting debt-servicing costs would drain away the funds provided, and required, for economic growth.

IDA credits are made for a term of 50 years, with repayment commencing after a 10 year period of grace. Thereafter one percent per annum of the principal is repaid for 10 years, and three percent per annum for the remaining 30 years. No interest is charged on the credit but a service charge of 3/4 of one percent annually is made on amounts disbursed and outstanding in order to provide IDA with funds to meet its administrative costs. IDA-contributing countries all share in providing this concessionary assistance to the developing countries since their contributions to the institution are made on the same basis.

/s a multilateral agency, ID/ offers important advantages:

-- the sharing of financial costs with other industrialized countries

-- the objectivity of an international institution

-- the broad and collective experience of its member nations

-- the opportunity to exercise leadership in the development effort.

ID/ is also strengthened by its direct affiliation with the World Bank. Because it is directed by the same President, guided by the same Board of Directors and Governors, and utilizes the same expert management and staff, we can be certain that its funds will be expended prudently. ID/ applies the same strict standards of project appraisal and end-use supervision as in the case of projects financed by the Bank. In addition, like the Bank, ID/ will not lend to countries which are not taking adequate self-help measures and pursuing economic policies conducive to sound development. Moreover, ID/ credits, like the Bank's loans, must be repaid in hard currency. The only fundamental difference is that ID/ provides funds in cases where the borrowers need more favorable foreign currency repayment terms than the Bank can provide.

IDA made its first development credit in May 1961. Through March 31, 1969 it had extended credits amounting to just over $2 billion in 47 countries and territories. Approximately $1.5 billion has been disbursed to date. The two largest borrowers have been India and Pakistan which have received IDA credits within the framework of the World Bank consortia organized for these countries. Under the second replenishment IDA intends, consistently with its strict performance standards, to achieve wider geographic diversification in its lending activities.

Up to now most of IDA's funds have gone into transportation and other basic economic infrastructure. Recently, however, increasing emphasis has been given to agricultural and educational projects in the realization that improved agricultural productivity and trained manpower are also essential prerequisites of economic development.

Through IDA the U. S. joins with other nations in a common effort to solve a problem which threatens the peace and well-being of the world. This replenishment is an essential step forward towards greater emphasis on multilateralism and equitable burden sharing in the field of foreign aid. Under legislation just enacted by the Congress the U. S. Governor has been authorized to commit the U. S. to carry out its share of the agreement. The appropriation we seek today, and the pending supplemental for the present fiscal year, will permit the U. S. to meet that commitment.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

May 24, 1969

FOR IMMEDIATE RELEASE

K. MARTIN WORTHY TO BE NOMINATED AS CHIEF COUNSEL FOR INTERNAL REVENUE SERVICE

Secretary of the Treasury David M. Kennedy today announced the selection of K. Martin Worthy of Bethesda, Md., to be Chief Counsel for the Internal Revenue Service and Associate General Counsel of the Treasury.

Mr. Worthy has practiced law and specialized in Federal tax matters for more than 20 years with the Washington firm of Hamel, Morgan, Park, and Saunders, of which he is a partner. He is vice-chairman of the Taxation Section of the American Bar Association and has served as a Council director and chairman of the Bar Association's committee responsible for government relations. He was also a member of the Tax Advisory Group of the American Law Institute from 1963 to 1968 and in 1957-58.

He will replace Lester R. Uretz, who has resigned.

Mr. Worthy, who is 48, is a native of Dawson, Ga. After attending high school in Columbus, Ga., and The Citadel in Charleston, S.C., he was graduated from Emory University, Atlanta, Ga., and the university law school. He then attended the Harvard University Graduate School of Business, where he was a George F. Baker scholar and received the Master of Business Administration degree *cum laude*.

He is a co-author of BASIC ESTATE PLANNING, published by Bobbs-Merrill Company in 1957, and author of articles published in TAXES, the GEORGIA BAR JOURNAL, INSURANCE LAW JOURNAL, and the proceedings of the New York University and Tulane University Tax Institutes. He has lectured before the Tax Institutes of the University of Chicago, American University, George Washington University, the University of Texas, as well as N.Y.U. and Tulane.

Mr. Worthy was a delegate of the Montgomery County, Md., Civic Federation from 1951 to 1961 and a member of the District of

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Columbia Area Health and Welfare Council in 1960-61. He is a lay member of the Finance Department of the Episcopal Diocese of Washington and a director of the National Association of Citadel Men.

He served in the U.S. Army from 1943 to 1946, rising from Second Lieutenant to Captain, and again in 1951-52 as a Captain in the Army Judge Advocate Corps.

Mr. Worthy is married to the former Eleanor Vreeland Blewett of Newport News, Va. They have a son and a daughter. Their home address is 5305 Portsmouth Road, Bethesda.

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REASURY DEPARTMENT

WASHINGTON, D.C.

R RELEASE 6:30 P.M.,
NDAY, MAY 26, 1969.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced that the tenders for two series of Treasury lls, one series to be an additional issue of the bills dated February 27, 1969, and e other series to be dated May 29, 1969, which were offered on May 21, 1969, were ened at the Federal Reserve Banks today. Tenders were invited for $1,700,000,000, thereabouts, of 91-day bills and for $1,300,000,000, or thereabouts, of 183-day lls. The details of the two series are as follows:

NGE OF ACCEPTED MPETITIVE BIDS:	91-day Treasury bills maturing August 28, 1969		:	183-day Treasury bills maturing November 28, 1969	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	98.464	6.076%	:	96.862 a/	6.173%
Low	98.448	6.140%	:	96.831	6.234%
Average	98.452	6.124% 1/	:	96.839	6.218% 1/

a/ Excepting one tender of $1,450,000
99% of the amount of 91-day bills bid for at the low price was accepted
40% of the amount of 183-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	$ 15,546,000	$ 15,546,000	:	$ 3,251,000	$ 3,251,000
New York	1,989,864,000	1,298,374,000	:	1,631,163,000	1,008,163,000
Philadelphia	37,491,000	22,491,000	:	17,141,000	7,141,000
Cleveland	51,176,000	48,063,000	:	25,541,000	25,541,000
Richmond	14,185,000	12,130,000	:	11,597,000	8,797,000
Atlanta	41,553,000	26,031,000	:	28,664,000	18,314,000
Chicago	149,613,000	94,089,000	:	174,515,000	99,315,000
St. Louis	52,455,000	37,400,000	:	36,132,000	30,432,000
Minneapolis	32,374,000	27,219,000	:	28,789,000	28,289,000
Kansas City	30,978,000	30,977,000	:	14,122,000	14,122,000
Dallas	23,377,000	13,372,000	:	17,760,000	7,760,000
San Francisco	151,621,000	74,978,000	:	130,880,000	48,880,000
TOTALS	$2,590,233,000	$1,700,670,000 b/		$2,119,555,000	$1,300,005,000 c/

'Includes $297,958,000 noncompetitive tenders accepted at the average price of 98.452
'Includes $143,474,000 noncompetitive tenders accepted at the average price of 96.839
These rates are on a bank discount basis. The equivalent coupon issue yields are 6.31% for the 91-day bills, and 6.51% for the 183-day bills.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR IMMEDIATE RELEASE May 27, 1969

In response to inquiries, the Treasury released the following statement:

"The Treasury has noted with interest the announcement by the Ways and Means Committee of tentative decisions on the subject of tax reform. These decisions, while preliminary, reflect a general disposition on the part of the Congress that the tax system must be made more equitable and just.

"The Administration wholeheartedly shares in this determination.

"The Treasury will continue to work with the Ways and Means Committee, and the Congress, in every way possible, to achieve meaningful tax reform. Toward this goal, we are hard at work on a program of more comprehensive reform to be completed and presented to the Congress at the earliest possible time."

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EASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE 6:30 P.M.,
sday, May 27, 1969.

RESULTS OF TREASURY'S MONTHLY BILL OFFERING

The Treasury Department announced that the tenders for two series of Treasury ls, one series to be an additional issue of the bills dated February 28, 1969, and other series to be dated May 31, 1969, which were offered on May 21, 1969, were ned at the Federal Reserve Banks today. Tenders were invited for $500,000,000, or reabouts, of 271-day bills and for $1,000,000,000, or thereabouts, of 365-day bills. details of the two series are as follows:

GE OF ACCEPTED PETITIVE BIDS:	271-day Treasury bills maturing February 28, 1970		365-day Treasury bills maturing May 31, 1970	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	95.295	6.250%	93.719 a/	6.195%
Low	95.222	6.347%	93.597	6.315%
Average	95.252	6.307% 1/	93.643	6.270% 1/

Excepting one tender of $1,878,000
43% of the amount of 271-day bills bid for at the low price was accepted
69% of the amount of 365-day bills bid for at the low price was accepted

AL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

istrict	Applied For	Accepted	Applied For	Accepted
oston	$ 122,000	$ 122,000	$ 10,415,000	$ 415,000
ew York	1,249,325,000	392,925,000	1,556,411,000	819,111,000
hiladelphia	5,935,000	935,000	12,705,000	2,705,000
leveland	992,000	992,000	2,937,000	2,937,000
ichmond	286,000	286,000	1,184,000	1,184,000
tlanta	10,515,000	6,515,000	16,399,000	13,399,000
hicago	61,508,000	41,508,000	88,437,000	71,817.000
t. Louis	5,010,000	4,440,000	7,878,000	7,878,000
inneapolis	10,330,000	6,330,000	20,540,000	20,540,000
ansas City	1,990,000	1,990,000	4,027,000	4,027,000
allas	11,214,000	3,214,000	11,771,000	4,771,000
an Francisco	80,907,000	40,907,000	81,341,000	51,341,000
TOTALS	$1,438,134,000	$ 500,164,000 b/	$1,814,045,000	$1,000,125,000 c/

ncludes $14,356,000 noncompetitive tenders accepted at the average price of 95.252
ncludes $39,150,000 noncompetitive tenders accepted at the average price of 93.643
hese rates are on a bank discount basis. The equivalent coupon issue yields are .64% for the 271-day bills, and 6.68% for the 365-day bills.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

May 28, 1969

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 $3,000,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing June 5, 1969, in the amount of $3,001,056,000, as follows:

91-day bills (to maturity date) to be issued June 5, 1969, in the amount of $1,700,000,000, or thereabouts, representing an additional amount of bills dated March 6, 1969, and to mature September 4, 1969, originally issued in the amount of $1,101,060,000, the additional and original bills to be freely interchangeable.

182-day bills, for $1,300,000,000, or thereabouts, to be dated June 5, 1969, and to mature December 4, 1969.

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

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Daylight Saving time, Monday, June 2, 1969. 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 ustomers provided the names of the customers are set forth in such enders. Others than banking institutions will not be permitted to ubmit tenders except for their own account. Tenders will be received ithout deposit from incorporated banks and trust companies and from

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 each issue 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 for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on June 5, 1969, in cash or other immediately available funds or in a like face amount of Treasury bills maturing June 5, 1969. 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.

May 29, 1969

FOR IMMEDIATE RELEASE

SECRETARY KENNEDY AND MINISTER SCHILLER TO HOLD INFORMAL DISCUSSIONS ON ECONOMIC MATTERS

Economics Minister Karl Schiller of the Federal Republic of Germany will arrive in Washington Saturday and will have informal discussions with Treasury Secretary David M. Kennedy.

Minister Schiller's visit, planned some time ago, will be his first meeting with Mr. Kennedy. Since their talks will take place on Sunday, Secretary Kennedy will welcome Minister Schiller at Camp David. They will return to Washington Monday. Their discussions are expected to cover economic matters of mutual interest to the United States and Germany.

Minister Schiller will be accompanied by Johan Schoellhorn, State Secretary of the Ministry of Economics.

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K-106

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TREASURY DEPARTMENT

WASHINGTON, D.C.

May 29, 1969

FOR IMMEDIATE RELEASE

HOWARD A. TURNER, DEPUTY COMMISSIONER OF
BUREAU OF ACCOUNTS,DIES AFTER LONG ILLNESS

Howard A. Turner, Deputy Commissioner in the Bureau of Accounts, Treasury Department, died at home Wednesday after a long illness. He was 59.

Mr. Turner, a native of Gardner, Kansas, was graduated in 1934 from Kansas University with summa cum laude and Beta Gamma Sigma honors. His career in the Federal service began in July 1935 and was entirely in the Treasury except for four years of military service during World War II, when he served as Lt. Commander, U. S. Navy.

Mr. Turner was a leader in the continuing development and improvement of the Treasury's accounts and financial reports. During his career, Mr. Turner received many special awards, including the Treasury Department Meritorious Service Award.

He is survived by his wife, Edna V. Turner. Also surviving are two brothers, Marvin of Gardner, Kansas,and Orville of Olathe, Kansas, and two sisters, Mrs. Lucille Cordell of Gardner, Kansas, and Mrs. Marguerite Rogers of Paola, Kansas.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

June 2, 1969

FOR IMMEDIATE RELEASE

JOINT U.S.-GERMAN STATEMENT FOLLOWING MEETING BETWEEN TREASURY SECRETARY DAVID KENNEDY AND MINISTER OF ECONOMICS KARL SCHILLER

Secretary of the Treasury David Kennedy and the Minister of Economics of the Federal Republic of Germany, Mr. Karl Schiller, concluded their talk at Camp David today.

Minister Schiller and Secretary Kennedy discussed economic and financial developments in their two countries and the progress each nation is making toward its principal economic objectives. Secretary Kennedy stressed in particular the determination of the U.S. Government to curb inflation and return the economy to a more sustainable rate of growth.

They also exchanged views on various aspects of the international monetary system. In particular, they agreed that the establishment of the Special Drawing Rights Facility in the International Monetary Fund will be one important step in the orderly evolution of that system.

Minister Schiller and Secretary Kennedy also agreed on the importance of continued close cooperation on international economic and monetary matters.

The Minister's visit was originally scheduled to take place May 16-17 but was postponed at his request. The visit was his first opportunity to meet with Secretary Kennedy and other members of the new Administration.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

June 2, 1969

FOR IMMEDIATE RELEASE

Treasury Secretary David M. Kennedy today sent the following letter to the Honorable Wright Patman, Chairman of the House Banking and Currency Committee:

Attachment

K-108

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JUN 2 1969

Dear Mr. Chairman:

I share the concern over the high level of interest rates expressed in your telegram.

At the same time, we must recognize that the principal cause of the current level of interest rates is serious inflation and the expectation of rising prices in the future. Our economic policies, including monetary policy, must be aimed at curbing the pressures that have kept the economy overheated.

While monetary policy has a role to play, it must not be called upon to carry too heavy a share of the burden of fighting inflation. It was for that reason that the Administration proposed reductions in 1970 government expenditures and asked for repeal of the investment credit and for extension of the tax surcharge and certain excises.

I hope and expect that banks will act responsibly within the context of the present situation in the credit markets. As I have said before, I question whether a further increase in the prime rate at this time would in itself effectively restrain the demand for credit. Each bank has available other methods to allocate the limited supplies of funds.

Indeed, as the Administration's efforts to fight inflation increasingly take hold, it is logical to expect that bank interest rates will go down. Accordingly, I hope you will give your wholehearted support to the Administration's budget and tax policies as the surest route to relieving unnecessary pressures on interest rates.

Sincerely yours,

(Signed) David M. Kennedy

The Honorable
Wright Patman
Chairman, Committee on Banking and Currency
House of Representatives
Washington, D.C. 20515

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TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR RELEASE 6:30 P.M.,
Monday, June 2, 1969.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated March 6, 1969, and the other series to be dated June 5, 1969, which were offered on May 28, 1969, were opened at the Federal Reserve Banks today. Tenders were invited for $1,700,000,000, or thereabouts, of 91-day bills and for $1,300,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing September 4, 1969		:	182-day Treasury bills maturing December 4, 1969	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	98.452	6.124%	:	96.766	6.397%
Low	98.427	6.223%	:	96.722	6.484%
Average	98.435	6.191% 1/	:	96.737	6.454% 1/

51% of the amount of 91-day bills bid for at the low price was accepted
41% of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 32,985,000	$ 22,985,000	:	$ 4,418,000	$ 4,418,000
New York	2,053,986,000	1,255,736,000	:	1,783,468,000	1,046,538,000
Philadelphia	31,957,000	16,957,000	:	15,690,000	5,690,000
Cleveland	33,235,000	32,235,000	:	22,766,000	22,766,000
Richmond	19,222,000	18,222,000	:	8,708,000	6,508,000
Atlanta	40,230,000	33,985,000	:	25,477,000	18,769,000
Chicago	170,955,000	125,090,000	:	139,114,000	82,064,000
St. Louis	42,189,000	35,189,000	:	25,730,000	19,612,000
Minneapolis	22,629,000	16,384,000	:	15,619,000	7,119,000
Kansas City	27,817,000	27,817,000	:	12,538,000	12,538,000
Dallas	25,468,000	15,968,000	:	19,117,000	10,117,000
San Francisco	134,057,000	99,597,000	:	149,623,000	64,078,000
TOTALS	$2,634,730,000	$1,700,165,000 a/		$2,222,268,000	$1,300,217,000 b/

a/ Includes $308,185,000 noncompetitive tenders accepted at the average price of 98.435
b/ Includes $137,937,000 noncompetitive tenders accepted at the average price of 96.737
1/ These rates are on a bank discount basis. The equivalent coupon issue yields are 6.38% for the 91-day bills, and 6.76% for the 182-day bills.

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REASURY DEPARTMENT

WASHINGTON. D.C.

June 4, 1969

'OR IMMEDIATE RELEASE

TREASURY'S WEEKLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders :or two series of Treasury bills to the aggregate amount of ;3,000,000,000, or thereabouts, for cash and in exchange for [reasury bills maturing June 12, 1969, in the amount of ;3,001,704,000, as follows:

91-day bills (to maturity date) to be issued June 12, 1969, .n the amount of $1,700,000,000, or thereabouts, representing an ıdditional amount of bills dated March 13, 1969, and to ıature September 11,1969, originally issued in the amount of ;1,100,151,000, the additional and original bills to be :reely interchangeable.

182-day bills, for $1,300,000,000, or thereabouts, to be lated June 12, 1969, and to mature December 11, 1969.

The bills of both series will be issued on a discount basis under :ompetitive and noncompetive bidding as hereinafter provided, and at ıaturity 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 ıp to the closing hour, one-thirty p.m., Eastern Daylight Saving :ime, Monday, June 9, 1969. 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 :enders the price offered must be expressed on the basis of 100, /ith not more than three decimals, e. g., 99.925. Fractions may not ›e used. It is urged that tenders be made on the printed forms and :orwarded in the special envelopes which will be supplied by Federal ߓeserve 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 :enders. Others than banking institutions will not be permitted to :ubmit tenders except for their own account. Tenders will be received 'ithout deposit from incorporated banks and trust companies and from

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 each issue 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 for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on June 12, 1969, in cash or other immediately available funds or in a like face amount of Treasury bills maturing June 12, 1969. 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.

June 4, 1969

FOR RELEASE AFTER 11:00 A.M.
WEDNESDAY, JUNE 4, 1969

TREASURY SECRETARY KENNEDY AND TREASURER OF THE U. S. ELSTON WITNESS NUMBERING OF NEW CURRENCY

Treasury Secretary David M. Kennedy and Treasurer of the United States Dorothy Andrews Elston today witnessed the numbering of the first one dollar Federal Reserve Notes bearing their signatures in ceremonies at the Bureau of Engraving and Printing.

It was the first time that an issue of currency notes bearing signatures of both the new Secretary and the Treasurer had been prepared since 1961, when those of Secretary C. Douglas Dillon and Treasurer Elizabeth Rudel Smith appeared on the Series 1957A notes.

The new Kennedy-Elston notes will be designated Series 1969, replacing the present Series 1963B notes. The major Series-year change is based on the first use of the new Department of the Treasury Seal -- adopted last year -- on Federal Reserve Notes in addition to the change in signatures of the Secretary and the Treasurer.

The new series notes will be produced for each of the 12 Federal Reserve Banks. Because of the major Series-year change, the serial numbers for each of the 12 banks will revert to 00 000 001A preceded by the prefix letter associated with each of the banks.

Shipments to each of the Federal Reserve Banks will be made in the near future as total conversion to the new notes is completed in the Bureau of Engraving and Printing. All denominations of United States currency will be converted to the Kennedy 1969 Series.

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TREASURY DEPARTMENT
Washington

FOR RELEASE ON DELIVERY
SCHEDULED AT 10 A.M.
WEDNESDAY, JUNE 4, 1969

STATEMENT OF EUGENE T. ROSSIDES
ASSISTANT SECRETARY OF THE TREASURY
BEFORE THE
SUBCOMMITTEE ON CRIMINAL LAWS AND PROCEDURES
COMMITTEE ON THE JUDICIARY
UNITED STATES SENATE
June 4, 1969, 10 a.m.

Mr. Chairman and Members of the Committee:

I welcome the opportunity to appear before you today on behalf of the Treasury Department to discuss Treasury's law enforcement effort. Our emphasis is on its role in the drive against organized crime and its role in the drive against smuggling into the United States of narcotics, marihuana, and other contraband drugs. We also want to set forth our views on S. 1624, Senator Hruska's proposal to amend the Federal wagering tax statutes.

President Nixon has given effective law enforcement high priority and has directed the Executive Branch of the Government to give full support to the war against crime.

This Committee has, of course, been in the forefront of the fight against organized crime. Your speech, Mr. Chairman, delivered from the Floor of the Senate on March 11, 1969, and the remarks of Senator Hruska, following your statement, give a detailed picture of the great danger of organized crime and the problems we face in combatting it.

The Secretary of the Treasury, David M. Kennedy, stated earlier this year that the full resources of the Treasury Department--including each of its investigative and enforcement arms--will be used as needed in pressing the war on organized crime and against the smuggling into the United States of narcotics, marihuana, and other contraband drugs.

Secretary Kennedy has upgraded the status of Treasury law enforcement by putting it under the supervision of an Assistant Secretary. My responsibilities as Assistant Secretary (Enforcement and Operations) include, among others, direct supervision of the Secret Service, the Bureau of Customs, the Treasury Law Enforcement School, and providing policy guidance for all Treasury law enforcement activities, including those of the Internal Revenue Service.

In discussing these responsibilities with me, Secretary Kennedy stressed the importance of the Treasury's law enforcement role; that it is the second largest law enforcement department in the Federal government; that, in the past, law enforcement at the Treasury has not had the attention it deserved from the Office of the Secretary and that it is my responsibility to see to it that the old situation is changed.

He has directed that a particular effort be made to convey to the several thousand Treasury Agents the full support of this Administration for a maximum law enforcement effort.

The Secretary stressed that, in addition to the overriding protective mission of the Secret Service, two programs were to be given priority:

1. Organized Crime

2. Smuggling of narcotics, marihuana, and other contraband drugs into the United States.

Organized Crime

The Treasury Department is making a major effort in support of the Administration's drive against organized crime as set down in the President's message to Congress on April 23, 1969.

Secretary Kennedy's instructions to me were brief and explicit--full cooperation on a full partnership basis with the Justice Department and other agencies of the Federal Government in the drive against organized crime.

Treasury Agents of the Internal Revenue Service, the Secret Service and the Bureau of Customs will continue to work and cooperate with other agencies in the detection of wrong-doing and the development of evidence leading to the prosecution of those who have violated the law.

The Treasury Department, the second largest law enforcement department in the Federal Government, will provide a major part of the manpower in the expanded effort against organized crime. Of the $25 million in additional appropriations in the Administration request of $61 million for organized crime efforts, Treasury is requesting an increase of $9.4 million over the previous Administration's budget. This includes 680 more agents and supporting forces. Of the nearly $61 million being requested this year for the onslaught against organized crime, Treasury efforts will require $18,500,000.

The new request, with the Johnson Administration request in parentheses, is as follows:

Customs, $900,000 ($400,000); Internal Revenue Service, $16,800,000 ($8,400,000); Secret Service, $800,000 ($300,000).

S. 1624 Wagering Tax Amendments

President Nixon,in his message to the Congress on organized crime,referred specifically to S. 1624 and stated as follows in connection with the wagering tax amendments legislation:

> "We shall ask for swift enactment of S. 1624 or its companion bill H.R. 322, sponsored by Senator Roman Hruska of Nebraska and Congressman Richard Poff of Virginia respectively. These measures would amend the wagering tax laws and enable the Internal Revenue Service to play a more active and effective role in collecting the revenues owed on wagers; the bills would also increase the Federal operator's tax on gamblers from $50 annually to $1,000."

The Treasury Department endorses S. 1624 and the technical changes in S. 1624 suggested by the Department of Justice by letter,from Deputy Attorney General Kleindienst, dated May 16, 1969, to the Honorable Wilbur D. Mills, Chairman of the Committee on Ways and Means, in connection with H.R. 322, the companion bill to S. 1624.

S. 1624 is a matter of major importance in the Government's drive on organized crime. Gambling is the bread and butter activity of syndicated crime because it is highly profitable and relatively safe.

The wagering, occupational and excise tax laws were conceived and approved by the House Ways and Means Committee in 1951. Prior to enactment of the Revenue Act of 1951, commercialized gambling held the unique position of being a multi-billion dollar nationwide business that remained comparatively free from special taxation by either the State or Federal Government. During the consideration of the Revenue Act of 1951, Congress became convinced that the continuance of that immunity was inconsistent with the need at that time for increased revenue, especially since consumer items of a semi-necessity nature were bearing new or additional tax burdens.

Generally, the acceptance of wagers on sporting events and the conduct of a lottery are violations of local ordinances. Because of the disclosure provisions of the 1951 wagering tax law and the close cooperation by the Federal Government with State and local enforcement agencies, persons liable for the payment of wagering taxes attempt to conceal their activities from both the local authorities and the Internal Revenue Service.

The Intelligence Division of the Internal Revenue Service is responsible for criminal enforcement of the wagering tax law. To obtain evidence against wagering tax violators, who are adept at subterfuge and concealment, Treasury agents of the Intelligence Division have concentrated their efforts largely on the identification and investigation of significant violators. In an attempt to create the broadest possible deterrent effect with the limited manpower available, surveillances have been conducted and wagers placed by undercover Treasury agents, followed by local and nationwide raids which resulted in seizures of valuable property, particularly automobiles and substantial amounts of currency.

The wagering tax law provides not only a source of tax revenue, but also an important tool for criminal enforcement against gambling syndicates. The Intelligence Division, in enforcing the wagering tax laws, has been able to bring more direct criminal enforcement over a wider spectrum than would have been possible through the enforcement of the income tax laws against these same individuals. This is because the only fact to be proven in a criminal wagering occupational tax case is that the individual accepted taxable wagers without having first purchased a wagering occupational tax stamp, whereas in an income tax case, it is necessary to prove a willful attempt to defeat and evade income taxes or willful failure to file a return.

This proposed legislation is urgently needed at this time because of the intolerable situation which exists with respect to the wagering tax law now on the statute books. As you know, the Marchetti and Grosso Supreme Court decisions of January 29, 1968, served effectively to bar prosecution for wagering tax non-compliance under existing statutes, but the taxing authority of the Internal Revenue Service in the wagering field was not altered in any way by these decisions. This placed the Internal Revenue Service in an unenviable position--the responsibility to enforce the wagering tax laws remained,but the most important enforcement tool--criminal prosecution--was snatched away.

This would not have been such a serious blow if the taxpayers involved were not gamblers. Individuals making their livelihood from gambling will willingly risk the possibility of a monetary penalty, if caught, when the gain from such a gamble amounts to ten percent of gross receipts.

The importance of an effective wagering tax program to the government's drive against organized crime can best be demonstrated through the statistical data, attached as Exhibit A, covering a representative period prior and subsequent to the Marchetti and Grosso decisions.

The figures in Exhibit A are tabulated on a fiscal year basis and, therefore, the 1968 figures reflect activity for a seven-month period prior to the *Marchetti* and *Grosso* decisions and a five-month period subsequent to the decisions.

The wagering excise tax collections decreased in Fiscal Year 1968 by approximately one million dollars. This would indicate that collections decreased approximately $200,000 per month during the post *Marchetti-Grosso* period. Projected on an annual basis, this represents a revenue loss in excess of two million dollars.

The tabulation also discloses that more than 700 convictions were obtained each year during the 1964-1966 period. The decline in the number of convictions for 1967 is attributed to the fact that the *Marchetti-Grosso* cases were then under consideration by the Supreme Court and prosecutive action in many pending wagering cases was held in abeyance.

The enactment of S. 1624 will revitalize the wagering tax law. It eliminates the disclosure provisions, whereby wagering tax information could be furnished to State and local governments, and this should result in improved voluntary compliance. Another provision of this bill having an important bearing on increasing the revenue is the increase from $50 to $1,000 per year in the rate of the occupational tax for principals and agents who accept wagers on their behalf, and the increase from $50 to $100 per year for punchboard operators. Also under the proposed legislation, pickup men and other employees engaged in the wagering business who are now exempt from wagering taxes, will become subject to the $100 wagering occupational tax. The increased occupational tax rate should also have a bearing on the type of sentences which violators receive in Federal courts.

While we expect that a substantial increase in revenue will result from enactment of this legislation, we believe that this will come about gradually as gambling operators gain confidence in the non-disclosure feature of the law and realize that intensive enforcement action will continue.

Past experience does not offer a valid criterion for anticipating the level of future compliance. The existing law was designed to penalize compliance, for the professional gambler discharging his wagering tax law obligations opened himself to threat of local prosecution. The proposed bill eliminates this reason for non-compliance. It is reasonable to expect that intensive enforcement of this law will cause those subject to the wagering tax law to recognize the value of overt compliance, and thereby remove themselves from the threat of Federal tax prosecution without increasing other risks.

To achieve intensified enforcement in the wagering tax area will require an increase in the Intelligence Division special agent force and supporting personnel. I believe that this increase in manpower is highly desirable.

Assuming passage of this legislation, the Treasury Department will move promptly to obtain the necessary appropriation for additional manpower to carry out the legislation.

I reiterate that this legislation is important, not only to the Treasury Department, but also to the entire Federal Government. It will permit the Treasury Department to participate more fully in the Government's fight against organized crime.

Broadening the base of those subject to the occupational tax to include all persons in any way associated with wagering activities and providing use restriction power under appropriate circumstances and under carefully controlled conditions will materially assist the Government in obtaining information from employees and other witnesses to identify absentee owners and operators of gambling establishments subject to the wagering tax statute.

This legislation should also help in obtaining information needed to trace profits from gambling activities in order to ascertain, to a greater degree, which of such funds are being channeled from organized crime into legitimate businesses. This is a subject about which this Committee is deeply concerned.

Mr. William H. Smith, Deputy Commissioner of the Internal Revenue Service, is also here today and will make further comment on S. 1624. Mr. William A. Kolar, Director of the Intelligence Division of the IRS, is also present and is available for any questions the Committee may have in connection with this particular bill.

Smuggling of Narcotics, Marihuana, and Other Contraband Drugs .

The second area of priority for Treasury law enforcement is the effort against the smuggling into the United States of narcotics, marihuana, and other contraband drugs. There is no greater concern in the American household today than the problem of the use of narcotics, marihuana, and other dangerous drugs by our youth. These drugs cut into the entire fabric of American life.

It is common knowledge that practically all of the heroin and high-potency marihuana that is used in the United States is grown and refined abroad and smuggled into the United States. An increasing amount of the low-potency marihuana is being grown and consumed in the United States.

President Nixon, in a statement in Anaheim, California on September 16, 1968, stressed the great danger from these drugs. He referred to Customs' responsibilities for preventing smuggling and recommended a substantial increase in Treasury Agents for Customs and noted that this was also urged by the President's Crime Commission.

Secretary Kennedy has put great stress on the Treasury's responsibility in this area. Following the directive from Secretary Kennedy, and in consultation with the Commissioner of Customs, we have organized a Contraband Drug Section in the Enforcement Division of the Bureau of Customs.

We have started a special training course for Customs inspectors so that they will be up to date on the newest methods and techniques for detecting contraband drugs being smuggled into the United States.

Frankly, we believe that the Customs operation has been understaffed in this area. We are presently drawing up at the Treasury for recommendation to the White House an intensified program to prevent the smuggling of narcotics, marihuana, and other contraband drugs.

Organized crime is involved in narcotics smuggling and our efforts in this area will be coordinated with the overall Federal effort against organized crime.

Mr. Chairman, that concludes my statement. It is a pleasure to appear before this Committee which has done so much to alert the American people to the dangers of organized crime and which has been responsible for so much effective legislation to combat organized crime. I shall be pleased to answer any questions that you or members of the Committee may have.

Wagering Taxes--Statistical Data

	FY 1964	FY 1965	FY 1966	FY 1967	FY 1968
Wagering Tax Stamps Sold	7,465	7,284	6,155	5,917	5,089
Revenue Collections					
(a) Occupational Tax	$ 617,000	$ 603,000	$ 705,000	$ 572,000	$ 416,000
(b) Excise Tax	$5,439,000	$6,071,000	$5,689,000	$5,624,000	$4,695,000
Value of Property Seized					
(a) Automobiles, Other	$ 356,608	$ 326,359	$ 275,957	$ 294,830	$ 217,811
(b) Currency	$ 665,020	$ 860,923	$ 463,185	$ 451,596	$ 468,132
Total	$1,021,628	$1,187,282	$ 739,142	$ 746,426	$ 685,943
Persons Convicted	874	806	723	491	192
Special Agent Man-Years	290	274	263	259	159

Exhibit A

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TREASURY DEPARTMENT

WASHINGTON, D.C.

June 4, 1969

FOR IMMEDIATE RELEASE

UNITED STATES FOREIGN GOLD TRANSACTIONS
FIRST QUARTER 1969

The Treasury announced today that during the first quarter of 1969 there were net sales of about $56 million of monetary gold to foreign countries. Major transactions were purchases of $50 million from France, and sales of $76 million to Italy and $25 million to Switzerland. (See Table 1, attached.)

As shown in Table 2, there were two small sales to enable other countries to pay the gold portion of their quota increases in the International Monetary Fund, against which deposits of like amounts of gold were made by the IMF. At the end of the quarter such deposits totaled $231 million.

K-112

TABLE 1

UNITED STATES NET MONETARY GOLD TRANSACTIONS WITH FOREIGN COUNTRIES AND INTERNATIONAL INSTITUTIONS

January 1 - March 31, 1969

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

Area and Country	First Quarter
Western Europe	
France	+50.0
Iceland	*
Italy	-76.0
Switzerland	-25.0
Yugoslavia	-1.0
Total	-52.0
Latin America	
Bolivia	-0.1
Chile	-0.6
Costa Rica	-0.1
Dominican Republic	-0.1
Ecuador	+4.0
El Salvador	-0.1
Guatemala	-0.1
Haiti	-0.1
Honduras	*
Nicaragua	-0.1
Panama	-4.2
Peru	-5.1
Total	-6.6
Asia	
Afghanistan	-0.1
Burma	*
Ceylon	-0.2
Indonesia	-0.4
Pakistan	-0.2
Philippines	+6.8
Southern Yemen	-1.2
Syria	-0.1
Total	+4.6
New Zealand	-1.1
Africa	
Burundi	*
Liberia	-0.1
Morocco	-0.1
Rwanda	*
Somalia	*
Sudan	-0.3
Tunisia	-0.2
Total	-0.8
Total	-55.9
Domestic Transactions	+0.8
Total Gold Outflow	-55.1

*Under $50,000.

Figures may not add to totals because of rounding.

TABLE 2

UNITED STATES MONETARY GOLD TRANSACTIONS
WITH FOREIGN COUNTRIES
MITIGATED THROUGH SPECIAL DEPOSITS BY THE IMF
(Millions of U.S.$)

January 1 - March 31, 1969

Area and Country	First Quarter
Latin America	
Dominican Rep.	-0.7
Africa	
Ivory Coast	-0.2
Total	-0.9
IMF Deposit	+0.9

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UNITED STATES SAVINGS BONDS ISSUED AND REDEEMED THROUGH May 31, 1969

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

DESCRIPTION	AMOUNT ISSUED[1]	AMOUNT REDEEMED[1]	AMOUNT OUTSTANDING[2]	% OUTSTANDING OF AMOUNT ISSUED
TURED				
Series A-1935 thru D-1941	5,003	4,996	7	.14
Series F and G-1941 thru 1952	29,521	29,481	39	.13
Series J and K-1952 thru 1957	3,754	3,714	40	1.07
MATURED				
Series E[3] :				
1941	1,881	1,663	218	11.59
1942	8,304	7,352	953	11.48
1943	13,364	11,861	1,503	11.25
1944	15,584	13,747	1,838	11.79
1945	12,251	10,629	1,622	13.24
1946	5,556	4,641	915	16.47
1947	5,271	4,248	1,022	19.39
1948	5,451	4,303	1,148	21.06
1949	5,381	4,162	1,219	22.65
1950	4,704	3,587	1,117	23.75
1951	4,070	3,105	964	23.69
1952	4,263	3,228	1,035	24.28
1953	4,870	3,598	1,272	26.12
1954	4,964	3,595	1,369	27.58
1955	5,171	3,685	1,487	28.76
1956	4,994	3,512	1,482	29.68
1957	4,703	3,239	1,464	31.13
1958	4,581	3,022	1,560	34.05
1959	4,292	2,756	1,536	35.79
1960	4,301	2,648	1,653	38.43
1961	4,353	2,509	1,843	42.34
1962	4,190	2,348	1,841	43.94
1963	4,672	2,441	2,231	47.75
1964	4,554	2,387	2,168	47.61
1965	4,453	2,296	2,157	48.44
1966	4,792	2,270	2,522	52.63
1967	4,747	2,085	2,663	56.10
1968	4,482	1,504	2,978	66.44
1969	713	42	671	94.11
Unclassified	644	871	-227	-
Total Series E	161,556	117,331	44,225	27.37
Series H (1952 thru May, 1959)[3]	5,485	3,357	2,128	38.80
H (June, 1959 thru 1969)	7,039	1,629	5,410	76.86
Total Series H	12,523	4,986	7,537	60.19
Total Series E and H	174,079	122,317	51,762	29.73
All Series: Total matured	38,277	38,191	86	.22
All Series: Total unmatured	174,079	122,317	51,762	29.73
All Series: Grand Total	212,357	160,508	51,848	24.42

ludes accrued discount.

rent redemption value.

option of owner bonds may be held and will earn interest for additional periods after original maturity dates.

TREASURY DEPARTMENT
Washington

FOR RELEASE ON DELIVERY
SCHEDULED AT 10 A.M.
(MOUNTAIN DAYLIGHT TIME)
SATURDAY, JUNE 7, 1969

ADDRESS OF THE HONORABLE DAVID M. KENNEDY, SECRETARY OF THE TREASURY, TO THE 1969 GRADUATING CLASS, WEBER STATE COLLEGE, OGDEN, UTAH, SATURDAY, JUNE 7, 1969

Dr. Miller, Members of the Board of Trustees, Members of the Faculty, Members of the Graduating Class of 1969, and friends....

Thank you for inviting me to be with you today. I hope you will permit a Weber alumnus of long standing to share vicariously with the men and women of the Class of 1969 the very real sense of achievement they must feel at this moment. I shall try to reciprocate by being mercifully brief -- so that you can move on to celebrating with your family and friends.

Ever since man formalized the Three R's, Commencement Week has been a time of high and happy celebration. I suspect that this June will be recorded as one of the most gratifying of them all -- at least to those millions of parents across the land who will sleep better knowing their sons and daughters are safely home from college.

I also suspect that we may be witnessing the start of a truly revolutionary movement, led by the Weber students who recently presented Dr. Miller with a school sweater and awarded him the title of "Our President." I suspect there are quite a few college presidents around the country who would like to be in his shoes today or, -- in this case, in his sweater!

By time-honored custom, a Commencement Speaker feels impelled to send the graduates home with a challenging message -- usually because he hopes they can somehow solve some of the problems that were too much for *his* generation.

Most certainly we have more than enough challenges to go around, coupled with a very real shortage of genuinely concerned, educated young people to help us meet those challenges.

Just to mention one that concerns me as Secretary of the Treasury, let me point out that each member of the Class of 1969 is in debt to the tune of $1,427, exclusive of anything you may owe your parents or the Alumni Association. That $1,427 is your per capita share of the national debt, and unless we bring inflation under control in pretty short order, it may be considerably higher by the time you cash your first pay check.

Let us hope that 20 or 25 years hence, when *your* sons and daughters graduate, the cost of citizenship in this country will have been reduced and its rewards enhanced. Hope alone will not do it, but personal involvement will -- and I mean personal involvement in every aspect of our troubled, but still resilient society.

Therein, I believe, lies real hope that something of great value will emerge from the unrest that disturbs so many of our colleges and universities today. This generation of yours *is* involved -- not always, it is true, in ways that people my age admire -- but certainly your generation *is* taking a hand and raising its voice in the life of our society. And I, for one, am confident that all that energy and enthusiasm and intelligence will have a lasting effect on the quality of life in America -- a *good* effect.

Much has been said and written about a wide and growing disaffection among many students on the American campus today:

-- They sense hypocrisy in many of their elders who preach the Golden Rule, but tolerate racial discrimination, needless poverty, and moral rot.

-- They suspect that the by-products of technology are poisoning man and his environment.

-- They feel that our system has somehow failed and, instead of uplifting man, we are polluting both mind and matter.

Perhaps worst of all is their growing conviction that they have lost contact with their elders -- that no one is listening on the other side of the generation gap.

The best among them register their feeling in honest dissent.

The worst seek to cure American society by burning it to the ground.

I must admit there are times when I, too, share the uneasiness of the honest dissenters.

Certainly there is room for improvement in the quality of American education -- particularly in the giant multi-university where the student all too often is shut off by the sheer weight of numbers from the personal faculty-student relationship you have enjoyed in your years at Weber.

Certainly the resources exist to do something about racial discrimination -- about poverty -- about slum housing -- and about the vast conspiracy of organized crime that thrives on official corruption and public apathy.

The big question is: Do we have the will?

I say that as a nation, and as a people, we most certainly do!

It is in the nature of youth to look for instant solutions and to suspect a fatal flaw in a system that cannot produce instant solutions. However, problems that have been building up for generations can not be resolved overnight -- no matter how high our intentions, how genuine our concern, nor how willing we are to face up to the task.

But I can tell you this: President Nixon and the people he has brought into his Administration are moving with thoughtful purpose to correct the injustice and imbalance that still exist in the freest and most affluent society on earth.

We are determined to reduce the racial tensions that disturb all men of good conscience.

We are actively seeking to improve the quality of life for the disadvantaged in our urban and rural slums.

We are bending every effort to restore peace.

We shall, I promise you, strive mightily to build a better world.

Such a world may not be the perfect world youth demands. I'm afraid that assignment must be left to you and your children -- and I sincerely hope that the generation gap will have narrowed substantially by the time your turn comes to lead.

Since man first appeared on Earth, he has encountered a bewildering and unending series of problems. He has usually resolved them. But the solutions have often created new problems which man, being imperfect, did not foresee. Many are paradoxical.

For example, why is our air polluted? Because man discovered that he could produce energy from coal and oil in order to keep warm and to power the machines that manufacture an endless variety of goods for utility and comfort and service. And because gasoline engines that power the family car give off noxious fumes.

Why is our water polluted? Largely because man, with his inability to anticipate all consequences, dumped the untreated wastes from desirable industrial growth into rivers and streams.

Even our most positive achievements may have built-in problems. For example, sanitation and medical discoveries have cut down the infant mortality rate, extended the human life span, and made life a more enjoyable experience. Yet those same discoveries contribute to the world-wide population explosion that threatens to engulf mankind.

Truly, the challenges before you are enormous. Fortunately, in addition to youth, native talent, drive, and idealism, you have another asset to help you meet them: namely, education.

Many years ago, an acute observer, H. G. Wells, commented that "human history becomes more and more a race between education and catastrophe." And he suggested rather gloomily that we were losing the race. Well, I disagree. I believe we are going to win that race, so long as our colleges and universities continue to strive for excellence.

Isn't that what all of us, young and old, really want to achieve for our schools and universitites? I believe that all but the book-burning Nihilists would agree that we seek the highest attainable quality of education, plus opportunities for every young man and woman to obtain such an education. And I submit that those opportunities are denied when university authorities surrender to violence or the threat of violence.

In recent months, there has been a rising clamor for repressive legislation -- Federal, state, and local -- to deal with campus disorder. Much of the outcry stems from emotion, rather than reason.

We want law and order on the campus. But the law that best serves our national purpose is the law of reason, and the order we seek is one in which students can participate in the life of the university, share in its decisions, and respect the authority of the university.

A national policy for dealing with college unrest that fails to distinguish between legitimate student dissent and anarchistic disorder would be as futile as it would be destructive of our freedoms. And it would only serve to alienate some of the very same young men and women who should soon assume our national leadership.

Laws already exist to deal with rioters and revolutionaries. They can and should be enforced. But I believe our need is not for more laws, but for fewer lawbreakers. We must find ways to rekindle respect for law and the democratic process in our student population.

Meanwhile, let me suggest to campus radicals and moderates alike that we will all get on with the job of improving the American society a lot faster and more effectively if we stop shouting *at* each other and start talking *to* each other. The process of social and economic advance is a continuing one -- not something that comes to a dead halt with the passing of one generation, then begins all over again with the next.

Here, let me say that I cannot leave this platform without discussing an issue that is not only contributing to campus unrest, but is tearing at the fabric of our society. I refer, of course, to the overriding problem of Vietnam.

Reasonable men and women -- both those who believe firmly in our original commitment in Vietnam and those who honestly do not -- want to see the war ended. They want to bring our servicemen home. And without abdicating our world responsibilities, without weakening our national security, they want to devote more of our resources to the problems of our home front.

No one is more concerned, no one is working harder, and no one feels a greater sense of urgency and responsibility to end the war than President Nixon.

The President has said -- and it is useful to repeat it here today, since some of you will soon enter military service -- that we are engaged in this conflict, "not for glory, not for conquest, not for an inch of territory, nor for any concession, but for the preservation of peace and freedom."

There is no other issue on which there is a more crying need for us to be united. Ho Chi Minh's basic strategy since the beginning of the Viet Cong rebellion against France after World War II has counted heavily on a divided public opinion among his adversaries. That strategy was successful against the French, it divided the Vietnamese people, and it is prolonging the killing and standing in the way of a just and honorable settlement for both sides today.

Let us hope and pray and work united toward that just and honorable settlement, so that we may all get on with our pressing tasks at home.

President Nixon reminded us, in his Inaugural Address last January, that time and the march of events confront each oncoming generation with problems and decisions totally different from the experiences of the past.

Mr. Nixon recalled how Franklin Delano Roosevelt, in his Inaugural Address a third of a century before, had surveyed the troubles of a nation ravaged by depression and gripped in fear. America's troubles, President Roosevelt said, "concern, thank God, only material things."

"Our crisis today is in reverse," President Nixon told the American people.

"We find ourselves rich in goods, but ragged in spirit; reaching with magnificent precision for the moon, but falling into raucous discord on earth.

"We are caught in war, wanting peace. We are torn by division, wanting unity. We see around us empty lives, wanting fulfillment. We see tasks that need doing, waiting for hands to do them.

"To the crisis of the spirit, we need an answer of the spirit."

And then President Nixon said:

"To find that answer, we need only to look within ourselves."

We live in an age of science and technology, a time of almost unbelievable breakthrough in all fields of human knowledge, when it sometimes seems that the computer may replace man. But it has been said -- and truly, I believe -- that in the long span of Time, Science will prove to be only a footnote to human history. In the end, it is the spirit of man that will shape his destiny. And it is that human spirit, ennobled and enriched by your years here at Weber

College, that will sustain you as you begin your great new adventure.

What a challenge is yours!

What an opportunity to serve mankind!

Truly ...... I envy you!

Thank you.

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TREASURY DEPARTMENT 139

WASHINGTON, D.C.
June 7, 1969

MEMORANDUM TO THE PRESS

The following is an insert to the speech of Secretary of the Treasury David M. Kennedy, to the 1969 Graduating class, Weber State College, Ogden, Utah, scheduled for delivery at noon, EDT, this date.

Insert follows second paragraph, page 2 of Kennedy text:

At this point, I am going to depart from my prepared remarks to tell you regretfully that I am going to have to cut short my long-anticipated visit to Utah in order to return to Washington tomorrow to testify before an influential committee of the United States Congress on a proposal by President Nixon that is crucially important if we are to lick inflation.

Years of inflation have distorted our economy. I need hardly remind you graduates and faculty members that we cannot achieve our country's goals -- the goal of national security, the goals of growth at home, influence and prestige abroad, the goal of a better life for all of our citizens, the goal of order in our cities -- unless we have a strong, healthy, growing economy.

The measure on which I am to testify Monday will contribute to such an economy. It calls for extension of the present 10 percent income tax surcharge, which is now scheduled to expire at the end of this month.

Now, I recognize that all of us would dearly like to see lower taxes. However, a reduction in taxes -- which is precisely what would come about if the surcharge were not extended -- would add to already very strong inflationary pressures and further erode the value of the dollar, both at home and abroad.

If we are to get on top of inflation, we must keep tax levels high enough to have a surplus in the federal budget. And even though we are cutting back government spending, we cannot realize that surplus unless we extend the income tax surcharge beyond the end of this month.

Therefore, responsible economic planning and financial management by your government call for us to maintain taxes at their present levels for this year. We would then reduce the surcharge rate to 5 percent on next January 1, and let it expire entirely on June 30, 1970.

That is what I hope to persuade the House Ways and Means Committee to do when I appear before it Monday.

Wish me luck!

END INSERT.

oOo

'REASURY DEPARTMENT 191

WASHINGTON, D.C.

June 9, 1969

OR IMMEDIATE RELEASE

TREASURY TRANSMITS REQUEST TO CONGRESS
TO EXTEND INTEREST EQUALIZATION TAX

Treasury Secretary David M. Kennedy today is sending to he Congress a bill to extend the Interest Equalization Tax or 18 months, to January 31, 1971. The present legislation xpires July 31, 1969.

The proposed new legislation would continue in force this ssential part of the United States balance-of-payments program.

The Interest Equalization Tax applies to acquisitions by nited States residents or citizens of foreign stocks and ebt obligations from foreigners, and reduces the outflow of ollars from the United States by increasing the annual cost o foreigners of raising capital in the United States market.

Under discretionary authority granted by Congress in 1967, he President can vary the effective annual rate of the tax rom zero to 1-1/2 percent as the balance-of-payments position ermits. The present effective rate of 3/4 percent was stablished in an Executive Order signed by the President on pril 3, 1969.

The proposed legislation includes several technical mendments, and makes the existing authority of the President o vary the rate of tax within the limits set by Congress more lexible by authorizing the President to adjust the tax rate n new issues downward without an equivalent reduction of the ate applicable to outstanding securities. This amendment ould be used to reduce reliance upon the Interest Equalization ax, in line with the President's announcement of April 4, 1969, hat:

> "We shall stop treating symptoms and
> start treating causes, and we shall
> find our solutions in the framework
> of freer trade and payments."

A Treasury explanation of the bill is attached.

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TREASURY DEPARTMENT

PROPOSED INTEREST EQUALIZATION TAX EXTENSION BILL OF 1969

EXPLANATION

The proposed "Interest Equalization Tax Extension Act of 1969", which amends the Internal Revenue Code of 1954, extends the tax for 18 months so that it would expire January 31, 1971. Furthermore, by supplementing existing Presidential authority to vary the rates of tax within the range already prescribed by Congress with authority to set lower rates for original or new issues, the bill could be used to reduce our reliance upon the tax in line with the President's announcement of April 4, 1969, that

> "We shall stop treating symptoms and start treating causes, and we shall find our solutions in the framework of freer trade and payments."

In addition, the bill makes several technical, clarifying, and conforming changes to facilitate administration of the tax or eliminate unintended hardship. A description of the provisions of the proposed bill follows:

(1) Extension of Tax: Section 2 of the bill amends section 4911(d) to extend the termination date of the tax by 18 months, to January 31, 1971.

(2) Lower Rates on Original or New Issues: Section 3 of the bill amends section 4911(b)(2)(A) to grant the President authority to make the rate applicable to stock or debt obligations which are part of an original or new issue (or a specific classification of original or new issues) lower than the rates applicable to outstanding stock or debt obligations. Under existing law the President may vary the effective annual rate between zero and 1 1/2 percent, but the rate must be the same for new and outstanding issues.

By refining existing authority so as to permit a lower rate to be applied to original or new issues, the bill could be used to reduce our reliance upon the interest equalization tax without the adverse effect on our balance-of-payments which might result if such lower rate were also applicable to outstanding issues, including issues sold to foreigners by domestic corporations for the purpose of financing foreign affiliates. For the purposes of the interest equalization tax, such issues are treated as debt obligations of foreign obligors.

The bill provides that the term "original or new issue" shall have the same meaning as in section 4917 which contains the exclusion for international monetary stability, and that the President may in the Executive Order limit the amount and classification of such original or new issues to which the lower rates are applicable. It is intended that the President have authority under this section to limit an Executive Order at least to the extent he can (or is required to) limit an Executive Order under section 4917. An Executive Order could also require a "notice of acquisition," or provide other implementing procedures. Also, under this authority the President could deny "original or new issue" treatment where the proceeds are to be used for the purpose of avoiding a higher rate applicable to outstanding issues or otherwise avoiding the limitations applicable to any preferential rate for new issues.

(3) Certain transfers to foreign trusts: Subsection (a) of section 4 of the bill amends paragraph (1) of section 4912(b) by redesignating the present text as subparagraph (A) and adding new subparagraph (B).

Paragraph (1) of section 4912(b) (redesignated subparagraph (A)) presently provides that any transfer (other than in a sale or exchange for full and adequate consideration) of money or other property to a foreign trust is deemed an acquisition by the transferor of stock of a foreign issuer, but only to the extent that such trust acquires stock or debt obligations (of one or more foreign issuers or obligors) which would, if acquired directly by the transferor, be subject to the interest equalization tax.

The new subparagraph (B) of paragraph (1) provides a rebuttable presumption that, subsequent to such transfer, the foreign trust acquired stock or debt obligations which would, if acquired directly by the transferor, be subject to the interest equalization tax. The presumption may be rebutted if the transferor submits proof satisfactory to the Secretary or his delegate that, during the calendar quarter in which the transfer took place and each succeeding calendar quarter, liability for the interest equalization tax has either not been incurred or has been paid. Such proof must be submitted on or before the 30th day following the close of each such quarter.

The amendatory provisions are designed to give the Internal Revenue Service a more effective means of determining whether a transferor has incurred interest equalization tax liability.

(4) Certain domestic financing companies: Subsection (b) of section 4 of the bill amends paragraph (3B) of section 4920(a) which provides that a domestic corporation engaged in the business of financing the sales of products manufactured by affiliated companies in the United States or abroad may elect to be treated as a foreign issuer or obligor.

Section 4920(a)(3B) was enacted in 1967 to permit such sales financing activities free of tax if the prescribed conditions were satisfied. Such conditions have been found to be too restrictive and it has been determined that some of the conditions can be removed without substantial balance of payments risk. The bill replaces existing section 4920(a)(3B) with a new provision in section 4920(d) (existing section 4920(d) is redesignated as section 4920(e)) to permit the everyday operations of "captive" sales financing companies without undue operating burdens, while at the same time retaining the foreign borrowing and certain other requirements to protect our balance-of-payments position.

New section 4920(d) provides that in order for a domestic corporation to qualify as a "foreign issuer or obligor" it must be exclusively engaged in the trade or business of acquiring and servicing debt obligations arising out of sales of tangible personal property or otherwise described in section 4920(d)(1). Also, at least 90 percent of the face value of the debt obligations (with two exceptions) owned by such corporation at all times during the taxable year must consist of debt obligations described in paragraph (1) of section 4920(d).

The permissible types of debt obligations are those arising in connection with sales of products produced, manufactured, assembled, or extracted by affiliated companies in the United States or abroad, trade-ins; trade-ins on trade-ins, exports from the United States not less than 85 percent of the purchase price of which is attributable to property manufactured, produced, grown, or extracted in the United States, or services performed by United States persons, and loans to certain dealers or distributors. A 10 percent "cushion" is provided permitting the ownership of debt obligations arising out of other sales of tangible personal property. In applying the 90-10 rule, bank deposits with a maturity of less than one year and debt obligations of affiliated corporations which were received as payment for stock or as a contribution to capital are not taken into account. Acquisitions of foreign or domestic stocks are not allowed except those of affiliated corporations received as a payment for stock or as a contribution to capital.

All debt obligations must be acquired out of the prodeeds of certain foreign borrowings, equity capital attributable to foreign borrowings by affiliates, retained earnings and reserves. This limitation is designed to assure that there will be no adverse effect on our balance-of-payments position as a result of such financing activities.

In addition to the above requirements, the corporation must maintain prescribed records and elect to be treated as a foreign issuer or obligor. If the corporation fails to meet any of the statutory conditions all debt obligations held by it at the time of revocation, which except for the election would be taxable, are subject to tax.

Paragraph 3 of section 4(b) of the bill makes minor conforming amendments to section 4915(c)(3) under which foreign subsidiaries, 50 percent or more owned by affiliated corporations, will not be considered formed or availed of for the principal purpose of tax avoidance if they satisfy the conditions imposed on domestic sales financing companies under section 4920(d) and give timely notice to the Secretary or his delegate.

(5) Reporting requirements of nonparticipating firms: Subsection (c) of section 4 of the bill amends paragraph (3) of section 6011(d) to conform its provisions with the provisions of section 4918 which were revised at the time of the enactment of the Interest Equalization Tax Extension Act of 1967. In its present form, this paragraph, which was not amended in 1967, refers to procedures made obsolete by the 1967 Extension Act.

In order to correct this legislative oversight, paragraph (3) of section 6011(d) is amended to provide that suitable reporting and recordkeeping may be required of a member or member organization of a national securities exchange or association registered with the Securities and Exchange Commission which is not a participating firm referred to in section 4918(c). Such reporting and recordkeeping requirements are necessary to assure proper administration of the interest equalization tax.

The amendment requires that such member or member organization keep such records and file such information as the Secretary or his delegate may by forms or regulations prescribe in connection with certain acquisitions and sales effected by such member or member organization, whether for his own account or as a broker. These recordkeeping and information reporting requirements could be made applicable to acquisitions and sales with respect to which: (1) validation certificates issued by the Internal Revenue Service (described in section 4918(b)(1)(A)) are received from the Service or any other source, or (2) an acquiring United States person is subject to the interest equalization tax. The latter includes acquisitions and sales with respect to which a written confirmation is furnished to a United States person (or should have been furnished) indicating that the particular acquisition is or may be subject to the interest equalization tax.

As amended, section 6011(d)(3) would not be applicable to a member or member organization if it is a participating firm within the meaning of section 4918(c). Section 4918(c) already provides that participating firms must comply with the documentation, recordkeeping, reporting and auditing requirements prescribed by the Secretary or his delegate.

The effect of the amendment is to remove any doubt as to the obligation of nonparticipating firms to file the Broker's Quarterly Information Return (Form 3845) and to maintain the records necessary to enable the firms to do this and to maintain records or file returns which might subsequently be prescribed. Participating firms are also required to file Form 3845.

(6) Failure of Nonparticipating Firms to File Information Returns: In order to implement the above amendment relating to reporting requirements for nonparticipating firms, subsection (d) of section 4 of the bill amends section 6680 by redesignating the existing provisions as subsection (a) and by adding a new subsection (b) which imposes a penalty upon a member or member organization of a national securities exchange or association registered with the Securities and Exchange Commission who fails to file any information return prescribed by the Secretary or his delegate pursuant to the amended provisions of section 6011(d)(3), unless the failure to file is due to reasonable cause. The

amount of the penalty is $1,000 for each failure to file the required return. Since the present quarterly information return (Form 3845) is an important tool in interest equalization tax enforcement efforts, it is necessary that a penalty be imposed for noncompliance by nonparticipating firms. Participating firms are already subject to other sanctions.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR RELEASE 6:30 P.M.,
Monday, June 9, 1969.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated March 13, 1969, and the other series to be dated June 12, 1969, which were offered on June 4, 1969, were opened at the Federal Reserve Banks today. Tenders were invited for $1,700,000,000, or thereabouts, of 91-day bills and for $1,300,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing September 11, 1969		182-day Treasury bills maturing December 11, 1969	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	98.372 a/	6.440%	96.544 b/	6.836%
Low	98.309	6.690%	96.463	6.996%
Average	98.334	6.591% 1/	96.498	6.927% 1/

a/ Excepting 1 of $5,000
b/ Excepting 4 tenders totaling $1,510,000
14% of the amount of 91-day bills bid for at the low price was accepted
30% 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	$ 42,288,000	$ 32,288,000	$ 5,078,000	$ 5,078,000
New York	1,931,080,000	1,121,780,000	1,620,763,000	957,763,000
Philadelphia	34,053,000	19,053,000	20,614,000	10,614,000
Cleveland	47,595,000	47,595,000	30,611,000	30,611,000
Richmond	19,665,000	19,665,000	20,030,000	13,530,000
Atlanta	40,545,000	39,545,000	27,093,000	24,093,000
Chicago	158,912,000	158,912,000	136,347,000	117,347,000
St. Louis	47,373,000	46,373,000	30,084,000	27,584,000
Minneapolis	28,054,000	28,054,000	19,886,000	13,886,000
Kansas City	31,253,000	31,252,000	18,293,000	18,293,000
Dallas	27,028,000	19,028,000	19,456,000	11,456,000
San Francisco	138,235,000	136,515,000	124,101,000	70,101,000
TOTALS	$2,546,081,000	$1,700,060,000 c/	$2,072,356,000	$1,300,356,000 d/

c/ Includes $339,802,000 noncompetitive tenders accepted at the average price of 98.334
d/ Includes $172,437,000 noncompetitive tenders accepted at the average price of 96.498
1/ These rates are on a bank discount basis. The equivalent coupon issue yields are 6.80% for the 91-day bills, and 7.28% for the 182-day bills.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

June 11, 1969

FOR IMMEDIATE RELEASE

GENE A. KNORR APPOINTED DEPUTY SPECIAL ASSISTANT FOR CONGRESSIONAL RELATIONS TO SECRETARY OF TREASURY

The appointment of Gene A. Knorr as Deputy Special Assistant to the Secretary of the Treasury (Congressional Relations) was announced today by Secretary of the Treasury David M. Kennedy.

Mr. Knorr, 28, comes to the Treasury Department with two years service on Capitol Hill as Legislative Assistant to Representative Tom Kleppe (R.-N.D.). Prior to joining Mr. Kleppe's staff, he was associated with the Chicago law firm of Peterson, Lowry, Rall, Barber, and Ross.

A native of Sawyer, North Dakota, Mr. Knorr graduated from St. Olaf College in Northfield, Minnesota, in 1962. He received a Juris Doctor degree from Northwestern University School of Law in 1965.

Mr. Knorr and his wife, the former Lorelei Olsen of Billings, Montana, live at 7333 New Hampshire Avenue, Hyattsville, Maryland. They have one son, Richard Dale.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

June 11, 1969

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 $2,700,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing June 19, 1969, in the amount of $2,702,233,000, as follows:

91-day bills (to maturity date) to be issued June 19, 1969, in the amount of $1,600,000,000, or thereabouts, representing an additional amount of bills dated March 20, 1969, and to mature September 18,1969, originally issued in the amount of $1,100,321,000, the additional and original bills to be freely interchangeable.

182-day bills, for $1,100,000,000, or thereabouts, to be dated June 19, 1969, and to mature December 18, 1969.

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

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Daylight Saving time, Monday, June 16, 1969. 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

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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 each issue 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 for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on June 19, 1969, in cash or other immediately available funds or in a like face amount of Treasury bills maturing June 19, 1969. 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.

June 11, 1969

FOR IMMEDIATE RELEASE

EXTENSION OF INCOME TAX SURCHARGE URGED BY SIX FORMER TREASURY SECRETARIES

Six former Secretaries of the Treasury today urged "prompt action by the Congress to extend the income tax surcharge."

The six -- John W. Snyder, George M. Humphrey, Robert B. Anderson, Douglas Dillon, Henry H. Fowler, and Joseph W. Barr, today released the following statement:

> "We are joining together to express our firm conviction that the financial health of the nation demands prompt action by the Congress to extend the income tax surcharge for one year. Combined with control of expenditures, this is essential to produce the budgetary surplus so urgently needed to dampen inflation and maintain orderly financial markets.
>
> "If inflation continues unabated, we will put into jeopardy the economic prosperity we have all worked so hard to achieve.
>
> "The risks of inaction are great:
>
> "-- At home, rising prices -- and the expectation of further rises -- will create new distortions and inequities that will unbalance our economy.
>
> "-- Businessmen will continue to see their goods priced out of foreign markets as our exports become more expensive. At the same time, they will see this inflation produce a strong demand for imports.

The burden of fighting inflation cannot be left to monetary policy alone. Recent developments carrying interest rates to the highest levels in a century make plain the severe pressures already operating in financial markets.

"We recognize that important questions of tax reform remain to be settled at a later date, and we pronounce no judgment on the structural tax changes proposed by the Administration.

"But we are united in the conviction that -- in the interests of the nation's economic stability and its future prosperity -- extension of the surcharge for one year must not be delayed."

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TREASURY DEPARTMENT

WASHINGTON, D.C.

June 12, 1969

FOR IMMEDIATE RELEASE

TREASURY MARKET TRANSACTIONS IN MAY

During May 1969, market transactions in Federal Securities of Government accounts resulted in net purchases by the Treasury Department of $200,447,000.00.

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OFFICE OF THE SECRETARY OF THE TREASURY
WASHINGTON, D.C. 20220

June 11, 1969

MEMORANDUM TO FINANCIAL EDITORS

You no doubt are aware of Secretary Kennedy's recent remarks concerning inflation and the surcharge. Those statements were made at a news conference, in Washington, June 10.

Since this subject is of continuing interest to many of your readers, I thought it would be useful for you to have that portion of the news conference dealing with that subject.

Sincerely,

Dixon Donnelly

Dixon Donnelley
Special Assistant to the Secretary
(Public Affairs)

Attachment

EXCERPTS FROM REMARKS OF SECRETARY OF THE TREASURY DAVID M. KENNEDY AT A NEWS CONFERENCE HELD JUNE 10,1969, WASHINGTON, D. C.

Opening Statement:

"Since taking office in January, our principal preoccupation, at least at the Treasury, has been... the question of inflation as it relates to fiscal policy...."

"... the calendar has been running and the June 30 expiration of the surcharge highlights the fact that the Congress must act and act promptly. There is a technical question of the withholding and the schedules, but more important is the overall inflation problem.

"And we were able to, in our discussions in this Committee, I think, to isolate and to bring out the issues and hopefully now the Committee will be able to resolve the issues and come out with the bill. And hopefully it will be the bill recommended by the Administration which would be the extension of the surcharge to January 1 next year at 10 percent, and then 5 percent from January to June, with elimination of the investment tax credit and extension of the excise taxes.

"There are various feelings on the part of Congressmen. Some of them want reform before the extension. That is impossible as the calendar lies and as the practical problem of coming out with a meaningful bill is concerned.

"I think others would wonder whether the surcharge, when it passed and as it has operated, has effectively done the job. But whether those arguments prevail or whether they don't, it seems to me that from the standpoint of the economics; and the financial responsibility there is no question but what we need a full extension as recommended and also we need assurance on the part of the Administration and the Congress that we are going to meet head-on the inflation problem.

"Now that assurance is, I am sure, in the minds and hearts of the men here, and I believe it is true with Congressmen and Senators I have talked to. So our problem is to get the votes now to get this extension. I think as we look at what has happened, and looking ahead, that the economy with three and a half years of inflationary pressures building up has moved so that the problem is much more difficult than I contemplated.

"The pressures are greater, and I think that it means that our actions have to be very strong and consistent, and since January the program of the Administration and of the monetary policy as handled by the Fed have been working hand in glove. And I think that will do the job that we hope to accomplish in the period ahead.

"It is not the time to reduce taxes, which will take place if the surcharge is not extended, when our country is in a period of strong inflationary pressures. And I think when that message gets to the Congressmen that they will give the support that we need to get it through. And so much is depending on it, not only in this country, but... the eyes of the world are upon us, and the program that we have been talking to with them is based on our following sound policies here at home; because if the dollar is not sound, I don't know what currency on earth can carry the international monetary mechanism."

QUESTION: "Mr. Kennedy, are we on the threshhold of a credit crunch comparable to 1966?

SECRETARY KENNEDY: "No, I don't think that we are. We are in a credit stringency, and markets are not good, but they are not completely disorderly as they were in 1966.

And I think that the actions that I see on the part of the banks and upon the financial community that we will not experience that kind of crunch. It means, however, that the lending institutions have got to allocate their funds. They have got to ration their funds, and I think it means to say 'No' to credit demands."

QUESTION: Does this mean you are endorsing the increase in the prime rate that occurred yesterday?

SECRETARY KENNEDY: "No, I am not either endorsing or condemning it. ... it seems to me that interest rates have not been as effective in reducing credit demand or restricting credit as we have seen in the past, and part of that is the inflation psychology which the borrower puts into his decision ... for his request for credit."

QUESTION: "Sir, if you don't get the surtax extended, will that mean that using the same fiscal policy you would have to retrench on your spending?

SECRETARY KENNEDY: "Well, we have done about as much in the period of time that can be done on the budget. I think an excellent job has been done by the Director of the Budget and his group in getting the departments to cut back. Now further cuts should and will be made. They have got stops. They are working now on the '71 budget. And any '70 that they can reduce should be reduced. But the figures that we have indicated, that they have done about as much as they can at this time.

QUESTION: "What is your own assessment of chances of extending the surtax, how close?"

SECRETARY KENNEDY: "I think it will be done. I think that the votes are there. But it is going to be tight. It is going to be difficult surely. No tax bill goes through very easily, and I am saying that this is not a question of increasing taxes. It is a question of reducing taxes unless we extend it, because taxes drop down. You get more fuel in the furnace. So I think that they will do it."

QUESTION: "Mr. Secretary, if there is no extension of the surcharge, is there a possibility of wage and price control?"

SECRETARY KENNEDY: "Well, there is a possibility of a lot of things. I am not saying they will, that they will take place. But you have only two or three avenues if you don't. One would be further budget cuts, one would be budgetary policies or restrictions in controlling society. I don't want to buy a controlled society."

QUESTION: "Did you mean that wage and price controls would be seriously considered if the surtax is not extended?"

SECRETARY KENNEDY: "No, I don't say that.

QUESTION: "Can you clarify what you do mean?"

SECRETARY KENNEDY: "Well, I mean you take a look at the situation as it goes, to see how strong inflationary pressures come. We can't let these escalate and have runaway inflation in this country. And we could be very close to that now."

QUESTION: "Mr. Secretary, are you leaving open that question of wage-price control?"

SECRETARY KENNEDY: "The policy of the Government is not to have wage and price controls, and at the present time I see no need for it."

QUESTION: "Secretary Kennedy, you said that you can't have runaway inflation, and you mentioned some wage-price controls as one of the things if you don't get the surcharge. Now, does this mean that you would trigger wage-price controls before you would tolerate runaway inflation?"

SECRETARY KENNEDY: "As I indicated before, you take all these things into account, and I have notadvocated and have not here advocated for you any wage-price controls. I want that clear. I said if we have acceleration, and don't reverse -- prices start to zoom and you have runaway inflation, you have only the alternatives of going to some controls or else you have to have monetary policy try to do the whole job. And it would be a question of where you go."

QUESTION: "Mr. Secretary, some Congressmen are frustrated. They say they keep voting to increase taxes, inflation continues, the bankers are getting rich. How do you respond to an argument like this?"

SECRETARY KENNEDY: "Well, I respond in various ways to try to answer them. But there is no question about the fact that many people were disappointed -- many in Congress with the action of the surcharge. It didn't seem to do what they expected it to do. And the question of whether monetary policy was reversed far too much in the period after the surcharge was passed, as has been discussed, is one possibility. But there is the time element. And it seems to me in the last six to eight months is really the test period, when monetary and fiscal policy have been going hand-in-hand; that the actions that have taken place since then, I believe, are bringing the economy into control, and the danger of course now is that we reduce taxes and go back in the other direction. That is what I am trying to convince the Congress that they should not do."

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TREASURY DEPARTMENT

WASHINGTON, D.C.

R RELEASE 6:30 P.M.,
nday, June 16, 1969.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced that the tenders for two series of Treasury lls, one series to be an additional issue of bills dated March 20, 1969, and the her series to be dated June 19, 1969, which were offered on June 11, 1969, were ened at the Federal Reserve Banks today. Tenders were invited for $1,600,000,000, thereabouts, of 91-day bills and for $1,100,000,000, or thereabouts, of 182-day lls. The details of the two series are as follows:

NGE OF ACCEPTED MPETITIVE BIDS:	91-day Treasury bills maturing September 18, 1969		:	182-day Treasury bills maturing December 18, 1969	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	98.321	6.642%	:	96.643	6.640%
Low	98.311	6.682%	:	96.623	6.680%
Average	98.315	6.666% 1/	:	96.636	6.654% 1/

80% of the amount of 91-day bills bid for at the low price was accepted
98% of the amount of 182-day bills bid for at the low price was accepted

AL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 32,154,000	$ 17,374,000	:	$ 4,983,000	$ 4,574,000
New York	2,163,835,000	1,298,119,000	:	1,866,651,000	928,487,000
Philadelphia	35,035,000	17,873,000	:	19,192,000	8,206,000
Cleveland	69,184,000	31,038,000	:	42,239,000	23,344,000
Richmond	45,948,000	25,538,000	:	31,597,000	13,596,000
Atlanta	55,202,000	22,090,000	:	37,001,000	13,840,000
Chicago	130,331,000	50,552,000	:	120,501,000	34,931,000
St. Louis	66,304,000	39,482,000	:	47,920,000	18,420,000
Minneapolis	24,136,000	6,286,000	:	23,549,000	6,749,000
Kansas City	29,853,000	22,402,000	:	23,650,000	19,400,000
Dallas	23,826,000	13,326,000	:	28,378,000	11,078,000
San Francisco	164,634,000	56,149,000	:	128,712,000	18,087,000
TOTALS	$2,840,442,000	$1,600,229,000 a/		$2,374,373,000	$1,100,712,000 b/

Includes $322,839,000 noncompetitive tenders accepted at the average price of 98.315
Includes $191,591,000 noncompetitive tenders accepted at the average price of 96.636
These rates are on a bank discount basis. The equivalent coupon issue yields are 6.87% for the 91-day bills, and 6.98 % for the 182-day bills.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

June 18, 1969

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 $2,700,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing June 26, 1969, in the amount of $2,705,288,000, as follows:

91-day bills (to maturity date) to be issued June 26, 1969, in the amount of $1,600,000,000, or thereabouts, representing an additional amount of bills dated March 27, 1969, and to mature September 25, 1969, originally issued in the amount of $1,100,689,000, the additional and original bills to be freely interchangeable.

183-day bills, for $1,100,000,000, or thereabouts, to be dated June 26, 1969, and to mature December 26, 1969.

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

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Daylight Saving time, Monday, June 23, 1969. 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 each issue 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 for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on June 26, 1969, in cash or other immediately available funds or in a like face amount of Treasury bills maturing June 26, 1969. 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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REASURY DEPARTMENT

WASHINGTON, D.C.

June 18, 1969

FOR IMMEDIATE RELEASE

TREASURY'S MONTHLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $ 1,700,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing June 30, 1969, in the amount of $ 1,702,711,000, as follows:

274-day bills (to maturity date) to be issued June 30, 1969, in the amount of $500,000,000, or thereabouts, representing an additional amount of bills dated March 31, 1969, and to mature March 31, 1970, originally issued in the amount of $1,000,536,000, the additional and original bills to be freely interchangeable.

365-day bills, for $1,200,000,000, or thereabouts, to be lated June 30, 1969, and to mature June 30, 1970.

The bills of both series will be issued on a discount basis under ompetitive and noncompetive bidding as hereinafter provided, and at naturity their face amount will be payable without interest. They vill 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 ip to the closing hour, one-thirty p.m., Eastern Daylight Saving ime, Tuesday, June 24, 1969. 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 enders the price offered must be expressed on the basis of 100, ith not more than three decimals, e. g., 99.925. Fractions may not e used. (Notwithstanding the fact that the one-year bills will run or 365 days, the discount rate will be computed on a bank discount asis of 360 days, as is currently the practice on all issues of reasury bills.) It is urged that tenders be made on the printed orms and forwarded in the special enbelopes which will be supplied y Federal Reserve Banks or Branches on application therefor.

Banking institutions generally may submit tenders for account of istomers provided the names of the customers are set forth in such enders. 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 each issue 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 for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on June 30, 1969, in cash or other immediately available funds or in a like face amount of Treasury bills maturing June 30, 1969. 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.

TREASURY DEPARTMENT 161

WASHINGTON, D.C.

June 19, 1969

NOTICE TO THE PRESS

Governor Guido Carli of the Bank of Italy will meet with Secretary Kennedy at Treasury at 11:30 A.M., Monday, June 23.

Governor Carli plans to visit the United States to confer with officials of a number of major New York banks, and will take the opportunity to meet with Mr. Kennedy for the first time since Mr. Kennedy became Secretary of the Treasury. Their informal discussions are expected to cover financial matters of mutual interest to the United States and Italy.

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FOR RELEASE ON DELIVERY

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STATEMENT BY THE HONORABLE DAVID M. KENNEDY
SECRETARY OF THE TREASURY
BEFORE THE
HOUSE COMMITTEE ON BANKING AND CURRENCY ON
INTEREST RATES
THURSDAY, JUNE 19, 1969, 2:00 P. M.

Mr. Chairman and Members of the Committee:

I understand the purpose of today's hearing is to seek answers to two important questions:

(1) What were the reasons behind the recent increase in the bank prime lending rate of 8-1/2 percent?

(2) What policies should the Federal government follow to create conditions that will result in a lower level of interest rates?

It is essential that we consider these questions, and I welcome this opportunity to offer some observations on them.

The high level of interest rates which exists today is largely the result of three major influences.

First, the overall demand for credit remains strong. This large demand is stimulated by continued economic expansion in a broad range of economic activities, especially for the financing of capital investment. The demand is reinforced by the expectation of continued inflation.

Second, the behavior of interest rates is peculiarly distorted by the impact of inflation, both actual and expected. Interest is the price paid by a borrower for the advantage of using a fixed sum of money now and repaying the same fixed sum at a future date. When there is an expectation of stable prices, the interest rate reflects a normal return on capital and a risk adjustment based on the borrower's credit-worthiness. But when the expectation of unabated inflation is widespread, the unprotected lender must charge -- and the borrower is willing to pay -- a premium to compensate for the decline in purchasing power of the funds to be repaid. The incorporation of this inflation-adjustment charge into credit contracts is a major factor in today's high level of rates.

Third, the large role played by monetary policy in the effort to control inflation has put substantial upward pressure on interest rates. Monetary policy influences real economic activity through changes in bank credit and money supply. A program of economic restraint which relies heavily on monetary policy, thereby restricting the supply of money and credit, is likely to lead to higher interest rates in the short run. Of course, as inflation is brought under control, interest rates can logically be expected to decline.

I believe these three influences -- strong demand for credit, excessive inflation, and heavy reliance on monetary policy -- basically explain the general level of interest rates.

My primary concern, Mr. Chairman, is with the second question under consideration today -- what policies should the government follow to create conditions that will result in a lower level of interest rates? I assure you that no one in this hearing room is more anxious to see lower interest rates than the Secretary of the Treasury. This Administration is determined, therefore, to pursue anti-inflationary policies which offer the most promise for achieving effective relief from the current rates.

The appropriate policy prescription for achieving the desired reduction in the level of interest rates is clearly dependent upon the real nature of the current problem. If, for example, today's rates were the result of concerted discretionary action by large banks with the power to escape normal market tests, which I do not believe is the case, then a possible course of policy would be to seek legal remedies. If, on the other hand, these high rates are fundamentally the result of the three major influences I have outlined, then the proper policy is one of strong fiscal restraint, expenditure reduction, and surtax extension -- such as this Administration has proposed.

I have a deep appreciation for the widespread concern expressed over the recent prime rate increase. Indeed, I have previously made clear my serious doubts as to the ability of interest rate increases to effectively ration credit at this time, and I would today urge all lenders to use other methods to make those difficult credit allocation decisions which the present situation clearly demands. We are entitled to expect such responsible behavior from our financial institutions. They, in return are entitled to expect the government to take the actions that are necessary to restrain inflation.

I do not, however, favor reliance upon a strategy of selective application of administrative pressures to force particular firms in competitive industries to reduce prices. This approach merely treats symptoms, not basic causes, and provides no effective or lasting relief from the problem of inflation.

A policy of selective government intervention to roll-back price increases knows no limits in actual application. Where does one draw the line? The Administration has been urged not only to roll-back the prime rate, but also to take direct action against increases in certain commodity prices and in construction industry wages. This arbitrary approach is ineffective, without legal sanction, and devoid of clear guidelines or effective remedies for the firms involved. Moreover, such action in the case of interest rates can increase demand and inflationary pressures and adversely affect certain sectors of the economy, such as housing.

All of this emphasizes the pressing need for full extension of the surcharge, as reported by the House Ways and Means Committee, and enactment of the other fiscal measures proposed by this Administration. Inflation and inflationary expectations have taken a very strong hold on the economy. The prime rate increase is the latest dramatic evidence of that fact. Any backing away now from our policy of restraint -- any reduction in tax rates while prices are climbing at a rate of six percent a year -- is simply an invitation to more and more inflation and, ultimately, a severe and painful economic adjustment.

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE

EXCERPTS OF REMARKS OF EUGENE T. ROSSIDES
ASSISTANT SECRETARY OF THE TREASURY
BEFORE THE MEMBERS OF THE
ASSOCIATION OF FEDERAL INVESTIGATORS
PRESIDENTIAL ARMS HOTEL, WASHINGTON, D. C.
JUNE 19, 1969
12:00 NOON

Introduction

I welcome the opportunity to visit with the Association of Federal Investigators.

Your motto--"To be faithful in the pursuit of truth;" your purpose--to promote the professional status of the investigator; and your objective--to establish ethical professional standards of work and conduct--are a testament to your goal of enhancing investigation as a profession.

You can be justly proud of the expanding role of your association in fostering better law enforcement. The Treasury Department's role and efforts in law enforcement are also expanding as a result of the high priority President Nixon has given to effective law enforcement.

Treasury's Role in Law Enforcement

The Secretary of the Treasury, David M. Kennedy, stated earlier this year that the full resources of the Treasury Department--including each of its investigative and enforcement arms--will be used as needed in pressing the war against crime.

Secretary Kennedy has upgraded the status of Treasury law enforcement by putting it under the supervision of an Assistant Secretary. My responsibilities as Assistant Secretary for Enforcement and Operations include, among others, serving as "principal advisor to the Secretary on all law enforcement matters;" direct supervision of the Secret Service, the Bureau of Customs and the Treasury Law Enforcement School; and providing policy guidance for all Treasury law enforcement activities, including those of the Internal Revenue Service.

In discussing these responsibilities with me, Secretary Kennedy stressed the importance of the Treasury's law enforcement role; that it is the second largest law enforcement department in the Federal Government; that, in the past, law enforcement at the Treasury has not had the attention it deserved from the Office of the Secretary and that it is my responsibility to see to it that the old situation is changed.

The Secretary has instructed the General Counsel, Paul Eggers, to take an active role in the Treasury's law enforcement effort. This is another example of the Secretary's determination to strengthen law enforcement at the Treasury.

The Secretary has directed that a particular effort be made to convey to the several thousand Treasury Agents the full support of this Administration for a maximum law enforcement effort.

The Secretary stressed that, in addition to the overriding protective mission of the Secret Service, two programs were to be given priority:

1. Prevention of the smuggling of narcotics, marihuana, and other contraband drugs into the United States; and

2. The fight against organized crime.

Smuggling of Narcotics, Marihuana, and Other Contraband Drugs

There is no greater concern in the American household today than the problem of the use of narcotics, marihuana, and other dangerous drugs by our youth. These drugs slash across the entire fabric of family life.

It is common knowledge that practically all of the heroin and high-potency marihuana that is used in the United States is grown and refined abroad and smuggled into the United States. On the other hand, an increasing amount of the low-potency marihuana is being grown here for domestic consumption.

President Nixon, in a statement in Anaheim, California, on September 16, 1968, stressed the danger from these drugs. He referred to the Treasury's Bureau of Customs responsibilities for preventing smuggling and recommended a substantial increase in Treasury Agents for Customs and noted that this was also urged by the President's Crime Commission.

Secretary Kennedy has put great stress on the Treasury's responsibility in this area. Following the directive from Secretary Kennedy, and in consultation with the Commissioner of Customs, we have organized a Contraband Drug Section in the Enforcement Division of the Bureau of Customs.

We have started a special training course for Customs Inspectors so that they will be up to date on the newest methods and techniques for detecting contraband drugs being smuggled into the United States.

Treasury Efforts Against Organized Crime

The Treasury Department is making a major effort in support of the Administration's drive against organized crime as set down in the President's message to Congress on April 23, 1969.

Secretary Kennedy's instructions were brief and explicit--full cooperation on a full-partnership basis with the Justice Department and other agencies of the Federal Government in the drive against organized crime.

Treasury Agents of the Internal Revenue Service, the Secret Service, and the Bureau of Customs will continue to work and cooperate with other agencies in the detection of wrong-doing and the development of evidence leading to the prosecution of those who have violated the law.

The Treasury Department will provide a major part of the manpower in the expanded effort against organized crime.

As President Nixon has said: "The time has come to fight organized crime with a will to win the battle."

Partnership with Department of Justice

Those of us in the Administration take great pride in the leadership of Attorney General John Mitchell, Deputy Attorney General Richard Kleindienst, and Assistant Attorney General Will Wilson, who is in charge of the Criminal Division.

We at Treasury are pledged to full cooperation with the Department of Justice. General Counsel Eggers and I have conferred with the Attorney General, with the Deputy Attorney General, and with Assistant Attorney General Will Wilson on numerous occasions. I will venture a prediction that one of the hallmarks of this Administration will be the closest cooperation possible between these two great departments.

The Profession of the Investigator

Law enforcement is a profession. Its work involves the safety of all of us. It requires education and training, judgment and dedication.

The proper investigation of a case is the foundation for every successful prosecution or plea. In my judgment, the difficult, exacting, and important role of the investigator is neither fully appreciated nor fully rewarded by the general public or attorneys.

In effective enforcement of our criminal laws, there are two essential roles--the role of the investigator of the violation of the laws, and the role of the prosecutor of violations. If the investigator does his job properly, the prosecutor usually has no difficulty in obtaining a plea or conviction.

The best prosecutor is the one who understands that law enforcement is a joint effort between investigator and prosecutor and who treats the investigator as a professional man and on an equal footing.

Much greater recognition must be given to the role of the investigator and the crucial importance of his work. In assisting in the enforcement of our criminal laws, he is in the forefront of the fight for individual freedom in this country. Just as the armed forces are the protectors of the freedom of the nation, the investigator's work protects the freedom of the individual and enables the average citizen to enjoy his freedom--to enjoy his rights--and to respect the freedom and rights of his fellow men.

As I review the events of the past year, it seems to me that perhaps the general public is beginning to appreciate the role of the law enforcement officer.

Cooperation and Teamwork

Today no profession, no organization, has escaped the modern trend of industrial society toward complexity and interdependence. Our modern, industrial society places a premium on teamwork, experience, and specialization in law enforcement as it does in other professions.

This teamwork, this cooperation, is on many levels. It is between investigators and prosecutors as well as among investigators. There is no better example of the teamwork required in law enforcement than in the strike force concept which Attorney General Mitchell and Assistant Attorney General Wilson have done so much to strengthen and give direction to. In the strike force there is need for cooperation among investigators and for cooperation between the investigators and the prosecutors.

The President of the United States submits his program to the Congress; the Congress enacts the legislation; and the judiciary decides cases arising under the legislation. Headlines result from each of these activities. In the final analysis, however, it is the men in the field, in this case, the investigators, the quiet men throughout the nation, who have to enforce the laws. Your diligence and your dedication are essential to the proper functioning of our government.

Your role is accepted, although it has not been given enough recognition. There is a presumption of your ability and diligence and integrity. It is a tribute that the law enforcement officer is not asked if he can do the job. It is presumed that he can. You have met the challenge in the past, but the challenge of the future is even greater as we move on organized crime and the effort to stop the smuggling of narcotics, marihuana, and other dangerous drugs.

President Nixon visited each of the Departments of Government. These were important visits as they dramatized the President's conviction that the success of his programs and of his Administration "depends not just on a few leaders at the top, but it depends also on the dedication and the sense of mission of every individual up and down the line."

The partnership within Government--between the national Administration and the career personnel--is essential for a successful national administration. The key word, in my judgment, is partnership--working together to accomplish the enormous tasks of government.

In closing, I would stress that it is not an overstatement to say that the cooperative efforts and dedication of the thousands of men and women in Federal law enforcement activities are essential to the success of this Administration.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

June 23, 1969

FOR IMMEDIATE RELEASE

MURRAY L. WEIDENBAUM SWORN IN AS ASSISTANT SECRETARY OF THE TREASURY FOR ECONOMIC POLICY

Murray L. Weidenbaum, former Professor and Chairman of the Department of Economics of Washington University, St. Louis, Missouri, was sworn in today as Assistant Secretary of the Treasury for Economic Policy by David M. Kennedy, Secretary of the Treasury.

Mr. Weidenbaum, 42, holds a Doctor's Degree from Princeton University, a Master's Degree from Columbia University and a Bachelor's Degree from City College of New York. He has been a member of the Washington University faculty since 1964.

As Assistant Secretary for Economic Policy, Mr. Weidenbaum will have special responsibilities for economic and financial analysis in the areas affecting Treasury Department activities and policies.

Secretary Kennedy noted that Mr. Weidenbaum "has been an economist in three worlds -- government, private industry, and academic life," and that he brings to the Treasury "a wealth of experience."

From 1958 to 1963, Mr. Weidenbaum was Corporate Economist for the Boeing Company in Seattle, Washington. During his career, Mr. Weidenbaum has concentrated on government and public finance. From 1949 to 1957 he was an economist in the Bureau of the Budget, specializing in fiscal policy. His experience in government and industry includes a wide range of assignments as an economic consultant on task forces and study groups.

Assistant Secretary Weidenbaum is a member of the Board of Governors of the National Economists Club and has served on advisory committees of several professional associations, including the American Economic Association and the American Statistical Association. He is a Charter Member of the National Association of Business Economists.

(OVER)

Mr. Weidenbaum has written extensively about public finance, defense and disarmament economics, and industrial economics. His by-line has appeared on scores of articles, chapters of books, anthologies, magazine articles, and scholarly studies in finance and economics.

Mr. Weidenbaum is married to the former Phyllis Green. They have three children and will make their home in Chevy Chase, Maryland.

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'REASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE 6:30 P.M.,
day, June 23, 1969.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced that the tenders for two series of Treasury ls, one series to be an additional issue of the bills dated March 27, 1969, and the er series to be dated June 26, 1969, which were offered on June 18, 1969, were ned at the Federal Reserve Banks today. Tenders were invited for $1,600,000,000, thereabouts, of 91-day bills and for $1,100,000,000, or thereabouts, of 183-day ls. The details of the two series are as follows:

GE OF ACCEPTED PETITIVE BIDS:	91-day Treasury bills maturing September 25, 1969		:	183-day Treasury bills maturing December 26, 1969	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	98.363	6.476%	:	96.542 a/	6.803%
Low	98.344	6.551%	:	96.477	6.930%
Average	98.351	6.524% 1/	:	96.510	6.866% 1/

a/ Except 1 tender of $1,000
30% of the amount of 91-day bills bid for at the low price was accepted
5% of the amount of 183-day bills bid for at the low price was accepted

AL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

trict	Applied For	Accepted	:	Applied For	Accepted
ton	$ 33,215,000	$ 23,215,000	:	$ 7,404,000	$ 7,404,000
York	1,870,589,000	1,053,921,000	:	1,404,950,000	746,450,000
ladelphia	38,426,000	22,831,000	:	21,231,000	11,231,000
veland	75,270,000	64,091,000	:	32,142,000	32,142,000
hmond	23,446,000	20,946,000	:	12,591,000	10,091,000
anta	46,464,000	30,664,000	:	36,096,000	24,296,000
cago	262,537,000	198,577,000	:	189,354,000	155,454,000
Louis	49,907,000	42,397,000	:	36,805,000	28,305,000
neapolis	26,432,000	23,032,000	:	19,188,000	10,688,000
sas City	48,521,000	42,278,000	:	28,651,000	21,816,000
las	27,077,000	17,077,000	:	25,629,000	16,629,000
Francisco	121,218,000	61,318,000	:	82,115,000	35,534,000
TOTALS	$2,623,102,000	$1,600,347,000 b/		$1,896,156,000	$1,100,040,000 c/

Includes $387,414,000 noncompetitive tenders accepted at the average price of 98.351
Includes $198,383,000 noncompetitive tenders accepted at the average price of 96.510
These rates are on a bank discount basis. The equivalent coupon issue yields are 6.73% for the 91-day bills, and 7.21% for the 183-day bills.

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REASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE 6:30 P.M.,
day, June 24, 1969.

RESULTS OF TREASURY'S MONTHLY BILL OFFERING

The Treasury Department announced that the tenders for two series of Treasury s, one series to be an additional issue of the bills dated March 31, 1969, and other series to be dated June 30, 1969, which were offered on June 18, 1969, were ed at the Federal Reserve Banks today. Tenders were invited for $500,000,000, hereabouts, of 274-day bills and for $1,200,000,000, or thereabouts, of 365-day s. The details of the two series are as follows:

E OF ACCEPTED ETITIVE BIDS:	274-day Treasury bills maturing March 31, 1970		365-day Treasury bills maturing June 30, 1970	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	94.459 a/	7.280%	92.654 b/	7.245%
Low	94.299	7.490%	92.528	7.370%
Average	94.378	7.387% 1/	92.556	7.342% 1/

a/ Excepting 4 tenders totaling $5,275,000; b/ Excepting 2 tenders totaling $5,000,00
27% of the amount of 274-day bills bid for at the low price was accepted
17% of the amount of 365-day bills bid for at the low price was accepted

L TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

strict	Applied For	Accepted	Applied For	Accepted
ston	$ 601,000	$ 601,000	$ 11,554,000	$ 1,054,000
w York	990,134,000	396,884,000	2,030,647,000	1,082,254,000
iladelphia	8,434,000	2,434,000	25,699,000	3,699,000
eveland	1,056,000	1,056,000	13,014,000	3,864,000
chmond	778,000	778,000	4,592,000	2,092,000
lanta	20,873,000	16,373,000	13,792,000	4,292,000
icago	52,361,000	16,061,000	128,956,000	29,777,000
. Louis	17,305,000	16,440,000	24,440,000	9,940,000
nneapolis	11,050,000	1,050,000	10,695,000	695,000
nsas City	2,044,000	2,044,000	6,875,000	3,875,000
llas	11,201,000	1,201,000	12,267,000	2,267,000
n Francisco	60,673,000	45,293,000	132,864,000	56,364,000
TOTALS	$1,176,510,000	$ 500,215,000 c/	$2,415,395,000	$1,200,173,000 d/

Includes $17,306,000 noncompetitive tenders accepted at the average price of 94.378
Includes $47,486,000 noncompetitive tenders accepted at the average price of 92.556
These rates are on a bank discount basis. The equivalent coupon issue yields are 7.83% for the 274-day bills, and 7.89 % for the 365-day bills.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

June 25, 1969

FOR RELEASE P.M. NEWSPAPERS
WEDNESDAY, JUNE 25, 1969

K. MARTIN WORTHY SWORN IN AS CHIEF COUNSEL FOR INTERNAL REVENUE SERVICE

K. Martin Worthy was sworn in at 2:00 p.m. Wednesday, June 25, as Chief Counsel of the Internal Revenue Service and Assistant General Counsel of the U.S. Treasury.

Treasury Secretary David M. Kennedy announced appointment of Mr. Worthy on May 24 and the Senate confirmed the appointment last week.

Mr. Worthy has specialized in a tax law practice for more than 20 years with the Washington firm of Hamel, Morgan, Park and Saunders. He is vice-chairman of the Taxation Section of the American Bar Association and has served as a Council director and chairman of the Bar Association's committee responsible for government relations. He was also a member of the Tax Advisory Group of the American Law Institute from 1963 to 1968 and in 1957-58.

Mr. Worthy, who is 48, is a native of Dawson, Georgia. He was graduated from Emory University, Atlanta, Georgia, and the University Law School. He then attended the Harvard University Graduate School of Business, where he received the Master of Business Administration degree cum laude.

Mr. Worthy is a lay member of the Finance Department of the Episcopal Diocese of Washington and a director of the National Association of Citadel Men.

He served in the U.S. Army from 1943 to 1946, rising from Second Lieutenant to Captain, and again in 1951-52 as a Captain in the Army Judge Advocate Corps.

Mr. Worthy is married to the former Eleanor Vreeland Blewett of Newport News, Virginia. They have a son and a daughter. Their home address is 5305 Portsmouth Road, Bethesda.

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TREASURY DEPARTMENT 172

WASHINGTON, D.C.

June 23, 1969

FOR IMMEDIATE RELEASE

UNITED STATES AND TURKEY TO DISCUSS INCOME TAX TREATY

The Treasury Department announced today that representatives of the United States and Turkey will begin discussions in Ankara in mid-September on a proposed bilateral income income tax treaty.

Currently, there is no income tax treaty existing between the two countries.

The proposed treaty is intended to avoid double taxation and otherwise facilitate trade and investment between the two countries. It will be concerned with the tax treatment of income of individuals and companies from business, investment, and personal services.

The "model" income tax treaty developed by the Organization for Economic Cooperation and Development will be taken into account along with recent United States treaties with other OECD member countries, such as the treaty with France which went into force in August, 1968.

Persons wishing to comment or submit information concerning the proposed treaty are requested to do so in writing by September 1, 1969. Material should be submitted to Edwin S. Cohen, Assistant Secretary of the Treasury, Treasury Department, Washington, D. C. 20220

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TREASURY DEPARTMENT

WASHINGTON, D.C.

June 25, 1969

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 $2,700,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing July 3, 1969, in the amount of $2,704,845,000, as follows:

91-day bills (to maturity date) to be issued July 3, 1969, in the amount of $1,600,000,000, or thereabouts, representing an additional amount of bills dated April 3, 1969, and to mature October 2, 1969, originally issued in the amount of $1,100,404,000, the additional and original bills to be freely interchangeable.

183-day bills, for $1,100,000,000, or thereabouts, to be dated July 3, 1969, and to mature January 2, 1970.

The bills of both series will be issued on a discount basis under competitive and noncompetive 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., Daylight Saving time, Monday, June 30, 1969. 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 announcment 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 each issue 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 for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on July 3, 1969, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 3, 1969. 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.

June 25, 1969

FOR IMMEDIATE RELEASE

COSTANZO TO BE NOMINATED FOR MINT'S NEW YORK ASSAY POST

Secretary of the Treasury David M. Kennedy announced today that President Nixon plans to nominate Nicholas Costanzo, Middletown, New York, real estate and insurance broker as Superintendent of the United States Assay Office in New York City. The Assay Office, charged with the custody and processing of gold and silver bullion, is part of the Treasury's Bureau of the Mint.

Mr. Costanzo, 52, has been active in city and county civic affairs in Orange County, New York. He attended Drake University and served in the U.S. Army during World War II.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

June 26, 1969

FOR IMMEDIATE RELEASE

TREASURY DEBT MANAGEMENT OFFICIAL R. DUANE SAUNDERS,
RESIGNS TO ENTER PRIVATE INDUSTRY

Secretary of the Treasury David M. Kennedy today announced the resignation effective July 19 of R. Duane Saunders, his Special Assistant for Debt Management.

Mr. Saunders, who lives in Alexandria, Virginia, has been with the Treasury Department since 1941 and who has held his present post since 1966, plans to enter private industry.

Secretary Kennedy commended Mr. Saunders for his many years of valued service to the Department, and expressed his particular pleasure for the assistance "you have so willingly provided me during this difficult period of transition."

In 1964, Mr. Saunders was awarded the Department's Exceptional Service Award for his work in formulating department policies and decisions in the management of the public debt and broadening understanding of debt management.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

June 25, 1969

FOR RELEASE A.M. NEWSPAPERS
THURSDAY, JUNE 26, 1969

MYLES J. AMBROSE NAMED
COMMISSIONER OF CUSTOMS BUREAU

Secretary David M. Kennedy announced today the appointment of Myles J. Ambrose, New York attorney, as Commissioner of Customs.

Mr. Ambrose will assume his duties on August 4. He succeeds Lester D. Johnson, who is retiring. Mr. Ambrose will direct the operations of the 9,000-person bureau under the supervision of Assistant Secretary Eugene T. Rossides.

In making the announcement, Secretary Kennedy said, "Mr. Ambrose's demonstrated administrative ability and his wide enforcement experience make him ideally suited to assume this major responsibility.

"As the Treasury strengthens its campaigns against the smuggling of narcotics, marihuana, and contraband drugs, and against organized crime, we are fortunate to have a person of Mr. Ambrose's experience at the head of the Customs Bureau."

Mr. Ambrose, 42, served as Administrative Assistant U.S. Attorney for the Southern District of New York during 1954-57. In 1957 he became the Assistant to the Secretary for Law Enforcement at Treasury, serving as coordinator of its national and international enforcement activities until 1960. From 1960-63, Mr. Ambrose served as Executive Director of the Waterfront Commission of New York Harbor. He has been in the private practice of law since that time. From 1963 to 1965 he also served as Chief Counsel of the New York State Joint Legislative Committee for the Study of the Alcoholic Beverage Control Law.

(OVER)

He was chairman of the U.S. Delegation to the 27th and 28th General Assemblies of the International Criminal Police Organization (INTERPOL) in London and Paris, and U.S. observer in Geneva in 1958, at meetings of the United Nations Economic and Social Council Commission on Narcotics.

In 1960 he served as chairman of the U.S. Delegation in the Joint Mexican-United States Conference on Narcotics. He attended similar meetings in Mexico City held this June 9-11, 1969, as a consultant.

From 1955-57 he was an instructor at Manhattan College in the Economics of Labor and Industrial Relations.

Mr. Ambrose is a member of the New York and Westchester County Bar Associations and the Association of the Bar of the City of New York; International Association of Chiefs of Police; Guild of Catholic Lawyers; and the Friendly Sons of St. Patrick, New York. He is a trustee of the New Hampton School.

Born in New York City on July 21, 1926, Mr. Ambrose was graduated from New Hampton School, New Hampshire; Manhattan College (B.B.A., 1948); and the New York Law School (J.D. 1952). He is married to the former Elaine Miller, and they have three boys and three girls.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

'OR RELEASE 6:30 P.M.,
londay, June 30, 1969.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced that the tenders for two series of Treasury ills, one series to be an additional issue of the bills dated April 3, 1969, and the ther series to be dated July 3, 1969, which were offered on June 25, 1969, were pened at the Federal Reserve Banks today. Tenders were invited for $1,600,000,000, r thereabouts, of 91-day bills and for $1,100,000,000, or thereabouts, of 183-day ills. The details of the two series are as follows:

ANGE OF ACCEPTED OMPETITIVE BIDS:	91-day Treasury bills maturing October 2, 1969		183-day Treasury bills maturing January 2, 1970	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	98.400	6.330%	96.512 a/	6.862%
Low	98.328	6.615%	96.422	7.039%
Average	98.368	6.456% 1/	96.470	6.944% 1/

a/ Excepting 4 tenders totaling $707,000
56% of the amount of 91-day bills bid for at the low price was accepted
69% of the amount of 183-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	$ 42,813,000	$ 32,813,000	$ 4,997,000	$ 4,997,000
New York	1,815,401,000	1,048,201,000	1,531,833,000	743,633,000
Philadelphia	42,208,000	27,208,000	19,048,000	9,048,000
Cleveland	34,489,000	34,489,000	27,547,000	27,547,000
Richmond	22,190,000	22,189,000	11,636,000	11,636,000
Atlanta	49,307,000	49,307,000	35,237,000	35,237,000
Chicago	152,593,000	152,583,000	121,860,000	116,860,000
St. Louis	51,206,000	51,206,000	28,955,000	28,455,000
Minneapolis	24,187,000	24,187,000	18,253,000	18,253,000
Kansas City	32,015,000	32,015,000	23,059,000	23,059,000
Dallas	27,434,000	20,434,000	27,068,000	18,068,000
San Francisco	110,552,000	105,552,000	88,828,000	63,328,000
TOTALS	$2,404,395,000	$1,600,184,000b/	$1,938,321,000	$1,100,121,000c/

Includes $371,817,000 noncompetitive tenders accepted at the average price of 98.368
Includes $205,693,000 noncompetitive tenders accepted at the average price of 96.470
These rates are on a bank discount basis. The equivalent coupon issue yields are 6.65% for the 91-day bills, and 7.30% for the 183-day bills.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

July 1, 1969

FOR RELEASE AFTER 5:30 P.M.
TUESDAY, JULY 1, 1969

NICHOLAS G. THEODORE TAKES OATH AS SUPERINTENDENT OF THE UNITED STATES MINT AT PHILADELPHIA

Nicholas G. Theodore, a Delaware County lawyer and accountant, was sworn in today as the 15th Superintendent of the Philadelphia Mint. The oath was administered by U. S. District Judge John B. Hannum, at a ceremony held in the new mint building on Independence Mall.

Mr. Theodore, 31 years old, was nominated by President Richard Nixon for this post on May 5, and confirmed by the Senate on May 20, 1969. He will be responsible for the planning and coordination of all activities of the Philadelphia Mint.

The new Mint, to be officially opened at a ceremony on August 14, 1969, will be in full operation early in 1970. It will be capable of producing 8 billion coins annually. The present Mint produced 2.4 billion domestic coins, and 144 million foreign coins, during calendar year 1968. The domestic coins had a face value of more than 114 million dollars.

Mr. Theodore is a member of the Delaware County Bar, the Delaware County Bar Association, the Supreme and Superior Court of Pennsylvania, and the Federal District Court for the Eastern District. In 1964 he became associated with the law firm of Mowatt, McErlean, Pinto, Theodore and Rubin, in the general practice of law. Prior to appointment to his present post, Mr. Theodore was the First Assistant Public Defender for Delaware County.

Born on September 23, 1937, Mr. Theodore received his early education at the Canterbury School, New Milford, Connecticut. He received his Doctor of Law Degree from Villanova School of Law and a Bachelor's Degree from the University of Notre Dame.

He is married to the former Patricia Ann Kilmon. They reside in Middletown Township, Delaware County, Pennsylvania.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

July 2, 1969

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 $2,700,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing July 10, 1969, in the amount of $2,703,920,000, as follows:

91-day bills (to maturity date) to be issued July 10, 1969, in the amount of $1,600,000,000, or thereabouts, representing an additional amount of bills dated April 10, 1969, and to mature October 9, 1969, originally issued in the amount of $1,101,261,000, the additional and original bills to be freely interchangeable.

182-day bills, for $1,100,000,000, or thereabouts, to be dated July 10, 1969, and to mature January 8, 1970.

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

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Daylight Saving time, Monday, July 7, 1969. 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 Secre tary 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 each issue 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 for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on July 10, 1969, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 10, 1969. 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.

R IMMEDIATE RELEASE

July 2, 1969

TREASURY OFFERS $1-3/4 BILLION IN DECEMBER TAX BILLS

The Treasury Department, by this public notice, invites tenders for $1,750,000,000, thereabouts, of 157-day Treasury bills, to be issued on a discount basis under npetitive and noncompetitive bidding as hereinafter provided. The bills of this ries will be dated July 18, 1969, and will mature December 22, 1969. They will be cepted at face value in payment of income taxes due on December 15, 1969, and to the tent they are not presented for this purpose the face amount of these bills will be yable without interest at maturity. Taxpayers desiring to apply these bills in yment of December 15, 1969, income taxes may submit the bills to a Federal Reserve nk or Branch or to the Office of the Treasurer of the United States, Washington, not re than fifteen days before that date. In the case of bills submitted in payment income taxes of a corporation they shall be accompanied by a duly completed Form 3 and the office receiving these items will effect the deposit on December 15, 1969. the case of bills submitted in payment of income taxes of all other taxpayers, the fice receiving the bills will issue receipts therefor, the original of which the xpayer shall submit on or before December 15, 1969, to the District Director of ternal Revenue for the District in which such taxes are payable. The bills will be sued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $50,000, 00,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing ur, one-thirty p.m., Eastern daylight saving time, Wednesday, July 9, 1969. nders will not be received at the Treasury Department, Washington. Each tender must for an even multiple of $1,000, and in the case of competitive tenders the price fered must be expressed on the basis of 100, with not more than three decimals, g., 99.925. Fractions may not be used. It is urged that tenders be made on the inted forms and forwarded in the special envelopes which will be supplied by Federal serve 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 stitutions will not be permitted to submit tenders except for their own account. nders will be received without deposit from incorporated banks and trust companies d from responsible and recognized dealers in investment securities. Tenders from hers must be accompanied by payment of 2 percent of the face amount of Treasury bills plied for, unless the tenders are accompanied by an express guaranty of payment by an corporated bank or trust company.

All bidders are required to agree not to purchase or to sell, or to make any reements with respect to the purchase or sale or other disposition of any bills of is issue at a specific rate or price, until after one-thirty p.m., Eastern daylight ving time, Wednesday, July 9, 1969.

Immediately after the closing hour, tenders will be opened at the Federal Reser 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 Treasu 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 reservatic noncompetitive tenders for $300,000 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 complet at the Federal Reserve Bank in cash or other immediately available funds on July 18, 1969. Any qualified depositary will be permitted to make settlement by credit in it Treasury tax and loan account for Treasury bills allotted to it for itself and its customers.

The income derived from Treasury bills, whether interest or gain from the sale c 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 fr 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 authori For purposes of taxation the amount of discount at which Treasury bills are originall 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, 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.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE July 2, 1969

TREASURY OFFERS $1 3/4 BILLION IN MARCH TAX BILLS

The Treasury Department, by this public notice, invites tenders for $1,750,000,000, thereabouts, of 248-day Treasury bills, to be issued on a discount basis under ipetitive and noncompetitive bidding as hereinafter provided. The bills of this ies will be dated July 18, 1969, and will mature March 23, 1970. They will be epted at face value in payment of income taxes due on March 15, 1970, and to the ent they are not presented for this purpose the face amount of these bills will be able without interest at maturity. Taxpayers desiring to apply these bills in ment of March 15, 1970, income taxes may submit the bills to a Federal Reserve ik or Branch or to the Office of the Treasurer of the United States, Washington, not e than fifteen days before that date. In the case of bills submitted in payment income taxes of a corporation they shall be accompanied by a duly completed Form and the office receiving these items will effect the deposit on March 15, 1970. the case of bills submitted in payment of income taxes of all other taxpayers, the ice receiving the bills will issue receipts therefor, the original of which the payer shall submit on or before March 15, 1970, to the District Director of ernal Revenue for the District in which such taxes are payable. The bills will be ued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $50,000, 0,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing r, one-thirty p.m., Eastern daylight saving time, Friday, July 11, 1969. ders will not be received at the Treasury Department, Washington. Each tender must for an even multiple of $1,000, and in the case of competitive tenders the price ered must be expressed on the basis of 100, with not more than three decimals, g., 99.925. Fractions may not be used. It is urged that tenders be made on the nted forms and forwarded in the special envelopes which will be supplied by Federal erve Banks or Branches on application therefor.

Banking institutions generally may submit tenders for account of customers proed 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. ders will be received without deposit from incorporated banks and trust companies from responsible and recognized dealers in investment securities. Tenders from ers 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 s issue at a specific rate or price, until after one-thirty p.m., Eastern daylight ng time, Friday, July 11, 1969.

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 $300,000 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 July 18, 1969. Any qualified depositary will be permitted to make settlement by credit in its Treasury tax and loan account for Treasury bills allotted to it for itself and its customers.

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.

July 2, 1969

FOR IMMEDIATE RELEASE

SALE OF DECEMBER AND MARCH TAX ANTICIPATION BILLS

The Treasury Department announced today that it will raise $3.5 billion through the sale of tax anticipation bills maturing in December 1969 and March 1970. The bills will mature on December 22, 1969, and March 23, 1970, but may be used at face value in payment of Federal income taxes due December 15, 1969, and March 15, 1970, respectively.

Bills to mature December 22, 1969, in the amount of $1,750 million will be auctioned Wednesday, July 9. Bills to mature March 23, 1970, in the amount of $1,750 million will be auctioned Friday, July 11. Delivery of all of the bills will be Friday, July 18. Commercial banks will be able to pay for the bills by crediting Treasury tax and loan accounts.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

July 3, 1969

FOR IMMEDIATE RELEASE

TREASURY SECRETARY KENNEDY INVITES HEADS OF 25 LARGEST BANKS TO MEETING IN WASHINGTON ON INFLATION

The Treasury announced today that Secretary David M. Kennedy has invited representatives of 25 of the Nation's largest banks to meet with him in Washington on Monday, July 7.

In a telegram sent to the banks' chief executive officers this afternoon, he said:

> "I hope you can meet with me and representatives of 25 of the Nation's largest banks this coming Monday, July 7, in Washington, to discuss ways in which the public and private sectors can work harmoniously together to bring inflation under control. The meeting, which will be held in Room 4121, Main Treasury Building, at 3:00 p.m., should provide a timely opportunity to discuss the Federal Budget, extension of the income tax surcharge, today's strong demand for credit, and the current high level of interest rates."

The telegrams went to the following banks:

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Chief Executive Officer
Bank of America NT&SA
San Francisco, California

Chief Executive Officer
Chase Manhattan Bank NA
New York, New York

Chief Executive Officer
First National City Bank
New York, New York

Chief Executive Officer
Manufacturers Hanover Trust Co.
New York, New York

Chief Executive Officer
Morgan Guaranty Trust Co.
New York, New York

Chief Executive Officer
Chemical Bank New York Trust Co.
New York, New York

Chief Executive Officer
Bankers Trust Co.
New York, New York

Chief Executive Officer
Continental Illinois NB&T
Company
Chicago, Illinois

Chief Executive Officer
First National Bank
Chicago, Ill.

Chief Executive Officer
Security Pacific National Bank
Los Angeles, California

Chief Executive Officer
Wells Fargo Bank NA
San Francisco, California

Chief Executive Officer
Irving Trust Co.
New York, New York

Chief Executive Officer
Crocker-Citizens National Bank
San Francisco, California

Chief Executive Officer
United California Bank
Los Angeles, California

Chief Executive Officer
Mellon National Bank & Trust Co.
Pittsburgh, Pennsylvania

Chief Executive Officer
First National Bank
Boston, Mass.

Chief Executive Officer
Franklin National Bank
Mineola, New York

Chief Executive Officer
Marine Midland Grace Trust Co.
New York, New York

Chief Executive Officer
First Pennsylvania Banking & Tr. Co.
Philadelphia, Pennsylvania

Chief Executive Officer
Cleveland Trust Company
Cleveland, Ohio

Chief Executive Officer
Detroit Bank & Trust Co.
Detroit, Michigan

Chief Executive Officer
Philadelphia National Bank
Philadelphia, Pennsylvania

Chief Executive Officer
Seattle-First National Bank
Seattle, Washington.

Chief Executive Officer
National Bank of Detroit
Detroit, Michigan

Chief Executive Officer
Manufacturers National Bank
Detroit, Michigan

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TREASURY DEPARTMENT

WASHINGTON, D.C.

July 7, 1969

FOR IMMEDIATE RELEASE

BANKERS MEET WITH SECRETARY KENNEDY, FEDERAL RESERVE BOARD CHAIRMAN MARTIN AND OTHERS TO DISCUSS ECONOMIC, MONETARY MATTERS

Secretary of the Treasury David M. Kennedy met with a group of representatives from the Nation's largest banks today to discuss inflation, the Federal budget, the income tax surcharge, and the high level of interest rates.

Federal officials attending the meeting were William McC. Martin, Chairman of the Federal Reserve Board; J.L. Robertson, Vice Chairman, Federal Reserve Board; Robert Mayo, Director of the Bureau of the Budget; Herbert Stein, Member, Council of Economic Advisers; Under Secretary of the Treasury Charls E. Walker, Under Secretary of the Treasury for Monetary Affairs Paul A. Volcker, and William Camp, Comptroller of the Currency.

Those attending the meeting included: Rudolph A. Peterson, Bank of America, San Francisco; Walter B.Wriston, First National City Bank, New York; David Rockefeller, The Chase Manhattan Bank, N.A., New York; William S. Renchard, Chemical Bank, New York; George A. Murphy, Irving Trust Co., New York; Eugene S. Northrop, Manufacturers Hanover Trust, New York; John Meyer, Morgan Guaranty Trust Co., New York; Tilden Cummings, Continental Ill. N.B. & Trust Co., Chicago; Gaylord S. Freeman, Jr., First National Bank of Chicago, Chicago; Roger C. Damon, First National Bank, Boston; John R. Bunting, First Penn. Bank, Philadelphia; G. Morris Darrance, The Philadelphia National Bank, Philadelphia; John A. Mayer, Mellon Bank & Trust Co., Pittsburgh; George F. Karch, Cleveland Trust Co., Cleveland; Ellis B. Merry, National Bank of Detroit, Detroit; Roland A. Mewhort, Manufacturers National Bank, Detroit; Raymond T. Perring, Detroit Bank & Trust Co., Detroit; William H. Moore, Bankers Trust Co., New York; Carl E. Hartnack, Security Pacific National Bank, Los Angeles; Richard P. Cooley, Wells Fargo Bank, N.A., San Francisco; Emmett G. Solomon, Crocker-Citizens National Bank, San Francisco; H.V. Grice, United California Bank, Los Angeles; Harold V. Gleason, Franklin National Bank, Mineola; R.C. MacDonald, Seattle-First National Bank, Seattle.

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REASURY DEPARTMENT

WASHINGTON, D.C.

R RELEASE 6:30 P.M.,
day, July 7, 1969.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced that the tenders for two series of Treasury lls, one series to be an additional issue of the bills dated April 10, 1969, and the er series to be dated July 10, 1969, which were offered on July 2, 1969, were ened at the Federal Reserve Banks today. Tenders were invited for $1,600,000,000, thereabouts, of 91-day bills and for $1,100,000,000, or thereabouts, of 182-day lls. The details of the two series are as follows:

GE OF ACCEPTED PETITIVE BIDS:	91-day Treasury bills maturing October 9, 1969		:	182-day Treasury bills maturing January 8, 1970	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	98.241 a/	6.959%	:	96.352 b/	7.216%
Low	98.202	7.113%	:	96.289	7.340%
Average	98.213	7.069% 1/	:	96.305	7.309% 1/

a/ Excepting 2 tenders totaling $2,882,000; b/ Excepting 6 tenders totaling $1,154,00
39% of the amount of 91-day bills bid for at the low price was accepted
55% of the amount of 182-day bills bid for at the low price was accepted

AL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

istrict	Applied For	Accepted	:	Applied For	Accepted
oston	$ 31,186,000	$ 21,186,000	:	$ 6,575,000	$ 6,005,000
ew York	1,789,818,000	1,104,068,000	:	1,686,320,000	792,486,000
hiladelphia	35,251,000	20,251,000	:	20,172,000	10,172,000
leveland	37,622,000	37,622,000	:	42,279,000	36,529,000
ichmond	19,924,000	17,924,000	:	15,142,000	11,642,000
tlanta	43,072,000	35,072,000	:	27,072,000	21,077,000
hicago	203,233,000	173,233,000	:	124,746,000	88,947,000
t. Louis	43,791,000	38,891,000	:	30,023,000	25,023,000
inneapolis	21,061,000	8,311,000	:	18,173,000	6,283,000
ansas City	34,906,000	34,906,000	:	26,681,000	26,581,000
allas	28,959,000	19,959,000	:	32,042,000	22,542,000
an Francisco	135,749,000	88,749,000	:	162,486,000	54,076,000
TOTALS	$2,424,572,000	$1,600,172,000 c/		$2,191,711,000	$1,101,363,000 d/

Includes $374,178,000 noncompetitive tenders accepted at the average price of 98.213
Includes $252,737,000 noncompetitive tenders accepted at the average price of 96.305
These rates are on a bank discount basis. The equivalent coupon issue yields are 7.30% for the 91-day bills, and 7.60% for the 182-day bills.

UNITED STATES SAVINGS BONDS ISSUED AND REDEEMED THROUGH June 30, 1969

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

DESCRIPTION	AMOUNT ISSUED[1]	AMOUNT REDEEMED[1]	AMOUNT OUTSTANDING[2]	% OUTSTANDING OF AMOUNT ISSUED
TURED				
eries A-1935 thru D-1941	5,003	4,996	8	.16
eries F and G-1941 thru 1952	29,521	29,482	39	.13
eries J and K-1952 thru 1957	3,754	3,717	37	.99
MATURED				
eries E[3]:				
1941	1,883	1,664	219	11.63
1942	8,308	7,358	950	11.43
1943	13,368	11,871	1,496	11.19
1944	15,595	13,760	1,835	11.77
1945	12,260	10,640	1,620	13.21
1946	5,559	4,647	912	16.41
1947	5,274	4,255	1,019	19.32
1948	5,456	4,311	1,145	20.99
1949	5,387	4,172	1,215	22.55
1950	4,708	3,595	1,113	23.64
1951	4,073	3,112	961	23.59
1952	4,265	3,235	1,030	24.15
1953	4,874	3,607	1,267	26.00
1954	4,968	3,605	1,363	27.44
1955	5,176	3,696	1,480	28.59
1956	4,999	3,523	1,475	29.51
1957	4,705	3,251	1,455	30.92
1958	4,588	3,036	1,552	33.83
1959	4,297	2,770	1,527	35.54
1960	4,306	2,663	1,643	38.16
1961	4,361	2,528	1,834	42.05
1962	4,197	2,361	1,836	43.75
1963	4,679	2,456	2,223	47.51
1964	4,562	2,402	2,161	47.37
1965	4,461	2,315	2,146	48.11
1966	4,801	2,293	2,508	52.24
1967	4,756	2,118	2,639	55.49
1968	4,493	1,594	2,899	64.52
1969	1,029	109	920	89.41
Unclassified	696	934	-239	-
Total Series E	162,085	117,881	44,205	27.27
Series H (1952 thru May, 1959)[3]	5,485	3,376	2,109	38.45
H (June, 1959 thru 1969)	7,068	1,670	5,397	76.36
Total Series H	12,552	5,046	7,506	59.80
Total Series E and H	174,638	122,927	51,711	29.61
All Series – Total matured	38,277	38,195	82	.21
All Series – Total unmatured	174,638	122,927	51,711	29.61
All Series – Grand Total	212,915	161,122	51,793	24.33

ludes accrued discount.

rent redemption value.

option of owner bonds may be held and will earn interest for additional periods after original maturity dates.

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STATEMENT OF THE HONORABLE DAVID M. KENNEDY
SECRETARY OF THE TREASURY
BEFORE THE
SENATE FINANCE COMMITTEE
TUESDAY, JULY 8, 1969, 9 AM

Mr. Chairman and members of the Committee, I am grateful for this opportunity to testify in behalf of H.R. 12290 -- a bill which contains the anti-inflation measures proposed by the President.

Specifically, H.R. 12290 would --

1. extend the surcharge at 10 percent to December 31, 1969, and at 5 percent thereafter to June 30, 1970, producing a revenue yield of $7.6 billion in fiscal year 1970.

2. defer for one year the reduction in the excise taxes on automobiles and on telephone and teletypewriter exchange services, producing a revenue increase of $540 million in fiscal year 1970.

3. repeal the investment credit, producing a revenue increase of $1.35 billion in fiscal year 1970 and more than $3 billion in annual revenue in later years. The House bill incorporates certain transition rules for repeal of the credit, similar generally to those used in the 1966 suspension of the credit, reducing the revenue yield in fiscal year 1970 from the President's recommendation by about $150 million.

In addition, the President had recommended as a part of his initial reform proposals the adoption of the Low Income Allowance to remove the burden of the income tax from persons with incomes below the poverty level and to reduce the tax burden on persons with incomes just above this level.

The Low Income Allowance was incorporated by the House in H.R. 12290 with minor changes, effective January 1, 1970. It involves a revenue reduction of $270 million for fiscal year 1970 and of $625 million for a full year. Since it had been recommended by the President as a reform measure and had been taken into account in revised budget estimates for fiscal year 1970, its insertion in the bill did not affect the revenue estimates.

Mr. Chairman, I submit that the economic case for speedy action on these tax proposals is overwhelming. During 1969 consumer prices -- the significant shopping basket indicator -- have risen at an annual rate of 6.1 percent and wholesale prices at a rate of 6.3 percent.

It is not necessary to point out to this panel the very real dangers our country faces if inflation is allowed to continue unchecked. Inflation of this magnitude could lead to a serious economic readjustment accompanied by a painfully high level of unemployment.

Failure to extend the surcharge would amount to a cut in taxes at a time of accelerating inflation. The consequences of failing to pass this legislation are unthinkable.

Even delay poses serious risks.

Delay contributes to a loss of confidence by our people in the determination of government to bring an orderly halt to inflation.

Delay feeds inflationary expectations and thus makes inflation even more difficult to control.

Delay weakens our balance of payments and foreign confidence in the integrity of the dollar and contributes to unsettled conditions in the international monetary markets.

In view of the clear need to continue the fight against inflation, we must not contemplate delay.

Let me turn to an argument that many raise for opposing this bill. These people feel that passage of the tax surcharge must be linked with tax reform in order to insure enactment of significant reform.

I understand the sense of frustration of those who hold this position. However, we must remember that essentially there are two separate and distinct problems before us. One, the control of inflation, is immediate and urgent. The other, tax reform, is vitally important, highly complex, and requires careful action both by the Congress and the Executive branch.

Linking these two problems may mean that we fail in both of our objectives.

I agree with those who believe the wait for meaningful tax reform has been "too long." But I would point out that the Ways and Means Committee has met in lengthy public hearings and executive sessions to consider tax reforms. On May 27, the Committee announced tentative decisions on tax reform subjects, and the Chairman of the Committee has announced that reform would be before the House prior to the August recess.

Moreover, President Nixon fully supports these efforts and is determined to bring equity to our Federal tax system.

On April 21 the President submitted to the Congress a major tax reform package, including the low income allowance which has become a part of the bill before you. In addition, it contained these broad proposals:

A limit on tax preferences, which puts a limit of 50 percent on that portion of a person's income which could enjoy a preferred status, and an allocation of deductions proposal preventing double benefits from tax preferences. In addition to these proposals, the President's initial proposals include meaningful reforms dealing with mineral production payments, private foundations, charitable contribution deductions, business income of tax-exempt organizations, tax treatment of corporate securities frequently used by conglomerates, multiple corporate surtax exemptions, stock dividends, dividents out of accelerated depreciation reserves, restricted stock plans, farm losses, multiple trusts, moving expenses, and a number of other important items.

(With the consent of the Committee, I would like to ask that a summary of the Administration's interim tax reform proposals of April 22, 1969 be inserted in the record of the hearings at the conclusion of my statement.)

In that April 21 message, President Nixon said: "Fairness calls for tax reform now; beyond that, the American people need and deserve a simplified Federal tax system, and one that is attuned to the 1970's."

He has repeatedly pledged -- and in a letter to the House of Representatives just last week stated again -- that he supports and is determined that there shall be significant, meaningful, and fair tax reform.

In addition, House and Senate leaders on both sides of the aisle have pledged to themselves and to their constituents that there will be tax reform this year.

Gentlemen, there is no need to hold up the extension of the tax surcharge pending enactment of tax reform. The commitment to tax reform has been made to the American people, and I pledge to you that this Administration will honor that commitment. I feel confident that the Congress will respond in like spirit. I know that the American people will accept nothing less.

Before concluding, I would like to mention several areas where the House-passed bill differs from the President's recommendations. Then I would be happy to answer any questions you may have about those changes or any other aspect of the legislation.

First, as I noted earlier, the Low Income Allowance recommended by the President as a part of his interim tax reform proposals, has been included in this bill. Action on this measure should be recognized as a commitment to tax reform, and we endorse adding it to this bill on the assumption that reform will be enacted.

Secondly, the transition rules adopted by the House in connection with the repeal of the investment credit will reduce the revenue yield from repeal of the credit by about $150 million in fiscal year 1970 as compared with the rules initially recommended by the Treasury. The transition rules in the bill would allow the credit for certain expenditures after April 18, 1969, even though there was no binding contract on that date. They are, however, generally the same rules adopted in 1966 on suspension of the investment credit to deal with cases in which there is an economic commitment evidenced by expenditures constituting more than half the cost of a facility prior to the cut-off date. There are some extensions of the 1966 rules to cases of generally similar nature. However, any further extension beyond these rules would be a mistake. The binding contract rule and these additional rules provide equitable treatment in the most deserving cases, and they represent the most reasonable cut-off point.

Finally, the House bill provides that certain capital facilities acquired to reduce air or water pollution may be amortized over five years instead of their normal useful lives. This acceleration of cost recovery will provide an incentive for installation of anti-pollution facilities. While we did not recommend it, it is reasonable if the Committee agrees that such an incentive is justified. However, we have serious reservations about the scope of the House provision, as I will indicate. The provision as contained in the House bill will result in no substantial short-term revenue loss but will result in a long-term revenue loss which will reach $300 to $400 million annually by 1975.

A revenue loss of this magnitude deserves careful scrutiny. We have concluded on further study of the House provision that the five-year amortization provision need not be made available to new plants constructed in the future which install anti-pollution control facilities. Technological advances which are occurring in the control of pollution will greatly reduce the burden on industry in designing new plants to meet anti-pollution standards. In these cases, a major tax concession to provide incentive and achieve cost-sharing is not nearly so important as in the case of existing plants where the burden is much clearer.

It is also our conclusion on further study of the provision as passed by the House that it provides too great a benefit to property which has a long useful life. Thus, anti-pollution property qualifying under the bill which has a useful life of 50 years would receive a tax concession equivalent to an investment credit of approximately 20 percent. The rapid amortization provision is intended to replace the investment credit for anti-pollution facilities, but an increased benefit of this magnitude is not warranted. The Treasury therefore proposes that a limitation be placed on the rapid writeoff so that its benefits would be available only for the first 15 years of the life of any property. Thus, property with a 50-year useful life could obtain the benefit of the rapid writeoff for 30 percent of the cost of the facility and use regular depreciation methods for the remaining cost of the property. Such a provision has precedent in the rapid amortization permitted for emergency facilities constructed during World War II.

Finally, the definition of a pollution control facility needs to be tightened so that the rapid amortization provisions will apply only to treatment facilities which are clearly identifiable as serving only anti-pollution purposes. Under the present broad definition, a smokestack or sewer pipe might qualify for the rapid writeoff, even though these facilities would be installed in any event and perform functions other than pollution abatement of the type this tax concession is designed to give special encouragement.

I urge this Committee to take prompt action on this bill. The existing 31-day temporary extension of current withholding rates will expire on July 31. As you know, business payrolls are a complicated matter. An enormous burden would be imposed upon American business -- not to speak of the administrative nightmare for the Internal Revenue Service -- if they were required to re-program their payroll systems to withhold at tax rates without a surcharge and then were required in a month or so to re-program again to include the surcharge.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

July 9, 1969

FOR IMMEDIATE RELEASE

TREASURY AND JUSTICE ASKING LEGISLATION TO MODERNIZE BUREAU OF CUSTOMS AND CUSTOMS COURT

Treasury Secretary David M. Kennedy and Attorney General John N. Mitchell announced that legislation to modernize procedures in the United States Customs Court and in Treasury's Bureau of Customs is being sent to Congress today. The legislation, jointly prepared by the two departments, will help the Court and the Bureau to keep up with sharply increasing workloads.

New cases coming before the Customs Court have increased from about 35,000 in fiscal year 1963 to over 108,000 in fiscal year 1968. However, while the Court has been disposing of 43,000 cases annually -- an increase of 11,000 yearly -- new cases have created a backlog of 439,278 cases as of March 31 this year. This compares to 186,452 cases in 1963.

The departments said the Court's difficulties result from outmoded laws, some dating back to 1890, which impose inefficient, unnecessary and time-consuming practices upon it and the Bureau of Customs. The legislation calls for abolishment of such outmoded procedures as:

-- Using two separate proceedings for appraisement and classification cases.

-- Invoking the Court's jurisdiction to correct errors in appraised values.

-- Giving importers insufficient time to file an appeal for reappraisement or protest.

-- Automatically referring appeals and protests to the Court without an independent decision by the importer to invoke the Court's jurisdiction.

-- Using three-judges to try protest cases.

-- Referring judges to prepare written opinions in all cases.

To deal with the rising volume of customs matters more effectively, the legislation proposes:

-- A single, continuous procedure for deciding all issues in any entry of merchandise, including appraisement and classification.

-- Fuller authority in the Bureau to correct errors administratively.

-- Increasing the time to file appeals for administrative and judicial reviews.

-- Single-judge decisions and elimination of written opinions in all cases and automatic referrals to the Customs Court.

The Departments of the Treasury and Justice held extensive consultations with the United States Customs Court and the Court of Customs and Patent Appeals, with representatives of the Federal Judicial Center, various importer groups, the Association of the Customs Bar, the Customs Committee of the Section on Administrative Law of the American Bar Association, and with many individuals and agencies concerned with customs procedures.

The departments said former U.S. Supreme Court Justice Tom C. Clark, Director of the Federal Judicial Center, and Chief Judge Paul P. Rao of the United States Customs Court contributed to preparation of the legislative proposal. They also helped by promoting discussions among many interested groups which led to acceptance of a set of general principles of procedural reforms. The Justice and Treasury Departments developed these principles into a working draft which formed the basis of the legislation.

TECHNICAL ASPECTS OF CUSTOMS COURT AND CUSTOMS BUREAU PROCEDURES REFORM LEGISLATION

In more specific detail, the major defects in the present laws governing customs determinations in the Bureau of Customs and Customs Court include the following:

1. The Bureau of Customs must automatically refer appeals for reappraisement and denials of protests to the Customs Court for disposition without regard to whether or not the importer intends to litigate the case.

2. When a single entry of merchandise presents both appraisement and classification questions, neither the Bureau nor the Court can review both issues in a single proceeding. The appraisement issue must first be pursued through the Bureau and then through the Court, and only after this has been finally determined can the classification issue be disposed of.

3. The Bureau lacks authority to correct administratively any errors of appraisement. The filing of an appeal for reappraisement by the importer automatically divests the Bureau of jurisdiction and places the matter before the Customs Court; thereafter, any modification of appraised values can only be remedied in a judicial proceeding before the Court.

4. The importer has unrealistically short periods of thirty and sixty days in which to decide whether to litigate the Bureau's decision by filing an appeal to an appraisement or a protest to a classification. This causes importers in many cases to file protective appeals or protests.

5. The Court lacks statutory authority to charge a filing fee for commencing an action, and thus, can place no pecuniary restraint on importers to deter them from bringing unnecessary and unwarranted cases into Court.

6. Protest cases, which constitute about 60% of all customs cases, must be decided by a three-judge division of the Court even though these cases present no greater difficulties than appraisement cases, which are decided by a single judge.

7. Single-judge decisions in appraisement cases are subject to review by a three-judge division of the Court.

8. All decisions in the Court must be in writing and must contain a statement of the reasons for the decision and the facts on which it is based.

The key features of the proposed legislation to modernize procedures in the Bureau of Customs and the Customs Court include the following:

1. The Bureau, in liquidating an entry, will decide at one time all issues relating to the entry, including appraisement and classification, and will give the importer mailed notice of the liquidation.

2. The importer will have 90 days in which to decide whether he wishes to protest the Bureau's decision and get further administrative review. The longer limit will give the importer enough time to review the case and decide whether any useful purpose would be served by seeking administrative review. It should reduce the number of protests made by the importer as a protective measure.

3. The Bureau will have 90 days from the date of liquidation to reliquidate the entry on its own initiative. This power, to correct administrative errors or otherwise to conform administrative actions to decisions reached in cases subsequently decided by the Court will, in many cases, obviate the need to an importer to litigate for these purposes.

4. If the Bureau denies the protest in whole or in part, the importer will have 180 days in which to decide whether or not to have the administrative decision reviewed by the Court. This should be

sufficient time for the importer to reach a fully considered decision on whether to litigate. It should eliminate many cases that now go on the Court's docket as protective appeals or protests because the present 60 day provision is too short to permit the importer to make an informed decision.

5. The importer will be able to obtain speedy disposition of his protest by filing a written request with the Bureau at any time after 90 days have elapsed from the date of filing the protest. If the Bureau does not allow or deny his protest in whole or in part within 30 days thereafter, it will be deemed denied on the thirtieth day following receipt of the request. The importer will then have the right to commence an action in the Court.

6. Any protest which has not been allowed or denied by the Bureau or which has not been deemed denied after a request has been received for accelerated disposition will be deemed denied after two years have elapsed from the date the protest was filed. The importer will then have a right to commence an action in Court.

7. Automatic referral of all appeals for reappraisement and all denials of protest to the Customs Court will be eliminated.

8. If an importer wishes to obtain judicial review of decisions of the Bureau he will be required to file a summons in the Customs Court.

9. There will be a single judicial proceeding in the Court in which all issues, including both appraisement and classification, will be taken up. The importer will be able to include in one cause of action all his entries of merchandise which present common issues. The Court, however, will have authority to order actions consolidated or severed, as circumstances warrant.

10. The Court will have authority to fix a filing fee for commencing an action but the amount fixed may not exceed the filing fee for commencing an action in the United States district court. Whether a fee is to be charged and the amount thereof, will lie in the Court's discretion. The imposition of a fee, however, could induce potential litigants to consider carefully whether they wished to bring suit. Minimizing the fee could also be a factor in persuading litigants to consolidate numerous importations involving the same issues into one cause of action. The effect of a fee, therefore, would be to reduce substantially the number of cases brought in the Customs Court each year.

11. All cases in the Customs Court will normally be tried by a single judge, thereby increasing the judicial manpower available for hearing and deciding cases.

12. The chief judge will have the authority, on application or on his own initiative, to designate three-judge trials when there is a cause of action that either (1) raises a constitutional question or (2) has broad or significant implications in the administration or interpretation of the customs laws. The use of a three-judge trial will provide a means for obtaining carefully considered decisions in landmark or other important cases.

13. In contested cases, the judge will be able to support his decision by either a statement of findings of fact and conclusions of law or by an opinion stating the reasons and the facts upon which his decision is based. This option will modify the present requirement that in every case the judge must write a decision with a statement of the reasons therefor and the facts on which the decision is based.

14. Cases in ports outside of New York will be tried in the same manner as cases in New York and the trial judge will have full authority to hear and decide the case.

15. Appeals from all cases will go directly to the Court of Customs and Patent Appeals. This will relieve the Customs Court of its present burden of having to set up three-judge divisions to hear appeals from single-judge decisions in appraisement cases.

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REASURY DEPARTMENT

WASHINGTON, D.C.

July 9, 1969

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 $2,700,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing July 17, 1969, in the amount of $2,701,700,000, as follows:

91-day bills (to maturity date) to be issued July 17, 1969, in the amount of $1,600,000,000, or thereabouts, representing an additional amount of bills dated April 17, 1969, and to mature Ocotober 16, 1969, originally issued in the amount of $1,100,975,000, the additional and original bills to be freely interchangeable.

182-day bills, for $1,100,000,000, or thereabouts, to be dated July 17, 1969, and to mature January 15, 1970.

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

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Daylight Saving time, Monday, July 14, 1969. 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 announcment 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 each issue 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 for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on July 17, 1969, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 17, 1969. 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 Treasu
conditions of their issue. Copies of th
from any Federal Reserve Bank or Branch.

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rREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE 6:30 P.M.,
esday, July 9, 1969.

RESULTS OF TREASURY'S OFFER OF $1-3/4 BILLION OF DECEMBER TAX BILLS

The Treasury Department announced that the tenders for $1,750,000,000, or eabouts, of 157-day Treasury Tax Anticipation bills to be dated July 18, 1969, to mature December 22, 1969, which were offered on July 2, 1969, were opened at Federal Reserve Banks today.

The details of this issue are as follows:

Total applied for	- $3,377,891,000	
Total accepted	- $1,750,691,000	(includes $145,091,000 entered on a noncompetitive basis and accepted in full at the average price shown below)

Range of accepted competitive bids:

High	- 97.144	Equivalent rate of discount approx.	6.549% per annum	
Low	- 96.996	" " " " "	6.888% " "	
Average	- 97.045	" " " " "	6.776% " "	1/

(64% of the amount bid for at the low price was accepted)

ral Reserve trict	Total Applied For	Total Accepted
ton	$ 87,315,000	$ 54,315,000
York	1,700,817,000	563,517,000
ladelphia	197,641,000	62,641,000
reland	128,590,000	118,590,000
mond	81,665,000	68,665,000
nta	109,043,000	89,043,000
cago	356,240,000	296,140,000
Louis	82,973,000	59,973,000
eapolis	173,125,000	165,125,000
sas City	61,053,000	56,053,000
las	68,370,000	47,370,000
Francisco	331,059,000	169,259,000
TOTAL	$3,377,891,000	$1,750,691,000

This is on a bank discount basis. The equivalent coupon issue yield is 7.08%.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

)R RELEASE 6:30 P.M.,
riday, July 11, 1969.

RES JLTS OF TREASURY'S OFFER OF $1-3/4 BILLION OF MARCH TAX BILLS

The Treasury Department announced that the tenders for $1,750,000,000, or hereabouts, of 248-day Treasury Tax Anticipation bills to be dated July 18, 1969, nd to mature March 23, 1970, which were offered on July 2, 1969, were opened at he Federal Reserve Banks today.

The details of this issue are as follows:

Total applied for - $3,383,935,000
Total accepted - $1,750,030,000 (includes $127,130,000 entered on a noncompetitive basis and accepted in full at the average price shown below)

Range of accepted competitive bids: (Excepting one tender totaling $200,000)

High	-	95.143	Equivalent rate of discount approx. 7.050%	per annum
Low	-	95.000	" " " " " 7.258%	" "
Average	-	95.039	" " " " " 7.201%	" " 1/

(31% of the amount bid for at the low price was accepted)

Federal Reserve District	Total Applied For	Total Accepted
Boston	$ 131,633,000	$ 48,233,000
New York	1,751,538,000	708,088,000
Philadelphia	176,401,000	113,401,000
Cleveland	107,417,000	78,967,000
Richmond	63,435,000	24,535,000
Atlanta	65,792,000	42,292,000
Chicago	358,185,000	157,635,000
St. Louis	106,310,000	68,310,000
Minneapolis	55,527,000	39,522,000
Kansas City	51,069,000	42,869,000
Dallas	54,220,000	18,770,000
San Francisco	462,408,000	407,408,000
TOTAL	$3,383,935,000	$1,750,030,000

1/ This is on a bank discount basis. The equivalent coupon issue yield is 7.61%.

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'REASURY DEPARTMENT

WASHINGTON, D.C.

July 14, 1969

FOR IMMEDIATE RELEASE

IIS IS A SIMULTANEOUS RELEASE BY TREASURY AND FEDERAL RESERVE SYSTEM)

LARGE DENOMINATIONS OF CURRENCY TO BE DISCONTINUED

The Treasury Department and the Federal Reserve System announced today that the issuance of currency in denominations of $500, $1,000, $5,000 and $10,000 will be discontinued immediately. Use of these large denominations has declined sharply over the last two decades and the need for them appears insufficient to warrant the added cost of production and custody of new supplies.

The large denomination notes were first authorized primarily for interbank transactions by an amendment to the Federal Reserve Act in 1918. With demand for them shrinking, printings of new notes of these denominations were discontinued in 1946, and the supply that was on hand at that time has now diminished to the point where continued issuance of such notes would require additional printings. Surveys have indicated that transactions for which the large denomination notes have been used could be met by other means, such as checks or $100 notes.

Under the decision announced today all existing supplies of large denomination bills at the Federal Reserve Banks will be turned over to the Treasury for destruction as will circulating notes that find their way back to the Federal Banks in the normal course of business.

The Federal Reserve will continue to issue notes in denominations of $1, $5, $10, $20, $50 and $100. Currency comprises only about 25 percent of the nation's money supply, the vast bulk of which is made up of demand deposits (checking accounts).

The sharp decline since World War II in the number of large denomination notes in circulation is shown in the following end-of-year figures:

	1945	1968
$500	903,404	488,295
$1,000	797,852	291,894
$5,000	1,405	634
$10,000	2,327	383

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REASURY DEPARTMENT

WASHINGTON, D.C.

July 11, 1969

FOR IMMEDIATE RELEASE

TREASURY SECRETARY KENNEDY PROPOSES 5 PERCENT RATE ON SAVINGS BONDS

Secretary of the Treasury David M. Kennedy today disclosed details of the Nixon Administration's request to Congress for legislation to permit the payment of a 5 percent rate of interest to investors in United States Savings Bonds. He said that in the same proposal the Administration would seek removal of the 4-1/4 percent interest ceiling on all Treasury bonds.

The maximum rate that may be paid on any Treasury bond, including Savings Bonds, is now 4-1/4 percent, a statutory limitation which has been unchanged since 1918.

Mr. Kennedy disclosed the intention to ask for this legislation during his testimony earlier this week before the Senate Finance Committee.

In submitting the proposal, the Secretary emphasized his hope that the House Ways and Means Committee consideration of the legislation would await the completion of work on tax reform. He said that Committee enactment of a meaningful tax reform proposal on the earliest practicable date is a matter of highest priority.

About $52 billion of Series E and H Savings Bonds are outstanding. Approximately 11 million people are now buying bonds through a payroll savings plan. The proposed 5 percent rate would apply to Savings Bonds purchased after June 1, 1969 and held to maturity. Holders of outstanding Savings Bonds would also receive a 5 percent rate for the remaining period to maturity after June 1, 1969.

Treasury is recommending the increase in rate because the current 4-1/4 percent return is not competitive with other investment and savings opportunities. Redemptions have been running ahead of sales for seven successive months. In June, redemptions were $483 million and sales were $383 million. The last time savings bond rates were raised was in June, 1968 when they went to the permitted ceiling of 4-1/4 percent from 4.15 percent.

The 4-1/4 percent interest rate ceiling applies to all Treasury bonds, including longer term marketable securities with maturities of more than 7 years. In the past, such bonds played an important role in providing the flexibility for orderly management of the Federal debt.

Treasury has been unable to sell any marketable bonds since May of 1965 because longer term interest rates have been above the 4-1/4 percent ceiling. Instead it has had to rely on short term instruments -- bills and notes -- on which there is no interest rate ceiling. As a result, the average maturity of the privately held marketable debt has dropped about 30 percent since mid-1965.

Treasury is seeking the removal of the ceiling in order to permit the orderly restructuring of the public debt in accordance with national objectives.

Subject to enabling legislation, the proposals effect Series E and H bonds and the Freedom Share as follows:

E and H Bonds: The new rate of 5 percent to maturity will apply to all bonds sold on or after June 1, 1969. As in the past, bonds redeemed prior to maturity will earn a lesser yield but these interim rates have been improved over the current schedule. For example, in the case of E Bonds at 6 months the new rate will be 3.20 compared to the current 2.24. At 1 year the new rate will be 4.01 compared to the current 3.02 and at 3 years 4.44 compared to 3.75 percent. The lower rate of return for short term holdings reflects the desire of the Treasury not to compete unduly with private saving institutions and to retain an incentive for purchasers to hold their bonds to maturity.

Beginning with the first semi-annual interest period starting on or after June 1, 1969, rates on outstanding E and H Bonds will be increased to yield 5 percent when held to maturity or extended maturity. These outstanding bonds will also benefit by an improved interim schedule in the case of earlier redemptions. Holders are assured there will be no advantage in redeeming currently outstanding bonds to purchase new bonds.

The dollar limit on annual purchases of E Bonds by an individual will be reduced to $5,000 purchase price from the $20,000 face amount limit currently in force. The annual limit on H Bonds will be reduced to $5,000 face amount from the current $30,000 (on H Bonds the issue price is the same as the face amount). Nontaxable exchanges of Series E Bonds for Series H Bonds will not be counted against these new annual purchase limits.

The original maturity of the Series E Bond will be shortened to 5 years 10 months from the current 7 years. The maturity of the Series H Bonds will continue to 10 years. Both bonds will be extendible at the discretion of the Secretary of the Treasury.

Freedom Share:

The Freedom Share will continue on sale for 6 months following Congressional approval of the proposed legislation. This continuation period will provide a reasonable time for subscribers to convert to the purchase of savings bonds and will also facilitate payroll and accounting changes. Legislation is being requested to provide authority for an extension of Freedom Shares similar to those available on savings bonds.

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FACT SHEET

REMOVAL OF 4-1/4% INTEREST RATE CEILING

I. The Present Situation

1. Congress placed a 4-1/4% ceiling on U.S. Government bonds in 1918, and the ceiling has been unchanged since that date.

2. Throughout most of the intervening fifty years, the ceiling posed no serious problems for effective debt management because

   1) long-term interest rates generally held below the ceiling level; and

   2) during brief periods of higher rates, the Treasury could issue shorter-term securities, such as Treasury bills or notes, to which the ceiling does not apply.

3. Since 1965, interest rates on longer term Government securities have continuously been above 4-1/4%. As a result the Treasury has been unable to sell any longer-term securities for the last four years. Instead, it has been forced to confine its issues to maturities of seven years or less.*

4. Because the interest ceiling precluded longer-term issues, the average maturity of the Government's marketable debt in private hands has dropped from 5-3/4 years in mid-1965 to about 4 years today.

5. In operational terms, this shortening of the debt meant that the Treasury had to refinance some $21 billion of maturing notes and bonds in fiscal 1969, compared with less than $14 billion in fiscal 1966, a jump of more than 50%.

* Five years or less prior to June 30, 1967.

II. Adverse Effects of the 4-1/4% Ceiling

1. Since the 4-1/4% ceiling applies to Savings Bonds as well as to marketable Government bonds, the Treasury has been prevented from paying an equitable and fully competitive rate of return to holders of Savings Bonds.

2. By forcing the Government to do all its financing in the short- and medium-term areas, the ceiling has put upward pressure on shorter term rates, thus complicating the problems of thrift institutions in competing for savings.

3. The pile-up of maturing notes and bonds added to the difficulties of orderly financing the Government's needs for new funds during periods of deficit.

4. The shortening of the Government's debt contributes to the inflationary potential of the economy by

   1) complicating the task of the monetary authorities in pursuing a policy of credit restraint; and

   2) providing investors with liquid assets that increasingly resembled cash-in-hand.

5. During the past four years, a period of generally rising interest rates, the ceiling has probably added to the costs of carrying the public debt by

   1) concentrating Treasury financings in the shorter end of the market where rates have generally been higher than on longer-term securities; and

   2) preventing issues of longer-term securities during temporary periods of lower interest rates.

III. Advantages from Removal of Ceiling

1. Removal of the ceiling would mitigate each of the adverse effects cited above.

2. Specifically, the Treasury would

   1) be free to pay a 5% rate of return to holders of Savings Bonds, as proposed by the Administration;

   2) be able to plan for orderly restructuring of the Government's debt when conditions permitted.

3. In general, removal of the ceiling will enable the Treasury to conduct the nation's financial housekeeping in a way that supports national economic objectives rather than conflicting with them.

IV. Use of Longer-term Borrowing

1. Removal of the 4-1/4% ceiling would not cause the Treasury automatically to push large amounts of debt out to the long-term area. Rather, it would permit the Treasury to take advantage of market opportunities gradually to extend the maturity of the debt through longer-term issues in amounts that would not disrupt either the Government securities market or other segments of the capital market.

2. The experience of the first half of the 1960's is illustrative of what can be accomplished through flexible debt management. Mainly through the use of so-called advance refundings -- offering of longer-term securities to holders of issues in advance of their maturity -- the Treasury was able to increase the average maturity of the debt by more than 25% without adverse effects on the financing of local governments, house construction, or other activities.

3. Given the anticipated demands on capital markets to finance the high employment economy of the 1970's, there is little likelihood that longer-term interest rates will fall below the 4-1/4% level in the foreseeable future. There is no reason, therefore, to delay the removal of a ceiling that serves no purpose, but only stands in the way of the orderly planning of debt management.

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7-11-69

QUESTIONS AND ANSWERS ABOUT UNITED STATES SAVINGS BONDS

Q: What is the Treasury proposing regarding the statutory interest ceiling on United States Savings Bonds?

A: Treasury is asking Congress to lift the ceiling and provide legislation whereby the rate on Savings Bonds could be set by Treasury at a rate consistent with marketing conditions, fairness to the investors and not unduly competitive with thrift institutions.

Q: What rate does Treasury propose to set currently on savings bonds?

A: Treasury proposes that the rate on new bonds be set at 5 percent, effective from June 1, 1969, and that the rate paid on existing bonds be adjusted, so that they will also earn at the rate of 5 percent to maturity for interest periods beginning after June 1.

Q: What is the current rate?

A: Savings bonds now receive the statutory limit of 4-1/4 percent per annum.

Q: When was this rate set?

A: The general statutory ceiling for bonds was set in 1918. The current rate on savings bonds was raised to the legal limit of 4.25% in June 1968 from 4.15%.

Q: Why raise the rate on savings bonds?

A: Rates paid by many savings institutions are higher, and have been higher for several years. Market rates have also risen substantially. The 4-1/4 percent rate paid on savings bonds has failed to attract new savers and new purchasers. As a matter of fact, redemptions of savings bonds have exceeded sales for the last seven months. In June, redemptions of $483 million exceeded sales by $100 million.

Q: To what savings bonds would the new rate apply?

A: All savings bonds, both Series E and Series H, new issues and outstanding issues.

Q: What are the characteristics of these bonds?

A: Series E bonds are sold at 75% of face value. Interest is paid by the gradual increase in redemption value, reaching approximately face amount at the end of their stated original maturity. The currently proposed bond will reach original maturity in 5 years 10 months. Older bonds had various original maturity lengths up to 10 years. They are non-negotiable and may only be redeemed by the Treasury or an authorized redemption agency. In practice, most banks and other financial institutions redeem Series E bonds. Series H bonds are 10 year bonds sold at par on which interest is paid by semiannual checks issued by the Treasury. They are also non-negotiable.

Q: Will there be any change in denominations in which bonds are sold?

A: Yes. Series E bonds will be sold in denominations of $25, $50, $75, $100, $200, $500, $1,000 maturity value. They will no longer be sold in denominations of $10,000 except for employees savings plans. Series H bonds will be sold in denominations of $500, $1,000, and $5,000. They will no longer be sold in denominations of $10,000. The $10,000 denominations will also be available for exchanges.

Q: Is there any limit on the amount of savings bonds one may buy?

A: Yes. The annual limit on Series E bonds will be set at $5,000 issue price -- a reduction from $20,000 face amount; and the yearly limit on Series H bonds will be set at $5,000 issue price -- a reduction from $30,000 (issue price and face amount are the same for Series H bonds).

Q: Why the smaller annual limit?

A: This is largely a technical matter involving other savings and thrift institutions, such as savings and loan associations which finance much of the nation's housing. Treasury has no desire to cause a shift from these institutions into savings bonds. Its primary objective is to promote new savings.

Q: Will present holders of savings bonds benefit from the new rates?

A: Yes. The new rates will apply to all savings bonds effective the first interest crediting period beginning on or after June 1. The rate on bonds currently outstanding will be adjusted so that they will receive 5 percent to maturity or extended maturity.

Q: What will happen to Freedom Shares?

A: Freedom Shares, first offered in 1967, will continue on sale for six months after the proposed legislation is passed.

Q: Is there any reason for present holders of savings bonds to cash them in for the new issues?

A: No. Rates of return on all outstanding issues are being improved so that there is no incentive for such conversions.

Q: If savings bonds are redeemed prior to maturity does the holder receive a lower rate of interest?

A: Yes, but the interim yields have been substantially improved. For example holders of both E and H Bonds will receive 4 percent or more after the first year.

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7-11-69

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Summary of Terms and Conditions of Savings Bonds
(Subject to enabling legislation)

	Series E	Series H
ctive date	All bonds sold on or after June 1, 1969.	All bonds sold on or after June 1, 1969.
ue price	75% of face amount.	100% of face amount.
ue date	First day of month in which payment is received by an authorized issuing agent.	First day of month in which payment is received by a Federal Reserve Bank or branch, or by U.S. Treasury.
urity	5 years 10 months from issue date.	10 years from issue date.
erest:		
ew bonds	Accrues to approximately face amount to provide an investment yield of approximately 5% if held to maturity, lesser yields if redeemed earlier.	Paid semi-annually by check. Provides investment yield of approximately 5% if held to maturity, lesser yields if redeemed earlier.
utstanding bonds	Increased to provide 5% for remaining time to maturity or extended maturity.	Increased to provide 5% for remaining time to maturity or extended maturity.

	Series E	**Series H**
ieemability prior :o maturity:		
3y Treasury	Not callable	Not callable
3y Owner	At any time not less than 2 months from issue date at any qualified paying agent.	At any time not less than 6 months from issue date at any Federal Reserve Bank or branch, or at the U.S. Treasury except during the month preceding an interest payment date.
gotiability	None	None
igibility as llateral for loans	None	None
igible subscribers	Natural persons and public and private organizations, but not commercial banks.	Natural persons and public and private organizations, but not commercial banks.
nual limit on new purchases	Annual limit of $5,000, issue price ($2,000 face amount per participant in employee savings plans).	Annual limit of $5,000, issue price ($200,000 for certain organizations when received as gifts).
nominations	$25, $50, $75, $100, $200, $500, and $1,000 (maturity value). Also $10,000 and $100,000 for certain employee savings plans.	$500, $1,000, and $5,000 ($10,000 for use in certain exchanges).
arer or registered	Registered only, natural persons may have co-owner or beneficiary registration.	Registered only, natural persons may have co-owner or beneficiary registration.
tension privilege	Extendable for 10 years at rate in effect at time of extension.	Extendable for 10 years at rate in effect at time of extension.

7-11-69

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TREASURY DEPARTMENT

WASHINGTON, D.C.

July 14, 1969

FOR IMMEDIATE RELEASE

TREASURY SECRETARY KENNEDY INVITES 25 ADDITIONAL BANKERS TO WASHINGTON CONFERENCE ON INFLATION

The Treasury announced today that Secretary David M. Kennedy has invited representatives of 25 leading banks to meet with him in Washington on Wednesday, July 16, at 10:00 A.M.

The meeting, called to discuss "inflation and related problems, including the current high level of interest rates," is the second such conference. The chief executives of some 25 of the nation's largest banks conferred with Treasury and Federal Reserve officials in Washington July 7.

In a telegram inviting the second group of bankers to meet with him, Secretary Kennedy said:

> "You undoubtedly are aware that I met this past week with some 25 of the nation's leading bankers to discuss inflation and related problems, including the current high level of interest rates. Since we believe these informative two-way conversations are genuinely useful, I hope you can join us with 25 other leading bankers at the next meeting, which will be held in Room 4121, Main Treasury, Washington, D.C., 10:00 A.M., Wednesday, July 16. The meeting should adjourn before lunch."

The telegrams went to the following banks:

Chief Executive Officer
First National Bank of Oregon
Portland, Oregon

Chief Executive Officer
Bank of California NA
San Francisco, California

Chief Executive Officer
Republic National Bank
Dallas, Texas

Chief Executive Officer
Harris Trust & Savings Bank
Chicago, Illinois

Chief Executive Officer
Bank of New York
New York City, New York

Chief Executive Officer
United States National Bank of Oregon
Portland, Oregon

Chief Executive Officer
Girard Trust Bank
Philadelphia, Pennsylvania

Chief Executive Officer
Pittsburgh National Bank
Pittsburgh, Pennsylvania

Chief Executive Officer
Union Bank
Los Angeles, California

Chief Executive Officer
National Bank of North America
Jamaica, New York

Chief Executive Officer
First National Bank
Dallas, Texas

Chief Executive Officer
Citizens & Southern National Bank of Georgia
Atlanta, Georgia

Chief Executive Officer
Northern Trust Company
Chicago, Illinois

Chief Executive Officer
Wachovia Bank & Trust Company
Winston-Salem, North Carolina

Chief Executive Officer
Marine Midland Trust Company
of Western New York
Buffalo, New York

Chief Executive Officer
National City Bank
Cleveland, Ohio

Chief Executive Officer
Valley National Bank
Phoenix, Arizona

Chief Executive Officer
Bank of the Commonwealth
Detroit, Michigan

Chief Executive Officer
Fidelity Bank
Philadelphia, Pennsylvania

Chief Executive Officer
Michigan National Bank
Lansing, Michigan

Chief Executive Officer
North Carolina National Bank
Charlotte, North Carolina

Chief Executive Officer
National Bank of Commerce
Seattle, Washington

Chief Executive Officer
Central National Bank
Cleveland, Ohio

Chief Executive Officer
First Wisconsin National Bank
Milwaukee, Wisconsin

Chief Executive Officer
Mercantile Trust Company NA
St. Louis, Missouri

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REASURY DEPARTMENT

WASHINGTON, D.C.

R RELEASE 6:30 P.M.,
nday, July 14, 1969.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced that the tenders for two series of Treasury lls, one series to be an additional issue of the bills dated April 17, 1969, and the her series to be dated July 17, 1969, which were offered on July 9, 1969, were ened at the Federal Reserve Banks today. Tenders were invited for $1,600,000,000, thereabouts, of 91-day bills and for $1,100,000,000, or thereabouts, of 182-day lls. The details of the two series are as follows:

NGE OF ACCEPTED MPETITIVE BIDS:	91-day Treasury bills maturing October 16, 1969		:	182-day Treasury bills maturing January 15, 1970	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	98.223 a/	7.030%	:	96.287 b/	7.344%
Low	98.194	7.145%	:	96.246	7.425%
Average	98.204	7.105% 1/	:	96.259	7.400% 1/

Excepting 1 tender of $100,000; b/ Excepting 6 tenders totaling $1,479,000
22% of the amount of 91-day bills bid for at the low price was accepted
61% of the amount of 182-day bills bid for at the low price was accepted

TAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 32,859,000	$ 22,859,000	:	$ 9,180,000	$ 9,180,000
New York	1,887,809,000	1,018,189,000	:	1,815,483,000	706,113,000
Philadelphia	38,786,000	23,786,000	:	24,002,000	12,002,000
Cleveland	45,339,000	45,339,000	:	50,952,000	45,835,000
Richmond	31,988,000	20,488,000	:	24,687,000	12,187,000
Atlanta	51,872,000	40,482,000	:	44,002,000	31,005,000
Chicago	224,735,000	216,435,000	:	178,538,000	132,238,000
St. Louis	49,293,000	43,293,000	:	32,591,000	27,806,000
Minneapolis	22,967,000	20,967,000	:	20,003,000	12,503,000
Kansas City	43,585,000	43,585,000	:	32,377,000	31,877,000
Dallas	30,272,000	20,272,000	:	31,887,000	21,887,000
San Francisco	149,785,000	84,505,000	:	217,860,000	57,860,000
TOTALS	$2,609,290,000	$1,600,200,000 c/		$2,481,562,000	$1,100,493,000 d/

Includes $440,319,000 noncompetitive tenders accepted at the average price of 98.204
Includes $284,865,000 noncompetitive tenders accepted at the average price of 96.259
These rates are on a bank discount basis. The equivalent coupon issue yields are 7.34% for the 91-day bills, and 7.79% for the 182-day bills.

TREASURY DEPARTMENT

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WASHINGTON. D.C.

July 16, 1969

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 $2,700,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing July 24, 1969, in the amount of $2,698,432,000, as follows:

91-day bills (to maturity date) to be issued July 24, 1969, in the amount of $1,600,000,000, or thereabouts, representing an additional amount of bills dated April 24, 1969, and to mature October 23, 1969, originally issued in the amount of $1,102,578,000, the additional and original bills to be freely interchangeable.

182-day bills, for $1,100,000,000, or thereabouts, to be dated July 24, 1969, and to mature January 22, 1970.

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

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Daylight Saving time, Monday, July 21, 1969. 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

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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 each issue 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 for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on July 24, 1969, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 24, 1969. 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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THE ADMINISTRATOR OF NATIONAL BANKS
WASHINGTON, D. C. 20220

July 16, 1969

MEMORANDUM TO THE PRESS:

In keeping with President Nixon's request, Comptroller of the Currency William B. Camp, expressed the hope that the 4,700 National Banks throughout the country will cooperate in observance of the "National Day of Participation."

TREASURY DEPARTMENT

WASHINGTON, D.C.

July 16, 1969

FOR IMMEDIATE RELEASE

SECRETARY KENNEDY MEETS WITH GROUP OF BANKERS TO DISCUSS INFLATION AND RELATED MATTERS

Treasury Secretary David M. Kennedy met today with 22 bankers to discuss inflation, including the current high level of interest rates, in the second such conference since July 7. At the earlier meeting, 24 chief executives of the nation's largest banks met the Secretary and other Federal officials.

Federal officials attending the meeting with Secretary Kennedy included Federal Reserve Board Vice Chairman J. L. Robertson, Under Secretary of the Treasury Charls E. Walker, Under Secretary of the Treasury for Monetary Affairs Paul A. Volcker, Budget Bureau Director Robert P. Mayo, Chairman of the Federal Deposit Insurance Corporation K. A. Randall, Comptroller of the Currency William B. Camp, Deputy Assistant Attorney General Robert Hammond, Anti-Trust Division of the Justice Department; and Hendrick S. Houthakker, Council of Economic Advisors.

Bankers attending the meeting included: Lyman E. Seely, Executive Vice President, First National Bank of Oregon, Portland, Oregon; James Aston, Chairman, Republic National Bank, Dallas, Texas; William F. Murray, President, Harris Trust & Savings Bank, Chicago, Illinois; Elliott Averett, President, Bank of New York, New York, New York; Stephen S. Gardner, President, Girard Trust Bank, Philadelphia, Pennsylvania; Robert C. Milsom, Executive Vice President, Pittsburgh National Bank, Pittsburgh, Pennsylvania; George A. Thatcher, President, Union Bank, Los Angeles, California; Sydney Friedman, Chairman of the Board, National Bank of North America, Jamaica, New York; Robert H. Stewart III, Chairman of the Board, First National Bank, Dallas, Texas; Herbert Dickson, Executive Vice President, Citizens & Southern National Bank of Georgia, Atlanta, Georgia; Robert E. Hunt, Executive Vice President, Northern Trust Company, Chicago, Illinois; James H. Styers, Executive Vice President, Wachovia Bank & Trust Company, Winston-Salem, North Carolina; David J. Laub, President and Chief Executive Officer, Marine Midland Trust Company of Western New York, Buffalo, New York; Claude M. Blair, President, National City Bank, Cleveland, Ohio; George W. Miller, President, Bank of the Commonwealth, Detroit, Michigan; Howard C. Petersen, Chairman, Fidelity Bank, Philadelphia, Pennsylvania; Howard J. Stoddard, Chairman of the Board, Michigan National Bank, Lansing, Michigan; Addison H. Reese, Chairman of the Board, North Carolina National Bank, Charlotte, North Carolina; Maxwell Carlson, President, National Bank of Commerce, Seattle, Washington; Edward L. Carpenter, Chairman and Chief Executive Officer, Central National Bank, Cleveland, Ohio; George F. Kasten, Chairman of the Board, First Wisconsin National Bank, Milwaukee, Wisconsin; John Fox, Chairman of the Board, Mercantile Trust Company, St. Louis, Missouri.

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REASURY DEPARTMENT

WASHINGTON, D.C.

July 17, 1969

FOR IMMEDIATE RELEASE

TREASURY'S MONTHLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $1,700,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing July 31, 1969, in the amount of $4,409,468,000, as follows:

273-day bills (to maturity date) to be issued July 31, 1969, in the amount of $500,000,000, or thereabouts, representing an additional amount of bills dated April 30, 1969, and to mature April 30, 1970, originally issued in the amount of $1,000,634,000, the additional and original bills to be freely interchangeable.

365-day bills, for $ 1,200,000,000, or thereabouts, to be dated July 31, 1969, and to mature July 31, 1970.

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

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Daylight Saving time, Thursday, July 24, 1969. 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 the one-year bills will run for 365 days, the discount rate will be computed on a bank discount basis of 360 days, as is currently the practice on all issues of Treasury bills.) It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. Others than 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 each issue 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 for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on July 31, 1969, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 31, 1969. 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.

July 17, 1969

FOR IMMEDIATE RELEASE

SECRETARY KENNEDY SUBMITS LEGISLATION FOR 5 PERCENT RATE ON SAVINGS BONDS

Secretary of the Treasury David M. Kennedy has submitted to Congress proposed legislation which would permit Treasury to pay a 5 percent rate of interest on United States Savings Bonds, and would remove the present 4-1/4 percent interest ceiling on all Treasury bonds.

Mr. Kennedy disclosed last week the Nixon Administration's intention to ask Congressional approval of this legislation.

In letters of July 15 submitting a draft bill to the President of the Senate, Spiro T. Agnew, and the Speaker of the House of Representatives, John W. McCormack, Secretary Kennedy said that "the proposed legislation has two principal purposes. First, it would enable the Secretary of the Treasury to pay a fair rate of return to holders of United States Savings Bonds. Second, it would provide the Secretary of the Treasury with authority to plan for orderly restructuring of the public debt in accordance with national objectives."

Treasury has recommended a higher rate on Savings Bonds because the current 4-1/4 percent return is not competitive with other investment and savings opportunities. The proposed 5 percent rate would apply to Savings Bonds purchased after June 1, 1969 and held to maturity. Holders of outstanding Savings Bonds would also receive a 5 percent rate for the remaining period to maturity after June 1, 1969.

The 4-1/4 percent interest rate ceiling applies to all Treasury bonds, including marketable securities with maturities of more than 7 years. Treasury has been unable to sell any marketable bonds since May of 1965 because longer term interest rates have been above the 4-1/4 percent ceiling. It therefore has had to rely on short-term instruments -- bills and notes -- on which there is no interest rate ceiling. Consequently, the average maturity of the privately held marketable debt has dropped about 30 percent since mid-1965.

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REASURY DEPARTMENT

WASHINGTON, D.C.

July 18, 1969

OR IMMEDIATE RELEASE

TREASURY SECRETARY KENNEDY APPOINTS
MEADE WHITAKER TAX LEGISLATIVE COUNSEL

Secretary of the Treasury David M. Kennedy today appointed eade Whitaker, a Birmingham, Alabama, attorney as the Treasury's ax Legislative Counsel.

Mr. Whitaker comes to the Treasury from the Birmingham law irm of Cabaniss, Johnston, Gardner & Clark, of which he was a artner. He replaces Jerome Kurtz, who held the position in the revious Administration.

As the Treasury's Tax Legislative Counsel, Mr. Whitaker will irect a staff of lawyers and accountants, dealing with tax policy atters in the office of Edwin S. Cohen, Assistant Secretary of the reasury for Tax Policy. The Office of Tax Legislative Counsel lso reviews and assists in the development of tax regulations, ulings and other tax matters.

Mr. Whitaker received his B.A. from Yale University in 1940 nd LLB from the University of Virginia in 1948. While at irginia, he served on the Board of Editors of the Virginia Law eview and was elected a member of the Order of the Coif, the ighest-standing national academic legal fraternity, and the aven Society, an honor society at the University.

Born in 1919 in Washington, D.C., Mr. Whitaker moved to ew York City at an early age. He attended the Choate School, n Wallingford, Connecticut, and after graduating from there in 936, he went to Yale University.

The appointee joined the U.S. Marine Corps in 1941 and erved in the First Marine Division in the Pacific during orld War II. He is a retired Lieutenant Colonel in the U.S. arine Corps Reserve.

In addition to being a member of the Birmingham, Alabama, and American Bar Associations, he has chaired numerous committees of the Tax Section of the American Bar Association, and served a three-year term on the Council of the Section of Taxation. He is also a member of the American Law Institute, the American Judicature Society and the Tax Institute of America. Mr. Whitaker has lectured at various tax institutes throughout the United States and has written numerous articles for legal publications.

Mr. Whitaker is married to the former Frances Dunn Baldwin of Birmingham. They have two sons and a daughter.

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ɽEASURY DEPARTMENT

IMMEDIATE RELEASE,
lay, July 22, 1969.

WASHINGTON, D.C.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced that the tenders for two series of Treasury s, one series to be an additional issue of the bills dated April 24, 1969, and the r series to be dated July 24, 1969, which were offered on July 16, 1969, were ed at the Federal Reserve Banks today. Tenders were invited for $1,600,000,000, nereabouts, of 91-day bills and for $1,100,000,000, or thereabouts, of 182-day s. The details of the two series are as follows:

E OF ACCEPTED ETITIVE BIDS:	91-day Treasury bills maturing October 23, 1969		:	182-day Treasury bills maturing January 22, 1970	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	98.190 a/	7.160%	:	96.248 b/	7.422%
Low	98.170	7.240%	:	96.224	7.469%
Average	98.175	7.220% 1/	:	96.229	7.459% 1/

xcepting 6 tenders totaling $930,000; b/ Excepting 3 tenders totaling $143,000
84% of the amount of 91-day bills bid for at the low price was accepted
71% of the amount of 182-day bills bid for at the low price was accepted

L TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

strict	Applied For	Accepted	:	Applied For	Accepted
ston	$ 37,954,000	$ 27,483,000	:	$ 9,199,000	$ 7,777,000
v York	1,863,729,000	1,061,294,000	:	1,731,439,000	773,319,000
iladelphia	41,479,000	24,789,000	:	20,303,000	10,240,000
eveland	41,435,000	41,339,000	:	53,709,000	43,680,000
chmond	35,873,000	25,373,000	:	32,305,000	13,605,000
lanta	56,469,000	42,469,000	:	53,919,000	37,016,000
icago	234,724,000	171,394,000	:	168,968,000	82,759,000
Louis	48,171,000	37,993,000	:	33,732,000	25,032,000
nneapolis	24,496,000	10,586,000	:	23,362,000	11,570,000
nsas City	42,336,000	42,336,000	:	28,414,000	26,358,000
llas	18,328,000	16,328,000	:	17,481,000	17,481,000
Francisco	145,644,000	98,644,000	:	111,472,000	51,462,000
TOTALS	$2,590,638,000	$1,600,028,000 c/		$2,284,303,000	$1,100,299,000 d/

Includes $407,041,000 noncompetitive tenders accepted at the average price of 98.175
Includes $273,628,000 noncompetitive tenders accepted at the average price of 96.229
These rates are on a bank discount basis. The equivalent coupon issue yields are 7.46 % for the 91-day bills, and 7.86% for the 182-day bills.

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?EASURY DEPARTMENT

WASHINGTON, D.C.

July 23, 1969

)R IMMEDIATE RELEASE

TREASURY'S WEEKLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders r two series of Treasury bills to the aggregate amount of ,700,000,000, or thereabouts, for cash and in exchange for easury bills maturing July 31, 1969, in the amount of ,409,468,000, as follows:

91-day bills (to maturity date) to be issued July 31, 1969, the amount of $1,600,000,000, or thereabouts, representing an ditional amount of bills dated May 1, 1969, and to ture October 30, 1969, originally issued in the amount of ,099,921,000, the additional and original bills to be eely interchangeable.

182-day bills, for $1,100,000,000, or thereabouts, to be ted July 31, 1969, and to mature January 29, 1970.

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

Tenders will be received at Federal Reserve Banks and Branches to the closing hour, one-thirty p.m., Eastern Daylight Saving me, Monday, July 28, 1969. Tenders will not be ceived at the Treasury Department, Washington. Each tender must 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, th 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 rwarded in the special envelopes which will be supplied by Federal serve Banks or Branches on application therefor.

Banking institutions generally may submit tenders for account of stomers provided the names of the customers are set forth in such nders. Others than banking institutions will not be permitted to bmit tenders except for their own account. Tenders will be received thout 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 each issue 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 for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on July 31, 1969, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 31, 1969. 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.

Statement of
Eugene T. Rossides
Assistant Secretary
Department of the Treasury
Before the
Subcommittee to Investigate Juvenile Delinquency
of the
Committee on the Judiciary
of the
United States Senate
on
S. 100
S. 849
S. 977
S. 2433
July 24, 1969

Mr. Chairman, I am Eugene T. Rossides, Assistant Secretary for Enforcement and Operations, Treasury

Department. I am here, in response to your request, to give you the views of the Department on four legislative proposals affecting Federal controls over firearms currently administered by the Internal Revenue Service.

Three of the bills under consideration would introduce new dimensions in Federal controls by imposing a system identifying ownership of all firearms, or by limiting gun ownership to persons found to meet established criteria, or both. S. 100, introduced by Senator Brooke, would establish a National registry of all firearms.

Senator Tydings' bill, S. 977, would provide for Federal registration of all private firearms previously owned or subsequently purchased unless registered under a State or local government system meeting Federal standards. Criteria includes age; freedom from any record as a felon, mental patient, alcoholic or drug addict; and eligibility under all applicable laws to possess firearms or ammunition.

Senator Dodd's bill utilizes a "certification" system which is a combination of firearms registration and licensing of gun ownership. Certificates of eligibility would be Federally issued, except where States have adopted a comparable, Federally approved, system, and would be denied to felons, addicts, mental defectives, juveniles, etc.

Senator Brooke's bill provides penalties for failure to register. The other two bills also punish possession of unregistered firearms, or possession of registered firearms by uncertified persons. Under the Dodd and Brooke bills, the Government would be authorized to buy voluntarily relinquished firearms and required to buy firearms surrendered by persons ineligible for licensing or certification.

S. 849, introduced by Senator Mansfield, would replace an existing provision of law punishing the use, or unlawful carrying, of a firearm in commission of a Federal felony. The proposed amendment would make the firearm offense a distinct crime with sentencing required to be in addition to and not concurrent with punishment for the basic felony. Since it involves basic principles of penal sanctions, we believe the views of the Attorney General concerning its merits would be of primary significance. Consequently we prefer not to comment on S. 849 but will defer to the Department of Justice, accepting their evaluation of the proposal.

From Treasury's viewpoint, the most significant of the bills you are considering today are those which would register guns, and license gun owners.

The registration and licensing bills represent a distinct departure from previously held concepts of the Federal role in firearms controls and would launch the Federal Government into an area traditionally considered the province of State and local governments. We know there are those who believe that the problems of present day law enforcement demand such action. However, we wonder if the National picture has changed that much since adoption of the Gun Control Act of 1968 last October. At that time the Congress considered and rejected bill amendments which would have required National registration of firearms and licensing of gun owners. In adopting the Gun Control Act in its present form, Congress elected to pursue a course of assisting State and local governments to regulate firearms within their jurisdictions.

In this regard, I would like to quote extracts from Senator Dodd's report for the Committee on the Judiciary, accompanying S. 3633, the Senate Counterpart of H.R. 17735 which was enacted as Public Law 90-618, the Gun Control Act of 1968:

> "The existing Federal controls over interstate and foreign commerce in firearms are not sufficient to enable the States to effectively cope with the firearms traffic within their own borders through the exercise of their police power. Only through adequate Federal control over interstate and foreign commerce in firearms, and over all persons engaging in the business of importing, manufacturing, or dealing in firearms, can this problem be dealt with, and effective State and local regulation of the firearms traffic be made possible."

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"The title would have the effect of channeling interstate and foreign commerce in firearms through federally licensed importers, manufacturers, and dealers, thereby prohibiting the commercial mail-order traffic in firearms to unlicensed persons. This will enable the States to more effectively control firearms traffic within their own jurisdictions under the police power granted to them by the Constitution.

"The record reflects the concern of law enforcement officials throughout the country over the vast proliferation of mail-order firearms in interstate commerce.

"This traffic affords circumvention and contravention of State and local laws governing the acquisition of firearms. It is characterized by ready availability, minimal cost and anonymity of purchase. The result has been an ever-increasing abuse of this source of firearms by juveniles, minors, and adult criminals. We believe that the controls on the mail-order traffic as contained in this title are justified."

*   *   *

Commissioner Thrower will tell you what is being done to administer the Gun Control Act of 1968. We sincerely believe that the above objectives are being attained. It is, as yet, however, too early to pass judgment upon the Act. Those jurisdictions which now have such controls over firearms are finding them much more effective since the Gun Control Act became effective last December. Federal regulation of interstate transactions and of all commercial aspects of traffic in firearms is assuring the States maximum effectiveness in enforcing control measures within their borders.

Title I of the Gun Control Act of 1968 is captioned "State Firearms Control Assistance." We believe the Act is doing just that, and submit that it is too early to consider repudiating the action taken by Congress last year.

There are other factors which influence our judgment on S. 100, S. 977, and S. 2433. As you know, the Supreme

Court in Haynes v. United States, decided in January 1968 (390 U.S. 85) held a firearms registration provision of the National Firearms Act to be unenforceable as compelling self-incrimination contrary to the 5th Amendment of the Constitution. In Title II of the Gun Control Act of 1968 Congress endeavored to correct this fault by granting a form of immunity with respect to registration information furnished. The validity of firearms registration and licensing requirements is not free from doubt since there has been no judicial test of the registration requirements under Title II. Until this provision has been judicially tested, further legislation of this type would seem to be premature.

I would also point out that the National registration of firearms and the Federal licensing of gun owners would be an extremely costly undertaking. I realize that the Tydings and Dodd bills contemplate Federal action only where acceptable State or local controls are not in effect. However, only two or three state s would approach qualification at this time and it is purely speculative as to how many would enact acceptable registration and licensing laws by the time a Federal statute for this purpose was fully operative. The experience of the Internal Revenue Service in registering some 60,000 National Firearms Act weapons, during the amnesty period provided in Title II of the Gun Control Act, clearly demonstrated the expense in manpower and dollars involved in registration. Registration of all firearms would involve an undertaking many times as great.

The licensing of 40,000,000 gun owners would be even more costly. In addition to a vast amount of paper work, licensing, which involves a determination of eligibility, entails investigative effort. Such an activity would require an increase in personnel far exceeding that required to administer and enforce the Gun Control Act of 1968.

I would also point out that the purchase of unwanted firearms and of firearms surrendered by ineligible license applicants could be extremely expensive.

In summation, it is the view of the Department that, on the basis of 7 months experience, the Gun Control Act of 1968 is working reasonably well and is providing the needed support for State and local controls for which it was designed. We respectfully suggest that the controls under the Gun Control Act of 1968 be given a full opportunity to prove their worth. We do not believe that, at this time, Federal registration of firearms and licensing of gun owners is justified.

TREASURY DEPARTMENT
Introductory Statement of Eugene T. Rossides
Assistant Secretary of the Treasury
Before the Subcommittee on Public Buildings and Grounds
of the House Committee on Public Works
On H.R. 11526

Mr. Chairman and Members of the Committee:

As Assistant Secretary of the Treasury, one of my responsibilities is supervision of the Treasury law enforcement bureaus, including the Secret Service and the White House Police force. In this connection, I am appearing before your Committee to urge favorable consideration of H.R. 11526, which would remove the numerical limit on the White House Police force and broaden Secret Service statutory authority to authorize the Secret Service and the White House Police force under its direction to perform such additional protective duties as the President may prescribe.

It is the position of the Department that the President, under his general powers, may utilize the Secret Service and the other law enforcement agencies of the Treasury to perform such protective functions as he deems necessary in order to insure that the duties of his office are properly and efficiently discharged, and the public interest protected.

The passage of the bill which is presently before this Committee is considered essential by the Department in order to authorize the needed personnel resources essential to the continued effective performance of the White House Police. It will also provide a legislative basis for the Secret Service, and the White House Police under its direction, to assume an additional duty of national importance and significance, the protection of embassies.

In recent years, members of the foreign diplomatic corps stationed in the District of Columbia have constantly complained to the Department of State concerning disturbances, harassments and the high incidence of crime involving foreign embassies and their employees. Recently, these complaints came to the attention of the President and, at his direction, a plan has been developed that will place in the Secret Service and the White House Police the responsibility for protection of foreign embassies in the District of Columbia.

Under international law and practice, it is the obligation of the host government to take reasonable precautions to insure the safety of foreign diplomatic officials and the embassies of foreign countries located in the receiving state. Our embassies overseas have been receiving protection from the central government of the countries in which they are located. We must have the capability to carry out our responsibility to the foreign governments.

At the present time, protection of foreign embassies is a responsibility of the Metropolitan Police Department along with the many other requirements placed upon it. This protection has been provided as well as could be expected in the light of fast growing demands on law enforcement in the District. In addition, the Federal City itself imposes many extra responsibilities on the Police

Department. Aside from the public attraction of the foreign diplomatic community located in this City, visiting dignitaries from other countries, parades, conventions and the Seat of Government itself generate public action and reaction which create a heavy demand for police attention. At the same time, the Police Department must carry out its city-wide responsibility to the general public for law enforcement and protection in the District of Columbia, including the protection of those who live and work in the District and the many thousands of visitors and tourists who come to Washington each year. As the Metropolitan Police Department strength is increased toward its newly authorized level, protection for special areas can be given greater emphasis. However, the continuing attention necessary to assure adequate control of disturbances, harassments and criminal activity that involve the embassies cannot be provided by local police alone.

Over the past four years incidents at embassies and crime involving diplomatic personnel have shown a marked increase causing the diplomatic corps to ask for increased police protection.

In view of the national government's responsibility to provide adequate protection for the foreign diplomatic corps and foreign embassies, the Administration is proposing the assignment of embassy protection to the Secret Service and to the White House Police under its direction. This will center protection responsibility in the Federal Government where it more appropriately belongs. At the same time, removal of the limitation on the number of White House Police will provide the necessary basis for seeking the additional resources necessary to assure an adequate level of protection.

As you know, the Department of State has been concerned with the problem of protection for foreign diplomatic establishments for some time. Recently, former Chief John B. Layton of the District of Columbia Metropolitan Police Department was appointed as Special Assistant to Ambassador Emil Mosbacher, Jr., Chief of Protocol, to review and recommend programs for providing such protection. We intend to work closely with the Department of State and with Chief Layton on this project. Chief Layton's long experience, his knowledge of the Metropolitan Police Department, and his familiarity with the problems involved in demonstrations and protection of embassies will be most helpful to us.

While I believe, for reasons I have set out, that it is appropriate to remove from the Metropolitan Police Department the burden of the central responsibility for embassy protection in the City, the continued assistance of the Metropolitan Police will be essential. Although the White House Police can carry out the day-to-day patrolling of embassy locations that is essential to raising the level of protection and assuring adequate security, I want to emphasize that the increased protection provided by the Federal Government under the Administration's proposal would be designed primarily as a preventive effort. It cannot, and is not intended to, assume the Metropolitan Police Department's responsibility to conduct criminal investigations involving embassy personnel and to furnish police officers in adequate numbers to control demonstrations and other disturbances occurring in close proximity to foreign diplomatic missions. The Metropolitan Police Department would continue to perform these responsive functions. However, it is hoped that the level of this assistance will be appropriately enhanced as the strength of the Metropolitan Police is increased.

In order to recruit the personnel necessary, we are requesting that the statutory ceiling on the number of White House Policemen be removed. Of course, the appropriation process would continue to provide direct Congressional control on the number of White House Policemen authorized. The enactment of this legislation would permit the Government to fulfill its responsibility to provide adequate security for foreign diplomatic missions located in the District of Columbia.

While I have provided the broad outline of the need for the proposed legislation, Director Rowley, who has provided able leadership of the Secret Service and the White House Police since 1961, will amplify these and other areas in his remarks. Therefore, may I now present to you Director James J. Rowley.

2 3 8

REASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE 6:30 P.M.,
rsday, July 24, 1969.

RESULTS OF TREASURY'S MONTHLY BILL OFFERING

The Treasury Department announced that the tenders for two series of Treasury ls, one series to be an additional issue of the bills dated April 30, 1969, and the er series to be dated July 31, 1969, which were offered on July 17, 1969, were ned at the Federal Reserve Banks today. Tenders were invited for $500,000,000, or reabouts, of 273-day bills and for $1,200,000,000, or thereabouts, of 365-day bills. details of the two series are as follows:

GE OF ACCEPTED PETITIVE BIDS:	273-day Treasury bills maturing April 30, 1970		365-day Treasury bills maturing July 31, 1970	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	94.422	7.356%	92.649	7.250%
Low	94.372	7.422%	92.559	7.339%
Average	94.383	7.407% 1/	92.585	7.313% 1/

52% of the amount of 273-day bills bid for at the low price was accepted
73% of the amount of 365-day bills bid for at the low price was accepted

AL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

istrict	Applied For	Accepted	Applied For	Accepted
oston	$ 300,000	$ 300,000	$ 10,892,000	$ 892,000
ew York	1,297,558,000	451,558,000	1,734,863,000	996,163,000
hiladelphia	5,309,000	309,000	12,451,000	2,451,000
leveland	10,668,000	5,868,000	9,136,000	9,136,000
ichmond	9,690,000	2,690,000	14,169,000	11,169,000
tlanta	14,009,000	3,384,000	17,945,000	9,945,000
hicago	107,416,000	19,816,000	189,181,000	116,181,000
t. Louis	25,887,000	11,587,000	32,654,000	24,654,000
inneapolis	13,480,000	480,000	10,526,000	526,000
ansas City	2,097,000	1,291,000	13,246,000	5,865,000
allas	11,305,000	1,305,000	12,155,000	6,155,000
an Francisco	111,859,000	1,559,000	146,024,000	17,804,000
TOTALS	$1,609,578,000	$ 500,147,000 a/	$2,203,242,000	$1,200,941,000 b/

Includes $14,039,000 noncompetitive tenders accepted at the average price of 94.383
Includes $43,284,000 noncompetitive tenders accepted at the average price of 92.585
These rates are on a bank discount basis. The equivalent coupon issue yields are 7.85% for the 273-day bills, and 7.85% for the 365-day bills.

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REASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE 6:30 P.M.,
day, July 28, 1969.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced that the tenders for two series of Treasury ls, one series to be an additional issue of the bills dated May 1, 1969, and the er series to be dated July 31, 1969, which were offered on July 23, 1969, were ned at the Federal Reserve Banks today. Tenders were invited for $1,600,000,000, thereabouts, of 91-day bills and for $1,100,000,000, or thereabouts, of 182-day ls. The details of the two series are as follows:

IGE OF ACCEPTED PETITIVE BIDS:	91-day Treasury bills maturing October 30, 1969		:	182-day Treasury bills maturing January 29, 1970	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	98.194 a/	7.145%	:	96.319	7.281%
Low	98.182	7.192%	:	96.295	7.329%
Average	98.187	7.172% 1/	:	96.303	7.313% 1/

/ Excepting 1 tender of $900,000
'9% of the amount of 91-day bills bid for at the low price was accepted
2% of the amount of 182-day bills bid for at the low price was accepted

AL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

istrict	Applied For	Accepted	:	Applied For	Accepted
oston	$ 32,792,000	$ 22,187,000	:$	11,431,000	$ 10,731,000
ew York	1,898,166,000	1,022,178,000	:	1,592,762,000	729,292,000
hiladelphia	57,242,000	41,842,000	:	32,571,000	22,571,000
leveland	40,975,000	39,665,000	:	39,335,000	37,707,000
ichmond	19,711,000	17,632,000	:	13,090,000	11,090,000
tlanta	49,214,000	30,857,000	:	43,585,000	31,625,000
hicago	228,986,000	201,901,000	:	139,521,000	92,975,000
t. Louis	58,192,000	40,803,000	:	40,627,000	27,987,000
inneapolis	23,718,000	19,088,000	:	22,674,000	18,174,000
ansas City	45,207,000	43,390,000	:	26,465,000	26,200,000
allas	24,869,000	14,869,000	:	27,072,000	16,872,000
an Francisco	163,497,000	105,931,000	:	157,193,000	75,100,000
TOTALS	$2,642,569,000	$1,600,343,000 b/		$2,146,326,000	$1,100,324,000 c/

Includes $391,634,000 noncompetitive tenders accepted at the average price of 98.187
Includes $262,941,000 noncompetitive tenders accepted at the average price of 96.303
These rates are on a bank discount basis. The equivalent coupon issue yields are 7.41% for the 91-day bills, and 7.70% for the 182-day bills.

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FOR IMMEDIATE RELEASE

July 28, 1969

JOINT STATEMENT OF DAVID M. KENNEDY, SECRETARY OF THE TREASURY, AND ROBERT P. MAYO, DIRECTOR OF THE BUREAU OF THE BUDGET, ON BUDGET RESULTS FOR FISCAL YEAR 1969

SUMMARY

The June Monthly Statement of Receipts and Expenditures of the United States Government released today provides preliminary budget totals for fiscal year 1969. It shows receipts of $187.8 billion and outlays of $184.8 billion for the fiscal year 1969, which ended on June 30. The budget surplus was $3.1 billion.

Receipts were $1.8 billion above the estimate made by the President on April 15, reflecting higher than expected levels of individual income tax receipts.

Outlays were $.1 billion below the April 15 estimate.

The budget surplus was $1.9 billion higher than estimated in April, primarily because of the increase in tax receipts.

FEDERAL FINANCES, FISCAL YEAR 1969
(billions of dollars)

Description	April 15 Estimate	Actual	Change from April 15 Estimate
udget Receipts, Expenditures, and Lending:			
Expenditure account:			
Receipts	186.1	187.8	+1.8
Expenditures	183.5	183.3	-0.2
Expenditure surplus	2.6	4.6	+2.0
Loan account:			
Net lending	1.4	1.5	+0.1
Total budget:			
Receipts	186.1	187.8	+1.8
Outlays	184.9	184.8	-0.1
Budget surplus	1.2	3.1	+1.9
eans of Financing:			
Borrowing from the public	NA	-11.1	NA
Reduction of cash and monetary assets, increase (-)	NA	-1.8	NA
Other means	NA	9.8	NA
Total budget financing	-1.2	-3.1	-1.9

ote: Detail will not necessarily add to totals because of rounding.

A means not available because the data were not compiled on April 15.

RECEIPTS

Budget receipts in the fiscal year 1969 were $1,751 million greater than the April 15 estimate (which was the same as the January budget estimate). Revised estimates showing receipts to be about $400 million above the April figures were issued on May 20, after the tax returns filed in April had been analyzed.

Income tax receipts provided most of the excess of actual receipts over the April estimate, but individual and corporate income tax receipts showed contrasting results. Receipts from individual income taxes were $2,826 million above the estimate, while corporation receipts were $1,404 million below.

Approximately $600 million of the higher individual income taxes resulted from bookkeeping adjustments between the income tax account and employment tax trust funds, and do not affect overall receipts totals. Another $300 million reflected lower refunds than were anticipated. The remaining $1,900 million excess represented payments of final taxes on calendar year 1968 liabilities and declaration payments on 1969 incomes substantially above the amounts estimated.

About $400 million of the $1.4 billion decline from the April estimate of corporation taxes was due to larger-than-expected refunds. The remaining $1.0 billion reflected shortfalls in final payments of 1968 liabilities and declaration payments of 1969 liabilities that were below the amounts estimated earlier.

Employment taxes were almost $600 million less than estimated because of the reallocation to the individual income tax account, mentioned above. Excise taxes exceeded estimates by $413 million, reflecting high levels of economic activity. Estate and gift tax receipts contributed $278 million and miscellaneous receipts $207 million to the overall receipts excess.

OUTLAYS

Total outlays in fiscal year 1969 were $184.8 billion, $0.1 billion lower than was estimated April 15, 1969. This change was the net result of a number of increases and decreases.

The principal increases:

- Department of Health, Education, and Welfare outlays were $333 million above the April 15 estimate, due principally to unanticipated increases in the cost of the Medicare program.

- Payments of interest on the public debt were $313 million above the April budget estimate, accounting for most of the $358 million increase in Treasury Department outlays.

- Net outlays of the Department of Agriculture, excluding the Commodity Credit Corporation, were $295 million higher than estimated, primarily because tight money conditions prevented the planned sale of some insured loans of the Farmers Home Administration.

- Outlays for the Military functions of the Department of Defense and Military Assistance exceeded the April estimate by $276 million. Approximately two-thirds of this increase was in the military assistance program.

- Net outlays of the Export-Import Bank were $81 million above the April estimate, resulting from lower-than-anticipated sales of loans from the Bank's portfolio.

The principal decreases:

- Department of Housing and Urban Development outlays were $480 million under the April estimate as conversion of urban renewal projects to annual programs resulted in deferrals of progress payments, as lower foreclosures of Federal Housing Administration insured mortgages resulted in fewer insurance claim payments, and as fewer than anticipated project completions resulted in reduced disbursements in such programs as college housing loans and Government National Mortgage Association special assistance mortgage purchases.

- Department of Agriculture Commodity Credit Corporation net outlays were $273 million below the April estimate, reflecting in part lower international food shipments under P.L. 480.

- Net outlays of the Department of Transportation were $242 million under the April 15 estimate, mainly because of reduced spending for the Supersonic Transport program and the stretchout of several major equipment acquisitions within the Federal Aviation Agency and the Coast Guard.

- Foreign economic assistance outlays were $130 million below the April 15 estimate, reflecting a lower rate of spending for Vietnam, Alliance for Progress loans, and development loans.

IMPACT OF REVENUE AND EXPENDITURE CONTROL ACT IN FISCAL YEAR 1969

Section 202 of the Revenue and Expenditure Control Act of 1968 (P.L. 90-364) stablished a ceiling on 1969 outlays which limited outlays to $6 billion below he amounts recommended in the 1969 budget document (which was sent to the ongress in January 1968). However, in setting this limitation, the Congress xcepted certain programs from the required reductions and subsequently added ther exceptions. These exceptions, which are shown in the following table, mount to over one-half of total 1969 outlays.

The preliminary 1969 year-end results show that total outlays were $184.8 billion, $1.3 billion below the original January 1968 estimate. This decrease is the net result of:

- an increase of $6.9 billion in programs excepted from the P.L. 90-364 limitation, and
- a decrease of $8.2 billion in programs covered by the P.L. 90-364 limitation -- $2.2 billion more than the reduction required by the law.

BUDGET OUTLAYS IN FISCAL YEAR 1969 - RELATIONSHIP
TO PUBLIC LAW 90-364
(In billions)

Description	January 1968 estimate	Actual	Change
Programs excepted from Public Law 90-364 limitation:			
Special support of Vietnam operations......	$ 26.3	$ 29.1	$ +2.
Interest..................................	14.4	15.9	+1.
Veterans benefits and services............	7.3	7.7	+0.
Social Security Act trust funds...........	36.0	36.7	+0.
Old-age and survivors insurance..........	(24.6)	(24.7)	(+0.
Disability insurance....................	(2.6)	(2.6)	(-*)
Health insurance........................	(5.8)	(6.6)	(+0.
Unemployment insurance..................	(3.1)	(2.8)	(-0.
Tennessee Valley Authority (portion financed from power proceeds and borrowing).............................	0.1	0.1	+*
Commodity Credit Corporation (price support and related programs)............	2.8	3.7	+0.9
Public assistance grants to States (including Medicaid)....................	5.7	6.2	+0.6
Aid to schools in federally impacted areas (special 1968 supplemental payments made in 1969).............................	---	0.1	+0.1
Subtotal, excepted programs...........	92.6	99.5	+6.9
Remainder covered by Public Law 90-364 limitation..............................	93.5	85.3	-8.2
TOTAL................................	186.1	184.8	-1.3

* Less than $500 million

Note: Detail will not necessarily add to totals because of rounding.

BUDGET RECEIPTS AND OUTLAYS

(Fiscal Years - $ In Millions)

Description	1968 Actual 1/	1969 January Budget	April 15 Estimate	Actual	Change from April 15 Estimate
Receipts by source					
ndividual income taxes	68,726	84,400	84,400	87,226	2,826
orporation income taxes	28,665	38,100	38,100	36,696	-1,404
ocial insurance taxes and contributions:					
Employment taxes & contributions	29,224	34,842	34,842	34,245	-597
Unemployment insurance	3,346	3,300	3,300	3,325	25
Contributions for other insurance & retirement	2,051	2,366	2,366	2,350	-16
xcise taxes	14,079	14,800	14,800	15,213	413
state and gift taxes	3,051	3,200	3,200	3,478	278
ustoms	2,038	2,300	2,300	2,319	19
iscellaneous	2,493	2,784	2,784	2,991	207
Total receipts	153,671	186,092	186,092	187,843	1,751
Outlays by major agency					
egislative Branch & the Judiciary	346	401	402	386	-16
xecutive Office of the President	28	33	33	31	-2
unds Appropriated to the President:					
Appalachian regional development programs	111	231	181	161	-20
Internat'l financial institutions	201	140	140	121	-19
Military assistance	654	610	610	783	173
Economic assistance	1,844	1,925	1,925	1,795	-130
Office of Economic Opportunity	1,888	1,914	1,880	1,801	-79
Other	214	334	334	299	-35
griculture:					
Commodity Credit Corporation	4,509	4,809	5,492	5,219	-273
Other	2,799	2,841	2,917	3,212	295
ommerce	807	872	872	854	-18
efense:					
Military	77,373	77,790	77,790	77,893	103
Civil	1,300	1,247	1,247	1,268	21
ealth, Education & Welfare	40,576	46,259	46,259	46,592	333
using & Urban Development	4,140	2,017	2,017	1,537	-480
iterior	235	541	889	834	-55
istice	430	516	517	520	3
ibor	3,271	3,688	3,503	3,475	-28
ist Office	1,080	929	929	987	58

		1969			
	1968 Actual 1/	January Budget	April 15 Estimate	Actual	Change f April 15 Estimate
State	424	434	434	435	1
Transportation	5,732	6,011	6,211	5,969	-242
Treasury:					
Interest on the public debt	14,573	16,000	16,300	16,613	313
Other	82	272	303	348	45
Atomic Energy Commission	2,466	2,451	2,451	2,450	-1
General Services Administration	413	453	413	430	17
Nat'l Aeronautics & Space Admin	4,721	4,247	4,247	4,247	---
Veterans Administration	6,858	7,719	7,719	7,670	-49
Civil Service Commission	2,704	1,724	1,705	1,754	49
Export-Import Bank	790	165	165	246	81
Railroad Retirement Board	1,333	1,489	1,489	1,491	2
Small Business Administration	284	66	100	111	11
U. S. Information Agency	186	191	190	183	-7
Other Independent Agencies	1,032	387	342	244	-98
Allowances, undistributed	----	100	----	----	----
Undistributed adjustments:					
Federal employer contributions to retirement funds	-1,896	-2,105	-2,105	-2,091	14
Interest credited to certain Government accounts	-2,674	-3,000	-3,000	-3,099	-99
Total outlays	178,834	183,701	184,901	184,769	-132
Budget surplus (+) or deficit (-)	-25,162	+2,391	+1,191	+3,074	+1,883

Note: Detail will not necessarily add to totals because of rounding.

1/ Amounts for 1968 differ slightly from those shown in the 1970 budget document released January 15, 1969. The additional time since January has permitted greater precision in making the accounting changes recommended by the President' Commission on Budget Concepts.

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Preliminary[1] Statement of
eceipts and Expenditures of the United States Government

for the period from July 1, 1968 through June 30, 1969

(In thousands, hundreds of dollars not printed, therefore details may not add to totals)

TABLE I--SUMMARY (In millions)

Fiscal Year	Budget Receipts, Expenditures and Lending					Means of Financing			
	The Expenditure Account			Loan Account	Budget Surplus (+) or Deficit (-)	By Borrowing from the Public	By Reduction of Cash and Monetary Assets Increase (-)	By Other Means	Total Budget Financing
	Receipts	Expenditures	Surplus (+) or Deficit (-)	Net Lending					
ated 1970[2]........	$198,686	$192,057	+$6,629	-$842	+$5,787	(n.a.)	(n.a.)	(n.a.)	-$5,787
ated 1969[2]........	186,092	183,525	+2,567	-1,376	+1,191	(n.a.)	(n.a.)	(n.a.)	-1,191
l 1969............ lve months)	187,843	183,289	+4,554	-1,480	+3,074	-$11,139	-$1,751	$9,816	-3,074
l 1968............	153,671	172,803	-19,132	-6,030	-25,162	23,100	-1,331	3,394	25,162

TABLE II -SUMMARY OF BUDGET RECEIPTS, AND OUTLAYS (In thousands)

Classification	Current Fiscal Year to Date			Budget Estimates[2]
	The Expenditure Account	The Loan Account	Total Budget	
RECEIPTS				
dual income taxes	$87,225,565	....	$87,225,565	$84,400,000
oration income taxes	36,695,990	....	36,695,990	38,100,000
l insurance taxes and contributions:				
ployment taxes and contributions	34,244,544	....	34,244,544	34,842,000
employment insurance	3,324,993	....	3,324,993	3,300,000
ntributions for other insurance and retirement	2,349,649	....	2,349,649	2,366,000
e taxes	15,213,383	....	15,213,383	14,800,000
e and gift taxes	3,477,596	....	3,477,596	3,200,000
ms	2,319,467	....	2,319,467	2,300,000
ellaneous	2,991,466	....	2,991,466	2,784,000
al	187,842,654	....	187,842,654	186,092,000
OUTLAYS				
lative Branch	277,317	....	277,317	298,245
udiciary	108,527	....	108,527	103,285
tive Office of the President	30,756	....	30,756	32,824
appropriated to the President:				
ilitary assistance	782,655	....	782,655	610,000
conomic assistance	1,794,908	....	1,794,908	1,925,409
her	2,382,033	-$882	2,381,151	2,536,140
ulture Department	7,787,085	643,787	8,430,872	8,409,000
nerce Department	821,491	32,134	853,625	871,875
se Department:				
ilitary	77,894,820	-2,161	77,892,659	77,790,000
vil	1,267,528	....	1,267,528	1,246,899
n, Education, and Welfare Department	46,496,618	95,103	46,591,720	46,259,326
ng and Urban Development Department	718,765	818,001	1,536,766	2,017,488
or Department	816,635	17,328	833,963	889,000
e Department	519,514	....	519,514	517,000
Department	3,474,877	....	3,474,877	3,503,000
Office Department	987,366	....	[3]987,366	929,280
Department	435,325	....	435,325	434,344
portation Department	5,969,451	-100	5,969,351	6,211,000
ury Department:				
erest on the public debt	16,612,938	....	16,612,938	16,300,000
her	348,540	-185	348,355	303,000
c Energy Commission	2,450,340	....	2,450,340	2,451,472
al Services Administration	422,457	7,067	429,523	413,000
nal Aeronautics and Space Administration	4,246,547	....	4,246,547	4,246,817
ans Administration	7,415,922	253,723	7,669,645	7,719,325
independent agencies	4,415,747	-383,825	4,031,922	3,988,114
ances, undistributed	....	....	....	....
tributed intrabudgetary transactions:				
deral employer contributions to retirement funds	-2,090,635	....	-2,090,635	-2,105,165
erest credited to certain Government accounts	-3,098,850	....	-3,098,850	-2,999,678
Total	183,288,677	1,479,989	184,768,666	184,901,000
s (+) or deficit (-) and net lending	+4,553,977	-1,479,989	+3,073,988	+1,191,000

otnotes on page 3.

TABLE III--BUDGET RECEIPTS AND OUTLAYS (In thousands)

SECTION A--THE EXPENDITURE ACCOUNT

Classification of RECEIPTS	This Month			Current Fiscal Year to Date			Comparable Period Prior Fiscal Year		
	Gross Receipts	Refunds (Deduct)	Net Receipts	Gross Receipts	Refunds (Deduct)	Net Receipts	Gross Receipts	Refunds (Deduct)	Net Receipts
Individual income taxes:									
Withheld	[4]$6,205,455			[4]$70,143,836			$57,300,546		
Other	[4]4,177,899			[4]27,264,950			20,951,499		
Total--Individual income taxes	10,383,354	$283,309	$10,100,045	97,408,786	$10,183,220	$87,225,565	78,252,045	$9,526,532	$68,725,513
Corporation income taxes	8,710,521	104,026	8,606,495	38,356,083	1,660,092	36,695,990	29,896,520	1,231,846	28,664,673
Social insurance taxes and contributions:									
Employment taxes and contributions:									
Federal old-age and survivors ins. trust fund:									
Federal Insurance Contributions Act taxes	[4]2,128,052	[5]237,425	1,890,627	[4]22,326,452	473,183	21,853,270	19,113,026	218,745	18,894,281
Self-Employment Contribution Act taxes	[4]53,858	....	53,858	[4]1,370,350	....	1,370,350	1,335,588	....	1,335,588
Deposits by States	-29,847	....	-29,847	2,260,066	....	2,260,066	2,035,561	....	2,035,561
Total--FOASI trust fund	2,152,064	237,425	1,914,639	25,956,868	473,183	25,483,686	22,484,175	218,745	22,265,430
Federal disability insurance trust fund:									
Federal Insurance Contributions Act taxes	[4]273,086	[5]32,975	240,111	[4]3,001,577	56,270	2,945,307	2,341,909	21,920	2,319,989
Self-Employment Contributions Act taxes	[4]4,495	....	4,495	[4]186,730	....	186,730	128,386	....	128,386
Deposits by States	17,140	....	17,140	337,398	....	337,398	202,994	....	202,994
Total--FDI trust fund	294,721	32,975	261,746	3,525,704	56,270	3,469,434	2,673,288	21,920	2,651,368
Federal hospital insurance trust fund:									
Federal Insurance Contributions Act taxes	[4]351,584	[5]42,000	309,584	[4]3,836,363	75,500	3,760,863	3,111,862	22,050	3,089,812
Self-Employment Contributions Act taxes	[4]5,201	....	5,201	[4]157,471	....	157,471	79,878	....	79,878
Receipts from Railroad retirement account	....	....	....	53,776	....	53,776	43,613	....	43,613
Deposits by States	21,589	....	21,589	425,902	....	425,902	279,360	....	279,360
Total--FHI trust fund	378,374	42,000	336,374	4,473,512	75,500	4,398,012	3,514,712	22,050	3,492,662
Railroad retirement accounts:									
Railroad Retirement Tax Act taxes	82,592	3	82,589	893,560	148	893,412	814,835	508	814,327
Total--Employment taxes and contributions	2,907,751	312,403	2,595,348	34,849,645	605,101	34,244,544	29,487,010	263,223	29,223,788
Unemployment insurance:									
Unemployment trust fund:									
State taxes deposited in Treasury	29,382	....	29,382	2,556,374	....	2,556,374	2,605,057	....	2,605,057
Federal Unemployment Tax Act taxes	2,794	790	2,004	641,070	6,852	634,218	606,802	5,829	600,972
Railroad Unemployment Ins. Act contributions	25,676	....	25,676	134,400	....	134,400	139,595	....	139,595
Total--Unemployment trust fund	57,852	790	57,062	3,331,845	6,852	3,324,993	3,351,454	5,829	3,345,624
Contributions for other insurance and retirement:									
Federal supplementary medical ins. trust fund:									
Premiums deducted from benefit payments	62,429	....	62,429	750,755	....	750,755	583,919	....	583,919
Premiums collected by Social Security Admin	8,967	....	8,967	75,664	....	75,664	61,520	....	61,520
Premiums deposited by States	3,206	....	3,206	75,833	....	75,833	53,026	....	53,026
Total--FSMI trust fund	74,602	....	74,602	902,251	....	902,251	698,465	....	698,465
Federal employees retirement contributions:									
Civil service retirement and disability fund	96,164	....	96,164	1,416,877	....	1,416,877	1,327,138	....	1,327,138
Foreign service retirement and disability fund	514	....	514	5,652	....	5,652	4,582	....	4,582
Other	53	....	53	579	....	579	479	....	479
Total--Federal employees retirement contributions	[illegible]	....	[illegible]	[illegible]	....	1,423,107	1,332,200	....	1,332,200

Classification of RECEIPTS--Continued	This Month			Current Fiscal Year to Date			Comparable Period Prior Fiscal Year		
	Gross Receipts	Refunds (Deduct)	Net Receipts	Gross Receipts	Refunds (Deduct)	Net Receipts	Gross Receipts	Refunds (Deduct)	Net Receipts
Social insurance taxes and contributions--Continued									
Contributions for other insurance and retirement--Continued									
Other retirement contributions:									
Civil service retirement and disability fund	$1,138	....	$1,138	$24,291	....	$24,291	$19,867	....	$19,867
Total--Contributions for other insurance and retirement	172,472	....	172,472	2,349,649	....	2,349,649	2,050,532	....	2,050,532
Total--Social insurance taxes and contributions	3,138,074	$313,193	2,824,882	40,531,139	$611,953	39,919,186	34,888,996	$269,052	34,619,944
Excise taxes:									
Internal Revenue Code: Subtitle D:									
Miscellaneous excise taxes	986,821	[6] -24,570	1,011,391	10,672,300	96,093	10,576,207	9,827,123	126,964	9,700,159
Highway Revenue Act of 1956, as amended:									
Highway trust fund	388,600	14,000	374,600	4,860,931	223,755	4,637,176	4,493,273	114,387	4,378,886
Total--Excise taxes	1,375,421	-10,570	1,385,991	15,533,231	319,848	15,213,383	14,320,396	241,352	14,079,045
Estate and gift taxes....................................	308,117	2,520	305,597	3,516,807	39,211	3,477,596	3,081,979	31,283	3,050,696
Customs duties	215,428	5,223	210,205	2,387,677	68,209	2,319,467	2,113,475	75,237	2,038,238
Miscellaneous receipts:									
Deposits of earnings by Federal Reserve Banks	248,524	....	248,524	2,661,524	....	2,661,524	2,090,948	....	2,090,948
All other	173,943	331	173,613	330,325	383	329,942	402,428	63	402,365
Total--Miscellaneous receipts	422,467	331	422,136	2,991,849	383	2,991,466	2,493,376	63	2,493,313
Total--Budget receipts	24,553,382	698,032	23,855,350	200,725,571	12,882,917	187,842,654	165,046,787	11,375,365	153,671,422

FOOTNOTES

[1] This statement is preliminary and is based on reports from disbursing, collecting and administrative agencies of the Government. Final reports of Government disbursing, collecting and administrative agencies, including certain overseas transactions for the year ended June 30, 1969, which it has not been possible to include in this statement will be incorporated in the final statement for fiscal year 1969 to be published at a later date.

[2] Based on "Review of the 1970 Budget" released April 15, 1969.

[3] Transactions cover the period July 1, 1968, through June 30, 1969 and are partially estimated.

[4] In accordance with the provisions of the Social Security Act, as amended, "Individual income Taxes withheld" have been increased and "Federal Insurance Contributions Act" taxes have been decreased in the amount of $70,277,208 to correct estimates for quarter ended September 30, 1968 and prior. "Individual income taxes other" have been increased and "Self-Employment Contributions Act" taxes have been decreased in the amount of $40,445,688 to correct estimates for the calendar year 1967 and prior.

[5] Represents an acceleration of the timing in charging these trust funds for refunds and does not affect the total budget surplus.

[6] Represents adjustment of prior month's distribution of refunds.

[7] Includes $697 million auction of certificates of interest.

[8] Includes recovery of $120 million of reserve.

* Less than $500.00.

** Less than $500,000.00.

n.a. Not available.

TABLE III--BUDGET RECEIPTS AND OUTLAYS--Continued (In thousands)

SECTION A--THE EXPENDITURE ACCOUNT--Continued

Classification of EXPENDITURES	This Month			Current Fiscal Year to Date			Comparable Period Prior Fiscal Year		
	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures
Legislative Branch:									
Senate	$4,389	....	$4,389	$48,005	....	$48,005	$42,441	....	$42,441
House of Representatives	7,893	....	7,893	90,562	....	90,562	81,833	....	81,833
Joint items for Senate and House	314	....	314	11,748	....	11,748	10,871	....	10,871
Architect of the Capitol	1,509	....	1,509	18,395	....	18,395	20,654	....	20,654
Botanic Garden	43	....	43	610	....	610	554	....	554
Library of Congress	4,491	....	4,491	42,675	....	42,675	35,464	....	35,464
Government Printing Office:									
General fund appropriations	3,035	....	3,035	30,381	....	30,381	31,266	....	31,266
Revolving fund (net)	-6,016	....	-6,016	-11,917	....	-11,917	-7,482	....	-7,482
General Accounting Office	4,668	....	4,668	58,997	....	58,997	53,112	....	53,112
Proprietary receipts from the public	....	$1,126	-1,126	....	$11,585	-11,585	....	$13,250	-13,250
Intrabudgetary transactions	-76	....	-76	-554	....	-554	....	....	....
Total--Legislative Branch	20,249	1,126	19,123	288,902	11,585	277,317	268,711	13,250	255,461
The Judiciary:									
Supreme Court of the United States	248	....	248	2,867	....	2,867	2,645	....	2,645
Court of Customs and Patent Appeals	53	....	53	507	....	507	427	....	427
Customs Court	145	....	145	1,719	....	1,719	1,365	....	1,365
Court of Claims	130	....	130	1,643	....	1,643	1,453	....	1,453
Courts of appeals, district courts, and other judicial services	8,840	....	8,840	103,036	....	103,036	87,588	....	87,588
Federal Judicial Center	48	....	48	162	....	162	....	....	....
Judicial survivors annuity fund	63	....	63	649	....	649	512	....	512
Proprietary receipts from the public	....	28	-28	....	2,055	-2,055	....	3,431	-3,431
Total--The Judiciary	9,526	28	9,498	110,582	2,055	108,527	93,991	3,431	90,559
Executive Office of the President:									
Compensation of the President	45	....	45	195	....	195	150	....	150
The White House Office	289	....	289	3,077	....	3,077	2,821	....	2,821
Special projects	168	....	168	1,305	....	1,305	801	....	801
Executive mansion	63	....	63	904	....	904	605	....	605
Bureau of the Budget	708	....	708	9,674	....	9,674	9,024	....	9,024
Council of Economic Advisers	2	....	2	1,020	....	1,020	854	....	854
National Aeronautics and Space Council	38	....	38	470	....	470	503	....	503
National Council and Commission on Marine Science, Engineering, and Resources	47	....	47	1,549	....	1,549	1,114	....	1,114
National Security Council	58	....	58	668	....	668	639	....	639
Office of Emergency Preparedness	804	....	804	9,754	....	9,754	9,601	....	9,601
Office ot Science and Technology	206	....	206	1,492	....	1,492	1,212	....	1,212
President's Commission on Postal Organization	1	....	1	55	....	55	931	....	931
Special representative for trade negotiations	35	....	35	505	....	505	527	....	527
Miscellaneous	367	....	367	88	....	88	-363	....	-363
Total--Executive Office of the President	2,829	....	2,829	30,756	....	30,756	28,420	....	28,420
Funds appropriated to the President:									
Appalachian regional development programs:									
Public enterprise funds	43	....	43	963	10	954	32	....	32
Other	16,333	....	16,333	160,322	....	160,322	111,016	....	111,016
Disaster relief	4,028	....	4,028	19,002	....	19,002	31,761	....	31,761
Emergency fund for the President	114	....	114	118	....	118	122	....	122
Expansion of defense production	24,755	8,057	16,698	222,762	54,556	168,206	82,327	29,737	52,590
Expenses of management improvement	113	....	113	575	....	575	223	....	223
International Financial Institutions:									
Asian Development Bank	....	....	....	10,000	....	10,000	10,000	....	10,000
Investment in Inter-American Development Bank	11,450	....	11,450	74,300	....	74,300	61,346	....	61,346
Subscription to the International Development Assn.	12,000	....	12,000	36,300	....	36,300	130,100	....	130,100
Office of Economic Opportunity:									

Classification of EXPENDITURES--Continued	This Month			Current Fiscal Year to Date			Comparable Period Prior Fiscal Year		
	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures
Funds appropriated to the President--Continued									
Peace Corps	$8,681	$4	$8,677	$103,676	$124	$103,552	$111,195	$166	$111,029
Philippine education program	....	....	....	6,531	....	6,531	15,364	....	15,364
Public works acceleration	119	....	119	2,048	....	2,048	4,957	....	4,957
Special foreign currency activities	10	....	10	16	....	16	201	....	201
Southeast hurricane disaster	41	....	41	528	....	528	634	....	634
Military assistance:									
Defense Department	102,840	....	102,840	613,161	....	613,161	618,704	....	618,704
All other agencies	-1,934	....	-1,934	-3,114	....	-3,114	-32	....	-32
Foreign military credit sales	17,500	....	17,500	17,500	....	17,500	....	....	....
Foreign military sales fund	72,712	64,001	8,711	315,221	277,688	37,533	173,914	191,659	-17,746
Military assistance advances	136,612	....	136,612	1,059,328	....	1,059,328	1,014,571	....	1,014,571
Proprietary receipts from the public:									
Military assistance advances	....	133,873	-133,873	....	941,509	-941,509	....	961,071	-961,071
Other	....	243	-243	....	243	-243	....	....	....
Total--Military assistance	327,731	198,117	129,613	2,002,095	1,219,440	782,655	1,807,156	1,152,730	654,426
Economic assistance:									
Technical cooperation and development grants:									
General	16,838	....	16,838	198,332	....	198,332	219,195	....	219,195
Alliance for Progress	5,209	....	5,209	81,833	....	81,833	93,105	....	93,105
Social progress fund, Inter-American Dev. Bank	7,530	....	7,530	61,300	....	61,300	45,489	....	45,489
Supporting assistance	31,589	....	31,589	471,346	....	471,346	432,570	....	432,570
International organizations and programs	35,897	....	35,897	181,461	....	181,461	130,541	....	130,541
Contingencies	5,780	....	5,780	28,311	....	28,311	43,310	....	43,310
Other	8,237	....	8,237	75,674	....	75,674	74,925	....	74,925
Public enterprise funds:									
Alliance for progress, development loans	43,551	8,673	34,878	381,491	82,103	299,388	388,412	76,102	312,310
Development loan funds	52,084	4,672	47,412	613,878	73,504	540,374	670,355	71,903	598,452
Foreign investment guarantee fund	3,314	3,738	-425	12,605	21,987	-9,382	1,674	15,973	-14,299
Proprietary receipts from the public	....	-6,058	6,058	....	133,728	-133,728	....	91,718	-91,718
Total--Economic assistance	210,028	11,026	199,002	2,106,230	311,322	1,794,908	2,099,576	255,696	1,843,880
Proprietary receipts from the public	....	19	-19	....	371	-371	....	585	-585
Total--Funds appropriated to the President	855,624	217,391	638,232	6,548,203	1,588,607	4,959,596	6,338,953	1,440,947	4,898,005
Agriculture Department:									
Agricultural Research Service	22,402	....	22,402	251,984	....	251,984	238,270	....	238,270
Cooperative State Research Service	4,647	....	4,647	59,812	....	59,812	58,971	....	58,971
Extension Service	7,539	....	7,539	97,215	....	97,215	90,052	....	90,052
Farmer Cooperative Service	122	....	122	1,412	....	1,412	1,386	....	1,386
Soil Conservation Service:									
Conservation operations	9,737	....	9,737	125,738	....	125,738	120,517	....	120,517
Flood prevention, watershed protection and other	9,669	....	9,669	100,588	....	100,588	99,625	....	99,625
Great Plains conservation program	1,681	....	1,681	15,952	....	15,952	15,835	....	15,835
Economic Research Service	1,121	....	1,121	13,103	....	13,103	13,269	....	13,269
Statistical Reporting Service	1,690	....	1,690	14,919	....	14,919	14,712	....	14,712
Consumer and Marketing Service:									
Consumer protective, marketing and regulatory programs	8,868	....	8,868	112,890	....	112,890	93,022	....	93,022
Payments to States and possessions	104	....	104	1,599	....	1,599	1,750	....	1,750
Special milk program	10,236	....	10,236	101,909	....	101,909	103,730	....	103,730
School lunch program	17,276	....	17,276	237,191	....	237,191	216,860	....	216,860
Food stamp program	23,176	....	23,176	247,564	....	247,564	184,727	....	184,727
Removal of surplus agricultural commodities	33,322	....	33,322	414,635	....	414,635	174,732	....	174,732
Other	2,655	....	2,655	30,468	....	30,468	31,400	....	31,400
Total--Consumer and Marketing Service	95,638	....	95,638	1,146,257	....	1,146,257	806,220	....	806,220

TABLE III--BUDGET RECEIPTS AND OUTLAYS--Continued (In thousands)

SECTION A--THE EXPENDITURE ACCOUNT--Continued

Classification of EXPENDITURES--Continued	This Month			Current Fiscal Year to Date			Comparable Period Prior Fiscal Year		
	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures
Agriculture Department--Continued									
Foreign Agricultural Service	$3,357	....	$3,357	$23,669	....	$23,669	$24,783	....	$24,783
International Agricultural Development Service	-127	....	-127	-209	....	-209	-444	....	-444
Commodity Exchange Authority	138	....	138	1,732	....	1,732	1,516	....	1,516
Agricultural Stabilization and Conservation Service:									
Expenses	5,528	....	5,528	147,314	....	147,314	139,755	....	139,755
Sugar act program	1,394	....	1,394	87,052	....	87,052	83,829	....	83,829
Agricultural conservation program	11,707	....	11,707	198,570	....	198,570	219,363	....	219,363
Cropland conversion program	17	....	17	2,952	....	2,952	3,127	....	3,127
Cropland adjustment program	42	....	42	79,509	....	79,509	83,744	....	83,744
Emergency conservation measures	275	....	275	7,128	....	7,128	5,403	....	5,403
Conservation reserve program (soil bank)	20	....	20	106,720	....	106,720	121,802	....	121,802
Indemnity payments to dairy farmers	2	....	2	130	....	130	264	....	264
Total--Agricultural Stab. and Conservation Service	18,984	....	18,984	629,373	....	629,373	657,286	....	657,286
Commodity Credit Corporation:									
Public enterprise funds:									
Price support and related programs	588,563	[7] $1,315,470	-726,907	10,838,777	$7,080,718	3,758,058	8,401,180	$5,285,422	3,115,758
Special activities	558	242	316	99,558	40,833	58,726	104,480	269,728	-165,248
Foreign assistance and special export programs	215,302	840	214,463	1,345,767	29,756	1,316,010	1,516,109	37,517	1,478,592
Total--Commodity Credit Corporation and foreign assistance and special export programs	804,423	1,316,551	-512,128	12,284,102	7,151,308	5,132,794	10,021,769	5,592,667	4,429,102
Federal Crop Insurance Corporation:									
Administrative expenses	-848	....	-848	11,270	....	11,270	10,310	....	10,310
Federal Crop Insurance Corporation fund	3,529	527	3,002	46,459	38,821	7,638	48,655	33,400	15,255
Rural Electrification Administration	1,042	....	1,042	13,333	....	13,333	12,664	....	12,664
Farmers Home Administration:									
Community development programs	1,977	....	1,977	31,207	....	31,207	30,769	....	30,769
Salaries and expenses	5,219	....	5,219	61,839	....	61,839	57,819	....	57,819
Public enterprise funds:									
Direct loan account	5,574	2,605	2,970	57,632	60,025	-2,394	35,482	47,680	-12,198
Rural housing insurance fund	11,383	114,917	-103,533	144,204	183,977	-39,773	44,646	58,635	-13,990
Emergency credit revolving fund	3	179	-176	6,198	2,849	3,349	8,594	2,249	6,345
Agricultural credit insurance fund	16,218	11,817	4,401	208,949	120,237	88,711	107,047	112,962	-5,914
Rural housing direct loan account	6,450	3,202	3,249	25,327	26,326	-999	20,652	24,966	-4,314
Other	691	5	686	2,653	1,116	1,538	2,622	1,325	1,297
Total--Farmers Home Administration	47,516	132,724	-85,208	538,008	394,531	143,478	307,631	247,817	59,814
Rural Community Development Service	28	....	28	426	....	426	390	....	390
Packers and Stockyards Administration	230	....	230	2,744	....	2,744	2,600	....	2,600
Office of the Inspector General	1,069	....	1,069	12,956	....	12,956	12,077	....	12,077
Office of General Counsel	390	....	390	4,788	....	4,788	4,412	....	4,412
Office of Information	119	....	119	2,053	....	2,053	1,638	....	1,638
National Agricultural Library	372	....	372	4,429	....	4,429	6,786	....	6,786
Office of Management Services	49	....	49	2,823	....	2,823	2,609	....	2,609
General administration:									
Intragovernmental funds (net)	-417	....	-417	554	....	554	-204	....	-204
Salaries and expenses	383	....	383	4,507	....	4,507	4,335	....	4,335
Forest Service:									
Intragovernmental funds (net)	-607	....	-607	1,453	....	1,453	-1,566	....	-1,566
Other	35,140	....	35,140	473,131	....	473,131	488,950	....	488,950
Proprietary receipts from the public	....	134,506	-134,506	....	512,836	-512,836	....	395,385	-395,385
Intrabudgetary transactions	(*)	....	(*)	(*)	....	(*)	....	....	....
Total--Agriculture Department	1,069,015	1,584,308	-515,293	15,884,580	8,097,495	7,787,085	13,065,053	6,269,269	6,795,784

See footnotes on page 3.

SECTION A--THE EXPENDITURE ACCOUNT--Continued

Classification of EXPENDITURES--Continued	This Month			Current Fiscal Year to Date			Comparable Period Prior Fiscal Year		
	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures
Commerce Department:									
General administration	$414	....	$414	$5,593	....	$5,593	$4,327	....	$4,327
Business Economics and Statistics:									
Office of Business Economics	21	....	21	2,698	....	2,698	3,667	....	3,667
Bureau of the Census	9,141	....	9,141	48,135	....	48,135	38,058	....	38,058
Economic Development Assistance:									
Public enterprise funds	19	$1,519	-1,499	3,875	$11,766	-7,892	4,919	$6,179	-1,260
Other	21,187	....	21,187	177,712	....	177,712	143,142	....	143,142
Promotion of Industry and Commerce:									
Business and Defense Services Administration	349	....	349	6,086	....	6,086	6,541	....	6,541
International Activities	1,800	....	1,800	21,213	....	21,213	19,348	....	19,348
Office of Field Services	419	....	419	5,132	....	5,132	4,554	....	4,554
Participation in U.S. Expositions	60	....	60	1,361	....	1,361	5,120	....	5,120
Foreign Direct Investment Control	362	....	362	2,809	....	2,809	....	....	....
U.S. Travel Service	305	....	305	3,739	....	3,739	2,805	....	2,805
Total--Promotion of Industry and Commerce	3,295	....	3,295	40,340	....	40,340	38,368	....	38,368
Science and Technology:									
Environmental Science Services Administration	14,253	....	14,253	178,595	....	178,595	174,257	....	174,257
Patent Office	3,536	....	3,536	42,619	....	42,619	38,346	....	38,346
National Bureau of Standards:									
Intragovernmental funds (net)	-538	....	-538	-3,316	....	-3,316	1,821	....	1,821
Other	4,101	....	4,101	41,583	....	41,583	40,137	....	40,137
Office of State Technical Services	736	....	736	4,838	....	4,838	4,180	....	4,180
Total--Science and Technology	22,087	....	22,087	264,320	....	264,320	258,741	....	258,741
Ocean Shipping:									
Maritime Administration:									
Public enterprise funds	14,861	21,265	-6,404	161,741	161,604	137	183,702	203,740	-20,038
Operating differential subsidies	8,292	....	8,292	194,703	....	194,703	200,130	....	200,130
Other	7,127	....	7,127	126,582	....	126,582	134,931	....	134,931
Total--Ocean Shipping	30,280	21,265	9,015	483,026	161,604	321,422	518,763	203,740	315,023
Proprietary receipts from the public	....	2,406	-2,406	....	23,335	-23,335	....	26,273	-26,273
Intrabudgetary transactions	-1,915	....	-1,915	-7,503	....	-7,503	-4,720	....	-4,720
Total--Commerce Department	84,531	25,189	59,341	1,018,197	196,706	821,491	1,005,265	236,191	769,074
Defense Department:									
Military:									
Military personnel:									
Department of the Army	900,095	....	900,095	8,929,896	....	8,929,896	8,332,122	....	8,332,122
Department of the Navy	549,210	....	549,210	6,139,801	....	6,139,801	5,720,862	....	5,720,862
Department of the Air Force	505,327	....	505,327	6,187,439	....	6,187,439	5,806,060	....	5,806,060
Defense agencies	215,572	....	215,572	2,444,341	....	2,444,341	2,094,746	....	2,094,746
Total--Military personnel	2,170,204	....	2,170,204	23,701,478	....	23,701,478	21,953,789	....	21,953,789
Operation and maintenance:									
Department of the Army	911,302	....	911,302	8,215,873	....	8,215,873	8,204,779	....	8,204,779
Department of the Navy	679,965	....	679,965	5,781,553	....	5,781,553	5,164,016	....	5,164,016
Department of the Air Force	679,497	....	679,497	7,061,527	....	7,061,527	6,211,171	....	6,211,171
Defense agencies	98,541	....	98,541	1,096,662	....	1,096,662	997,860	....	997,860
Total--Operation and maintenance	2,369,304	....	2,369,304	22,155,615	....	22,155,615	20,577,826	....	20,577,826
Procurement:									
Department of the Army	477,479	....	477,479	6,163,986	....	6,163,986	5,841,011	....	5,841,011
Department of the Navy	914,048	....	914,048	8,516,224	....	8,516,224	7,991,665	....	7,991,665
Department of the Air Force	817,260	....	817,260	9,314,661	....	9,314,661	9,407,689	....	9,407,689
Defense agencies	8,460	....	8,460	53,979	....	53,979	42,354	....	42,354
Total--Procurement	2,217,247	....	2,217,247	24,048,850	....	24,048,850	23,282,719	....	23,282,719

TABLE III--BUDGET RECEIPTS AND OUTLAYS--Continued (In thousands)
SECTION A--THE EXPENDITURE ACCOUNT--Continued

Classification of EXPENDITURES--Continued	This Month			Current Fiscal Year to Date			Comparable Period Prior Fiscal Year		
	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures
Defense Department--Continued									
Military--Continued									
Research, development, test and evaluation:									
Department of the Army	$162,458	....	$162,458	$1,520,626	....	$1,520,626	$1,434,096	....	$1,434,096
Department of the Navy	182,423	....	182,423	2,045,904	....	2,045,904	2,002,627	....	2,002,627
Department of the Air Force	342,308	....	342,308	3,390,727	....	3,390,727	3,800,444	....	3,800,444
Defense agencies	49,408	....	49,408	505,202	....	505,202	510,212	....	510,212
Total--Research, development, test and evaluation	736,597	....	736,597	7,462,459	....	7,462,459	7,747,380	....	7,747,380
Military construction:									
Department of the Army	49,246	....	49,246	474,776	....	474,776	677,986	....	677,986
Department of the Navy	49,508	....	49,508	405,850	....	405,850	92,967	....	92,967
Department of the Air Force	42,990	....	42,990	491,338	....	491,338	492,064	....	492,064
Defense agencies	257	....	257	10,066	....	10,066	18,322	....	18,322
Total--Military construction	142,001	....	142,001	1,382,031	....	1,382,031	1,281,339	....	1,281,339
Family housing:									
Homeowners assistance fund	-406	-$2,519	2,113	15,724	$155	15,569	367	....	367
Other	62,194	....	62,194	562,638	....	562,638	494,678	....	494,678
Total--Family housing	61,787	-2,519	64,307	578,363	155	578,208	495,045	....	495,045
Civil Defense	5,316	....	5,316	86,078	....	86,078	107,637	....	107,637
Special foreign currency program	111	....	111	1,258	....	1,258	1,724	....	1,724
Revolving and management funds:									
Public enterprise funds:									
Department of the Army	(*)	2	-2	3	22	-20	5	$30	-25
Department of the Navy	111	133	-21	2,153	1,213	941	622	994	-373
Department of the Air Force	(*)	1	(*)	5	42	-37	2,511	181	2,330
Defense agencies	....	....	....	....	....	....	1	2	-1
Intragovernment funds (net):									
Department of the Army	-161,728	....	-161,728	-203,470	....	-203,470	804,269	....	804,269
Department of the Navy	-156,390	....	-156,390	-369,952	....	-369,952	1,138,244	....	1,138,244
Department of the Air Force	-32,039	....	-32,039	-502,276	....	-502,276	76,835	....	76,835
Defense agencies	-67,025	....	-67,025	-320,447	....	-320,447	76,894	....	76,894
Total--Revolving and management funds	-417,069	135	-417,205	-1,393,985	1,277	-1,395,261	2,099,382	1,207	2,098,175
Trust revolving funds	1,737	3,294	-1,557	37,537	35,149	2,388	26,404	33,885	-7,481
Other	1,251	....	1,251	7,509	....	7,509	7,849	....	7,849
Proprietary receipts from the public	....	6,319	-6,319	....	127,756	-127,756	....	157,877	-157,877
Intrabudgetary transactions	-2,898	....	-2,898	-8,035	....	-8,035	-7,161	....	-7,161
Total--Military	7,285,587	7,229	7,278,359	78,059,156	164,336	77,894,820	77,573,933	192,969	77,380,963
Civil:									
Department of the Army:									
Corps of Engineers:									
Rivers and harbors and flood control	137,325	....	137,325	1,250,261	....	1,250,261	1,287,613	....	1,287,613
Intragovernmental funds (net)	-10,934	....	-10,934	-5,846	....	-5,846	-3,533	....	-3,533
The Panama Canal:									
Canal Zone Government	6,899	....	6,899	43,386	....	43,386	42,393	....	42,393
Panama Canal Company	22,321	21,138	1,183	163,070	170,840	-7,770	158,283	172,423	-14,140
Other	3,249	....	3,249	36,301	....	36,301	41,771	....	41,771

SECTION A--THE EXPENDITURE ACCOUNT--Continued

Classification of EXPENDITURES--Continued	This Month			Current Fiscal Year to Date			Comparable Period Prior Fiscal Year		
	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures
Defense Department--Continued									
Civil--Continued									
Navy--Wildlife conservation, etc.	(*)	....	(*)	$5	....	$5	$13	....	$13
Air Force--Wildlife conservation, etc.	$7	....	$7	46	....	46	43	....	43
Soldiers' Home:									
U. S. Soldiers' Home revolving fund	17	$14	2	167	$159	7	145	$141	4
Other	747	....	747	10,297	....	10,297	9,967	....	9,967
Proprietary receipts from the public	....	4,730	-4,730	....	44,571	-44,571	....	52,244	-52,244
Intrabudgetary transactions	-3,051	....	-3,051	-14,589	....	-14,589	-12,302	....	-12,302
Total--Civil	156,580	25,882	130,698	1,483,098	215,570	1,267,528	1,524,394	224,808	1,299,586
Total--Defense Department	7,442,167	33,111	7,409,056	79,542,254	379,906	79,162,348	79,098,327	417,777	78,680,549
Health, Education, and Welfare Department:									
Consumer Protection and Environmental Health Service:									
Public enterprise funds	333	343	-10	3,135	3,893	-758	3,509	2,964	545
Food ana drug control	7,150	....	7,150	61,305	....	61,305	62,267	....	62,267
Air pollution and other	11,062	....	11,062	111,635	....	111,635	88,310	....	88,310
Health Services and Mental Health Administration:									
Public enterprise funds	18	13	6	179	183	-4	204	206	-2
Mental health	41,709	....	41,709	285,558	....	285,558	233,089	....	233,089
Health planning and regional programs	37,023	....	37,023	248,273	....	248,273	188,181	....	188,181
Hospital construction	21,281	....	21,281	264,059	....	264,059	258,520	....	258,520
Direct care programs	21,048	....	21,048	171,710	....	171,710	157,238	....	157,238
Other	8,110	....	8,110	116,047	....	116,047	126,264	....	126,264
Total--Health Services and Mental Health Administration	129,188	13	129,175	1,085,827	183	1,085,644	963,496	206	963,290
National Institutes of Health:									
Public enterprise funds	203	10	193	18,604	131	18,473	18,152	7,083	11,069
Institute research and training activities	37,143	....	37,143	950,648	....	950,648	977,683	....	977,683
Health manpower and dental health	2,280	....	2,280	115,798	....	115,798	82,175	....	82,175
Construction grants	26,517	....	26,517	138,979	....	138,979	107,130	....	107,130
Other	-6,437	....	-6,437	103,978	....	103,978	106,566	....	106,566
Total--National Institutes of Health	59,706	10	59,696	1,328,008	131	1,327,877	1,291,706	7,083	1,284,623
Office of Education:									
Public enterprise funds:									
Student loan insurance fund	....	144	-144	-115	612	-727	11	56	-45
Higher education facilities loan fund	738	526	213	13,431	8,392	5,039	6,198	5,680	518
Assistance for vocational education	35,849	....	35,849	259,875	....	259,875	265,107	....	265,107
School assistance in federally affected areas	49,610	....	49,610	389,913	....	389,913	506,373	....	506,373
Elementary and secondary educational activities	202,898	....	202,898	1,433,049	....	1,433,049	1,417,002	....	1,417,002
Higher educational activities	111,323	....	111,323	916,916	....	916,916	895,421	....	895,421
Defense educational activities	2,886	....	2,886	19,747	....	19,747	144,066	....	144,066
Other	57,968	....	57,968	340,637	....	340,637	288,386	....	288,386
Total--Office of Education	461,273	670	460,603	3,373,452	9,004	3,364,449	3,522,564	5,736	3,516,828
Social and Rehabilitation Service:									
Grants to States for maintenance payments	116,765	....	116,765	3,168,449	....	3,168,449	173,854	....	173,854
Grants to States for medical assistance	136,776	....	136,776	2,161,341	....	2,161,341	281	....	281
Social service, administration, training, and demonstration projects	53,154	....	53,154	610,094	....	610,094	571	....	571
Grants for rehabilitation services and facilities	38,873	....	38,873	350,910	....	350,910	280,713	....	280,713
Grants for maternal and child welfare	31,024	....	31,024	250,467	....	250,467	218,308	....	218,308
Other	316,993	....	316,993	547,455	....	547,455	5,293,023	....	5,293,023
Total--Social and Rehabilitation Service	693,586	....	693,586	7,088,716	....	7,088,716	5,966,751	....	5,966,751

TABLE III--BUDGET RECEIPTS AND OUTLAYS--Continued (In thousands)

SECTION A--THE EXPENDITURE ACCOUNT--Continued

Classification of EXPENDITURES--Continued	This Month			Current Fiscal Year to Date			Comparable Period Prior Fiscal Year		
	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures
Health, Education, and Welfare Dept.--Cont'd.									
Social Security Administration:									
Operating fund, Bureau of Federal Credit Unions	$649	$409	$240	$6,411	$6,166	$245	$6,216	$6,081	$135
Payment to trust funds for health insurance for the aged	71,487	...	71,487	1,737,168	...	1,737,168	906,631	...	906,631
Payment for military service credits	...	...	...	210,000	...	210,000	105,000	...	105,000
Payment for special benefits for the aged	...	...	...	225,545	...	225,545	...	...	...
Federal old-age and survivors ins. trust fund:									
Administrative expenses and construction	23,315	...	23,315	466,100	...	466,100	447,408	...	447,408
Benefit payments	2,030,319	...	2,030,319	23,732,309	...	23,732,309	20,736,868	...	20,736,868
Vocational rehabilitation services	...	...	...	725	...	725	277	...	277
Payment to railroad retirement account	491,482	...	491,482	491,482	...	491,482	437,634	...	437,634
Total--Federal old-age and survivors insurance trust fund	2,545,116	...	2,545,116	24,690,616	...	24,690,616	21,622,188	...	21,622,188
Federal disability insurance trust fund:									
Administrative expenses and construction	8,129	...	8,129	132,433	...	132,433	112,367	...	112,367
Benefit payments	215,592	...	215,592	2,443,262	...	2,443,262	2,088,412	...	2,088,412
Vocational rehabilitation services	1,969	...	1,969	15,972	...	15,972	15,393	...	15,393
Payment to railroad retirement account	21,328	...	21,328	21,328	...	21,328	20,410	...	20,410
Total--Federal disability ins. trust fund	247,018	...	247,018	2,612,995	...	2,612,995	2,236,583	...	2,236,583
Federal hospital insurance trust fund:									
Administrative expenses and construction	8,148	...	8,148	104,196	...	104,196	78,672	...	78,672
Benefit payments	397,592	...	397,592	4,653,976	...	4,653,976	3,736,322	...	3,736,322
Total--Federal hospital ins. trust fund	405,740	...	405,740	4,758,172	...	4,758,172	3,814,994	...	3,814,994
Federal supplementary medical ins. trust fund:									
Administrative expenses and construction	24,432	...	24,432	194,687	...	194,687	142,645	...	142,645
Benefit payments	140,428	...	140,428	1,644,841	...	1,644,841	1,389,622	...	1,389,622
Total--Federal supplementary medical insurance trust fund	164,861	...	164,861	1,839,528	...	1,839,528	1,532,267	...	1,532,267
Other	9	...	9	-28	...	-28	2	...	2
Total--Social Security Administration	3,434,879	409	3,434,470	36,080,407	6,166	36,074,241	30,223,880	6,081	30,217,798
Special institutions:									
American Printing House for the Blind	240	...	240	1,340	...	1,340	1,225	...	1,225
National Technical Institute for the Deaf	65	...	65	1,783	...	1,783	345	...	345
Model Secondary School for the Deaf	8	...	8	143	...	143	17	...	17
Gallaudet College	15	...	15	4,206	...	4,206	3,039	...	3,039
Howard University and Freedmen's Hospital	2,701	...	2,701	30,358	...	30,358	25,755	...	25,755
Departmental management:									
Intragovernmental funds (net)	-381	...	-381	824	...	824	1,314	...	1,314
Other	2,606	...	2,606	43,066	...	43,066	21,142	...	21,142
Proprietary receipts from the public	...	2,769	-2,769	...	12,685	-12,685	...	11,417	-11,417
Intrabudgetary transactions:									
Payments for health insurance for the aged:									
Federal hospital insurance trust fund	...	...	...	-748,968	...	-748,968	-272,631	...	-272,631
Federal supplementary medical insurance trust fund	-71,487	...	-71,487	-988,200	...	-988,200	-634,000	...	-634,000
Payments for military service credits and special benefits for the aged:									
Federal old-age and survivors insurance trust fund	...	...	...	-381,545	...	-381,545	-78,000	...	-78,000
Federal disability insurance trust fund	...	...	...	-32,000	...	-32,000	-16,000	...	-16,000
Federal hospital insurance trust fund	...	...	...	-22,000	...	-22,000	-11,000	...	-11,000
Receipts transferred to railroad retirement account	-512,810	...	-512,810	-512,810	...	-512,810	-458,044	...	-458,044
Total--Health, Education, and Welfare									

SECTION A--THE EXPENDITURE ACCOUNT--Continued

Classification of EXPENDITURES--Continued	This Month			Current Fiscal Year to Date			Comparable Period Prior Fiscal Year		
	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures
Housing and Urban Development Department:									
Renewal and housing assistance:									
Public enterprise funds:									
College housing loan fund	$6,451	$3,822	$2,629	$150,215	$97,358	$52,857	$104,742	$91,323	$13,420
Urban renewal programs	44,628	858	43,770	547,528	17,600	529,928	492,561	15,830	476,731
Low-rent public housing	34,526	1,429	33,098	351,057	11,767	339,291	288,367	8,583	279,784
Housing for the elderly or handicapped	574	975	-402	7,303	11,053	-3,750	2,275	7,966	-5,691
Other	23	95	-72	271	935	-664	151	206	-55
Other	2,285	....	2,285	46,181	....	46,181	37,113	....	37,113
Total--Renewal and housing assistance	88,487	7,179	81,309	1,102,556	138,713	963,843	925,210	123,908	801,302
Metropolitan development:									
Public enterprise funds:									
Urban mass transportation fund	174	....	174	7,860	5,852	2,009	66,100	202	65,898
Other	1,122	1,860	-738	24,493	20,448	4,045	24,233	18,623	5,611
Open space land programs	4,975	....	4,975	43,278	....	43,278	33,339	....	33,339
Water and sewer facilities	7,690	....	7,690	80,189	....	80,189	44,444	....	44,444
Other	4,573	....	4,573	40,750	....	40,750	31,869	....	31,869
Total--Metropolitan development	18,534	1,860	16,674	196,571	26,300	170,271	199,986	18,825	181,161
Demonstrations and intergovernmental relations:									
Model Cities programs	665	....	665	15,284	....	15,284	4,211	....	4,211
Other	....	....	....	1,339	....	1,339	1,856	....	1,856
Urban technology and research	407	....	407	8,654	....	8,654	4,057	....	4,057
Mortgage credit:									
Federal Housing Administration:									
Public enterprise funds:									
Federal Housing Administration fund	46,320	64,335	-18,015	427,611	573,876	-146,265	311,196	484,432	-173,236
Other	168	140	28	-1,568	3,597	-5,165	-357	1,654	-2,010
Other	1,086	....	1,086	6,414	....	6,414	2,124	....	2,124
Government National Mortgage Association:									
Management and liquidating functions	8,944	12,500	-3,556	140,129	147,924	-7,795	114,324	128,332	-14,008
Special assistance functions	5,850	12,500	-6,650	132,227	142,036	-9,809	92,298	116,784	-24,487
Participation sales fund	-5,182	....	-5,182	-54,517	....	-54,517	-30,682	....	-30,682
Secondary market operations	....	....	....	37,143	67,180	-30,037	289,685	330,405	-40,720
Proceeds from sale of Federal National Mortgage Association (net)	....	....	....	....	165,744	-165,744	....	....	....
Total--Mortgage credit	57,187	89,475	-32,288	687,437	1,100,356	-412,919	778,588	1,061,607	-283,019
Federal Insurance Administration:									
Public enterprise funds	-1,924	....	-1,924	-5,452	28,178	-33,630	....	....	....
Other	2	....	2	554	....	554	....	....	....
Fair housing and equal opportunity	....	....	....	2,000	....	2,000	....	....	....
Departmental management	5,622	....	5,622	11,449	....	11,449	9,161	....	9,161
Proprietary receipts from the public	....	1	-1	....	253	-253	....	43	-43
Intrabudgetary transactions	....	....	....	-7,825	....	-7,825	-12,449	....	-12,449
Total--Housing and Urban Development Department	168,981	98,514	70,467	2,012,566	1,293,801	718,765	1,910,619	1,204,382	706,236
Interior Department:									
Public Land Management:									
Bureau of Land Management	8,760	....	8,760	167,391	....	167,391	150,021	....	150,021
Bureau of Indian Affairs:									
Public enterprise funds	....	317	-317	....	743	-743	1,558	440	1,118
Indian tribal funds	-38,144	....	-38,144	120,585	....	120,585	87,333	....	87,333
Other	20,301	....	20,301	270,421	....	270,421	238,079	....	238,079
Bureau of Outdoor Recreation	17,970	....	17,970	129,449	....	129,449	103,336	....	103,336
Office of Territories	7,674	....	7,674	60,619	....	60,619	45,791	....	45,791
Total--Public Land Management	16,561	317	16,244	748,464	743	747,720	626,118	440	625,678

TABLE III--BUDGET RECEIPTS AND OUTLAYS--Continued (In thousands)

SECTION A--THE EXPENDITURE ACCOUNT--Continued

Classification of EXPENDITURES--Continued	This Month			Current Fiscal Year to Date			Comparable Period Prior Fiscal Year		
	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures
Interior Department--Continued									
Mineral Resources:									
Geological Survey	$6,831	....	$6,831	$92,146	....	$92,146	$88,088	....	$88,088
Bureau of Mines:									
Public enterprise funds	1,272	$1,166	106	33,989	$17,856	16,133	51,749	$21,911	29,838
Other	4,588	....	4,588	56,341	....	56,341	52,897	....	52,897
Office of Coal Research	1,508	....	1,508	8,684	....	8,684	11,862	....	11,862
Office of Oil and Gas	-7	....	-7	874	....	874	722	....	722
Total--Mineral Resources	14,192	1,166	13,026	192,034	17,856	174,178	205,318	21,911	183,407
Fish and Wildlife, Parks, and Marine Resources:									
Bureau of Commercial Fisheries:									
Public enterprise funds	594	79	515	925	661	264	1,152	150	1,002
Other	4,920	....	4,920	51,537	....	51,537	50,099	....	50,099
Bureau of Sport Fisheries and Wildlife	12,796	....	12,796	109,327	....	109,327	101,912	....	101,912
National Park Service	10,715	....	10,715	131,701	....	131,701	125,578	....	125,578
Total--Fish and Wildlife, Parks, and Marine Resources	29,026	79	28,947	293,490	661	292,829	278,741	150	278,591
Water and Power Development:									
Bureau of Reclamation:									
Public enterprise funds:									
Continuing fund for emergency expenses, Fort Peck project, Montana	214	97	117	1,500	5,014	-3,515	1,515	4,750	-3,235
Upper Colorado River Basin fund	4,592	3,210	1,383	53,154	35,247	17,908	70,004	32,101	37,903
Other	23,564	....	23,564	254,978	....	254,978	244,572	....	244,572
Alaska Power Administration	70	....	70	913	....	913	805	....	805
Bonneville Power Administration	8,514	....	8,514	130,514	....	130,514	163,559	....	163,559
Southeastern Power Administration	53	....	53	874	....	874	602	....	602
Southwestern Power Administration	515	....	515	7,648	....	7,648	7,647	....	7,647
Total--Water and Power Development	37,523	3,307	34,215	449,582	40,261	409,321	488,704	36,852	451,852
Water Quality and Research:									
Office of Saline Water	2,673	....	2,673	36,151	....	36,151	28,591	....	28,591
Federal Water Pollution Control Administration	23,627	....	23,627	214,940	....	214,940	184,083	....	184,083
Secretarial Offices:									
Office of the Solicitor	617	....	617	5,526	....	5,526	5,193	....	5,193
Office of the Secretary	1,085	....	1,085	8,209	....	8,209	7,387	....	7,387
Office of Water Resources Research	363	....	363	10,842	....	10,842	8,962	....	8,962
Virgin Islands Corporation	-770	....	-770	-1,022	....	-1,022	229	....	229
Proprietary receipts from the public	....	90,835	-90,835	....	1,049,527	-1,049,527	....	1,518,144	-1,518,144
Intrabudgetary transactions	....	....	....	-32,531	....	-32,531	-38,947	....	-38,947
Total--Interior Department	124,896	95,703	29,193	1,925,684	1,109,048	816,635	1,794,379	1,577,497	216,883
Justice Department:									
Legal activities and general administration	5,950	....	5,950	86,602	....	86,602	78,747	....	78,747
Federal Bureau of Investigation	18,182	....	18,182	217,560	....	217,560	192,850	....	192,850
Immigration and Naturalization Service	7,156	....	7,156	90,015	....	90,015	82,084	....	82,084
Federal Prison System:									
Federal Prison Industries, Inc. (net)	4,325	....	4,325	-3,118	....	-3,118	-4,747	....	-4,747
Federal Prison commissary funds	323	319	4	3,638	3,700	-62	3,126	3,182	-56
Other	6,385	....	6,385	79,250	....	79,250	73,865	....	73,865
Law Enforcement Assistance Administration	3,103	....	3,103	33,563	....	33,563	8,301	....	8,301
Bureau of Narcotics and Dangerous Drugs	1,226	....	1,226	17,350	....	17,350	3,375	....	3,375
Proprietary receipts from the public	....	261	-261	....	1,647	-1,647	....	4,380	-4,380
Total--Justice Department	46,651	580	46,071	524,861	5,347	519,514	437,601	7,562	430,038

SECTION A--THE EXPENDITURE ACCOUNT--Continued

Classification of EXPENDITURES--Continued	This Month			Current Fiscal Year to Date			Comparable Period Prior Fiscal Year		
	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures
Labor Department:									
Manpower Administration:									
Manpower development and training activities	$42,192	....	$42,192	$377,344	....	$377,344	$356,937	....	$356,937
Office of Manpower Administrator	2,385	....	2,385	29,243	....	29,243	33,903	....	33,903
Bureau of Apprenticeship and Training	635	....	635	9,193	....	9,193	8,203	....	8,203
Bureau of Employment Security:									
Advances to employment security administration account, unemployment trust fund	....	....	....	-3,832	....	-3,832	-3,271	....	-3,271
Unemployment compensation for Federal employees and ex-servicemen	9,689	....	9,689	125,749	....	125,749	107,029	....	107,029
Salaries, expenses and other	-2,461	....	-2,461	5,014	....	5,014	2,746	....	2,746
Unemployment trust fund:									
Employment security administration account:									
Salaries and expenses	3,532	....	3,532	17,929	....	17,929	17,869	....	17,869
Grants to States for unemployment comp. and employment service adm.	92,023	....	92,023	588,693	....	588,693	551,589	....	551,589
Payments to general fund:									
Reimbursements and recoveries	137	....	137	9,555	....	9,555	9,362	....	9,362
Interest on refunds to taxes	27	....	27	248	....	248	251	....	251
Interest on advances from general (revolving) fund	....	....	....	3,832	....	3,832	3,271	....	3,271
Railroad unemployment insurance account:									
Benefit payments	6,625	....	6,625	96,589	....	96,589	75,724	....	75,724
Interest on advances from railroad retirement account	4,639	....	4,639	5,730	....	5,730	7,130	....	7,130
Railroad unemployment insurance adm. fund	353	....	353	6,191	....	6,191	6,514	....	6,514
State accounts: Withdrawals by States	135,867	....	135,867	2,061,135	....	2,061,135	2,074,137	....	2,074,137
Federal extended compensation accounts	....	....	....	(*)	....	(*)	(*)	....	(*)
Total--Unemployment trust fund	243,204	....	243,204	2,789,901	....	2,789,901	2,745,849	....	2,745,849
Other	113	....	113	370	....	370	-33	....	-33
Total--Manpower Administration	295,757	....	295,757	3,332,982	....	3,332,982	3,251,362	....	3,251,362
Labor-Management Relations	551	....	551	8,966	....	8,966	8,568	....	8,568
Wage and Labor Standards:									
Wage and Labor Standards Administration	1,170	....	1,170	11,956	....	11,956	10,118	....	10,118
Bureau of Employees' Compensation:									
Employees' compensation claims and expenses	11,884	....	11,884	67,264	....	67,264	61,804	....	61,804
Other	12	....	12	382	....	382	478	....	478
Wage and Hour Division	1,952	....	1,952	25,595	....	25,595	23,499	....	23,499
Total--Wage and Labor Standards	15,019	....	15,019	105,197	....	105,197	95,899	....	95,899
Bureau of Labor Statistics	1,341	....	1,341	21,955	....	21,955	20,659	....	20,659
Bureau of International Labor Affairs	298	....	298	1,660	....	1,660	1,118	....	1,118
Office of the Solicitor	523	....	523	6,185	....	6,185	5,693	....	5,693
Office of the Secretary:									
Federal contract compliance and civil rights programs	211	....	211	856	....	856	1,115	....	1,115
Other	59	....	59	4,454	....	4,454	4,028	....	4,028
Proprietary receipts from the public	....	$1,264	-1,264	....	$7,378	-7,378	....	$3,164	-3,164
Total--Labor Department	313,759	1,264	312,495	3,482,254	7,378	3,474,877	3,388,441	3,164	3,385,278
Post Office Department: Postal Fund	538,542	441,730	96,813	7,272,769	6,285,403	[3] 987,366	6,793,911	5,714,395	1,079,516

See footnotes on page 3.

TABLE III--BUDGET RECEIPTS AND OUTLAYS--Continued (In thousands)

SECTION A--THE EXPENDITURE ACCOUNT--Continued

Classification of EXPENDITURES--Continued	This Month			Current Fiscal Year to Date			Comparable Period Prior Fiscal Year		
	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures
State Department:									
Administration of foreign affairs:									
Salaries and expenses	$21,410	....	$21,410	$207,549	....	$207,549	$199,997	....	$199,997
Acquisition, operation and maintenance of buildings abroad	3,571	....	3,571	18,659	....	18,659	17,252	....	17,252
Intragovernmental funds (net)	-124	....	-124	167	....	167	17	....	17
Foreign service retirement and disability fund	1,272	....	1,272	14,144	....	14,144	11,969	....	11,969
Other	350	....	350	3,129	....	3,129	4,519	....	4,519
Total--Administration of foreign affairs	26,478	....	26,478	243,649	....	243,649	233,753	....	233,753
International organizations and conferences:									
Contributions to international organizations	321	....	321	118,526	....	118,526	109,341	....	109,341
Other	886	....	886	5,693	....	5,693	5,459	....	5,459
International commissions	1,261	....	1,261	14,776	....	14,776	25,118	....	25,118
Educational exchange	4,908	....	4,908	46,342	....	46,342	50,772	....	50,772
Other	4,930	....	4,930	11,515	....	11,515	9,401	....	9,401
Proprietary receipts from the public	....	$377	-377	....	$4,728	-4,728	....	$9,356	-9,356
Intrabudgetary transactions:									
Foreign service retirement and disability fund:									
Receipts transferred to Civil Service retirement and disability fund	....	....	....	-17	....	-17	....	....	....
Other	-72	....	-72	-430	....	-430	-466	....	-466
Total--State Department	38,713	377	38,336	440,054	4,728	435,325	433,379	9,356	424,023
Transportation Department:									
Office of the Secretary	981	....	981	15,843	....	15,843	9,393	....	9,393
Coast Guard:									
Trust revolving funds	5	8	-3	34	38	-4	42	41	1
Intragovernmental funds (net)	780	....	780	-3,912	....	-3,912	5,040	....	5,040
Other	57,583	....	57,583	551,305	....	551,305	540,310	....	540,310
Federal Aviation Administration:									
Public enterprise funds	3	....	3	17	19	-1	25	12	13
Grants-in-aid for airports	20,170	....	20,170	103,671	....	103,671	74,701	....	74,701
Other	81,668	....	81,668	894,371	....	894,371	821,075	....	821,075
Federal Highway Administration:									
Highway beautification	1,183	....	1,183	21,329	....	21,329	40,006	....	40,006
State and community highway safety programs	4,421	....	4,421	39,970	....	39,970	19,198	....	19,198
Highway trust fund:									
Federal-aid highways	352,378	....	352,378	4,150,994	....	4,150,994	4,171,110	....	4,171,110
Interest on advances	....	....	....	....	....	....	....	....	....
Other	5,135	....	5,135	50,385	....	50,385	63,277	....	63,277
Federal Railroad Administration:									
Alaska Railroad	1,969	2,059	-90	24,586	25,087	-501	23,913	24,004	-91
Other	1,456	....	1,456	16,722	....	16,722	15,522	....	15,522
Urban Mass Transportation Administration:									
Urban mass transportation fund	9,354	133	9,221	139,710	452	139,258	....	....	....
Other	73	....	73	714	....	714	....	....	....
Saint Lawrence Seaway Development Corporation	679	625	54	11,256	6,371	4,885	9,917	6,395	3,522
National Transportation Safety Board	337	....	337	4,695	....	4,695	3,636	....	3,636
Proprietary receipts from the public	....	1,555	-1,555	....	20,274	-20,274	....	19,656	-19,656
Intrabudgetary transactions:									
Highway trust fund	....	....	....	....	....	....	-15,098	....	-15,098
Total--Transportation Department	538,177	4,380	533,797	6,021,693	52,242	5,969,451	5,782,067	50,108	5,731,968
Treasury Department:									
Office of the Secretary:									
Salaries and expenses	707	....	707	7,592	....	7,592	6,968	....	6,968
Federal Farm Mortgage Corp. liquidation fund	....								

SECTION A--THE EXPENDITURE ACCOUNT--Continued

Classification of EXPENDITURES--Continued	This Month			Current Fiscal Year to Date			Comparable Period Prior Fiscal Year		
	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures
Treasury Department--Continued									
Bureau of Accounts:									
Salaries and expenses	$3,065	....	$3,065	$45,243	....	$45,243	$37,647	....	$37,647
Claims, judgments and relief acts	620	....	620	62,275	....	62,275	58,490	....	58,490
Interest on uninvested funds	137	....	137	7,254	....	7,254	9,633	....	9,633
Government losses in shipment	131	....	131	330	....	330	155	....	155
Other	383	....	383	393	....	393	21	....	21
Bureau of Customs:									
Salaries and expenses	7,446	....	7,446	98,630	....	98,630	92,590	....	92,590
Intragovernmental funds (net)	313	....	313	....	....	....	....	....	....
Other	4,360	....	4,360	45,313	....	45,313	36,751	....	36,751
Bureau of Engraving and Printing:									
Intragovernmental funds (net)	-629	....	-629	-7	....	-7	1,261	....	1,261
Other	72	....	72	403	....	403	800	....	800
Bureau of the Mint:									
Salaries and expenses	1,142	....	1,142	14,216	....	14,216	16,182	....	16,182
Other	473	....	473	7,006	....	7,006	13,067	....	13,067
Bureau of Narcotics	....	....	....	....	....	....	5,132	....	5,132
Bureau of the Public Debt	4,012	....	4,012	57,406	....	57,406	57,574	....	57,574
Internal Revenue Service:									
Salaries and expenses	1,862	....	1,862	21,239	....	21,239	20,280	....	20,280
Revenue accounting and processing	15,359	....	15,359	187,330	....	187,330	178,174	....	178,174
Compliance	42,964	....	42,964	537,239	....	537,239	497,326	....	497,326
Interest on refunds of taxes	8,876	....	8,876	119,726	....	119,726	120,288	....	120,288
Payments to Puerto Rico for taxes collected	10,212	....	10,212	80,238	....	80,238	66,160	....	66,160
Federal tax lien revolving fund	....	....	....	14	$15	-1	9	$6	3
Office of the Comptroller of the Currency	2,141	$263	1,878	25,785	27,684	-1,899	22,161	25,039	-2,877
Office of the Treasurer:									
Salaries and expenses	707	....	707	7,065	....	7,065	6,566	....	6,566
Check forgery insurance fund	40	42	-1	447	450	-3	772	771	(*)
U.S. Secret Service	1,909	....	1,909	23,704	....	23,704	18,459	....	18,459
Interest on the public debt (accrual basis):									
Public issues	1,203,539	....	1,203,539	13,985,920	....	13,985,920	12,263,245	....	12,263,245
Special issues	289,563	....	289,563	2,627,018	....	2,627,018	2,309,763	....	2,309,763
Total--Interest on the public debt	1,493,103	....	1,493,103	16,612,938	....	16,612,938	14,573,008	....	14,573,008
Proprietary receipts from the public	....	19,072	-19,072	....	269,391	-269,391	....	439,291	-439,291
Intrabudgetary transactions	-66,517	....	-66,517	-702,795	....	-702,795	-719,807	....	-719,807
Total--Treasury Department	1,532,890	19,377	1,513,513	17,259,018	297,540	16,961,478	15,119,707	465,108	14,654,600
Atomic Energy Commission	248,343	(*)	248,343	2,451,100	760	2,450,340	2,467,045	1,194	2,465,851
General Services Administration:									
Real property activities:									
Construction, public buildings projects	5,805	....	5,805	68,158	....	68,158	115,872	....	115,872
Repair and improvement of public buildings	4,309	....	4,309	73,208	....	73,208	74,164	....	74,164
Intragovernmental funds (net)	39,795	....	39,795	-10,785	....	-10,785	4,981	....	4,981
Other	5,232	....	5,232	314,900	....	314,900	296,476	....	296,476
Personal property activities:									
Intragovernmental funds (net)	48,061	....	48,061	35,395	....	35,395	-10,666	....	-10,666
Other	4,187	....	4,187	76,202	....	76,202	68,790	....	68,790
Records activities:									
National Archives trust fund	143	216	-74	1,805	1,325	480	912	1,004	-92
Other	1,507	....	1,507	20,714	....	20,714	18,441	....	18,441
Transportation and communications activities	7,455	....	7,455	5,681	....	5,681	11,617	....	11,617
Property management and disposal activities:									
Public enterprise funds	....	(*)	(*)	....	15	-15	-2	....	-2
Intragovernmental funds (net)	271	....	271	302	....	302	-423	....	-423
Other	2,000	....	2,000	27,103	....	27,103	29,179	....	29,179

TABLE III--BUDGET RECEIPTS AND OUTLAYS--Continued (In thousands)
SECTION A--THE EXPENDITURE ACCOUNT--Continued

Classification of EXPENDITURES--Continued	This Month			Current Fiscal Year to Date			Comparable Period Prior Fiscal Year		
	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures
General Services Administration--Continued									
General activities:									
Surplus real property credit sales	-$7,714	....	-$7,714	-$30,418	....	-$30,418	-$22,579	....	-$22,579
Public enterprise funds	....	....	....	....	....	....	....	$19	-19
Intragovernmental funds (net)	902	....	902	-339	....	-339	-693	....	-693
Other	287	....	287	2,748	....	2,748	1,897	....	1,897
Proprietary receipts from the public	....	$19,802	-19,802	....	$160,877	-160,877	....	175,037	-175,037
Total--General Services Administration	112,240	20,018	92,222	584,674	162,217	422,457	587,968	176,061	411,907
National Aeronautics and Space Administration	326,611	94	326,517	4,252,653	6,106	4,246,547	4,723,783	3,105	4,720,678
Veterans Administration:									
Compensation, pensions, and benefit programs	513,657	....	513,657	5,593,777	....	5,593,777	5,077,907	....	5,077,907
Medical care	117,296	....	117,296	1,450,056	....	1,450,056	1,360,796	....	1,360,796
Public enterprise funds:									
Direct loan revolving fund	10,493	9,608	886	108,601	116,495	-7,895	93,238	104,091	-10,852
Loan guaranty revolving fund	4,774	12,068	-7,294	114,639	131,598	-16,959	95,097	119,262	-24,165
Other	32,143	51,374	-19,231	301,128	374,903	-73,775	299,757	364,698	-64,942
Benefits, refunds and dividends:									
Government life insurance fund	5,579	....	5,579	77,848	....	77,848	71,857	....	71,857
National service life insurance fund	38,917	....	38,917	567,933	....	567,933	500,351	....	500,351
Other	24,615	....	24,615	321,650	....	321,650	299,295	....	299,295
Proprietary receipts from the public:									
Government life insurance fund	....	1,103	-1,103	....	10,967	-10,967	....	15,739	-15,739
National service life insurance fund	....	40,964	-40,964	....	477,990	-477,990	....	476,472	-476,472
Other	....	170	-170	....	1,865	-1,865	....	1,771	-1,771
Intrabudgetary transactions:									
Payments to veterans life insurance funds:									
Government life insurance fund	-20	....	-20	-50	....	-50	-77	....	-77
National service life insurance fund	-602	....	-602	-5,840	....	-5,840	-5,287	....	-5,287
Total--Veterans Administration	746,852	115,287	631,565	8,529,741	1,113,818	7,415,922	7,792,933	1,082,033	6,710,900
Other independent agencies:									
Administrative Conference of the United States	24	....	24	238	....	238	19	....	19
American Battle Monuments Commission	346	(*)	346	2,350	2	2,348	2,182	13	2,169
Arms Control and Disarmament Agency	758	(*)	758	9,598	1	9,597	10,739	(*)	10,739
Central Intelligence Agency--construction	....	....	....	58	....	58	41	....	41
Civil Aeronautics Board:									
Payments to air carriers	3,274	....	3,274	43,924	....	43,924	54,999	....	54,999
Salaries and expenses	751	....	751	9,839	....	9,839	9,074	....	9,074
Proprietary receipt from the public	....	8	-8	....	131	-131	....	82	-82
Civil Service Commission:									
Payment to civil service retirement and disability fund	....	....	....	72,000	....	72,000	71,000	....	71,000
Government payment for annuitants, employees health benefits	....	....	....	40,748	....	40,748	40,748	....	40,748
Civil service retirement and disability fund	206,763	....	206,763	2,405,960	....	2,405,960	2,138,767	....	2,138,767
Employees health benefits fund	53,915	62,866	-8,951	746,618	764,406	-17,789	659,323	685,823	-26,501
Employees life insurance fund	-29,381	28,657	-58,038	241,889	[8]393,458	-151,569	239,043	272,617	-33,575
Retired employees health benefits fund	1,262	426	837	15,030	13,807	1,223	16,521	17,769	-1,248
Other	3,754	....	3,754	39,476	....	39,476	38,334	....	38,334
Proprietary receipts from the public	....	7,405	-7,405	....	31,253	-31,253	....	3,680	-3,680
Intrabudgetary transactions:									
Civil Service retirement and disability fund:									
Receipts transferred from Foreign service retirement and disability fund	-636	....	-636	-10,204	....	-10,204	-706	....	-706
Total--Civil Service Commission	235,677	99,354	136,323	3,551,515	1,202,925	2,348,591	3,203,030	979,890	2,223,139

SECTION A--THE EXPENDITURE ACCOUNT--Continued

Classification of EXPENDITURES--Continued	This Month			Current Fiscal Year to Date			Comparable Period Prior Fiscal Year		
	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures
Other independent agencies--Continued									
District of Columbia federal payment	$275	....	$275	$89,178	....	$89,178	$78,853	....	$78,853
Equal Employment Opportunity Commission	759	....	759	8,616	$1	8,616	6,202	(*)	6,201
Export-Import Bank of The United States	18,279	$88,968	-70,689	212,710	323,528	-110,818	163,880	$281,369	-117,489
Farm Credit Administration:									
Revolving fund for administrative expenses	267	940	-673	3,529	3,671	-142	3,251	3,217	34
Short-term credit investment fund	....	....	....	....	64,388	-64,388	200	....	200
Banks for Cooperatives investment fund	....	....	....	....	28,324	-28,324	3,000	10,254	-7,254
Banks for Cooperatives fund	....	....	....	-2,285	....	-2,285	-12,973	....	-12,973
Federal Intermediate Credit Banks fund	....	....	....	-53,868	....	-53,868	-32,696	....	-32,696
Proprietary receipts from the public	....	....	....	....	43,840	-43,840	....	2	-2
Intrabudgetary transactions	....	....	....	-5,995	....	-5,995	-4,814	....	-4,814
Total--Farm Credit Administration	267	940	-673	-58,619	140,222	-198,841	-44,032	13,473	-57,504
Federal Coal Mine Safety Board of Review	8	....	8	105	....	105	97	....	97
Federal Communications Commission:									
International telecommunications settlements	....	....	....	....	....	....	797	517	281
Other	1,740	1	1,739	20,278	17	20,261	18,653	83	18,569
Federal Deposit Insurance Corporation	3,484	1,373	2,110	18,163	332,528	-314,366	37,799	297,458	-259,659
Federal Field Committee for Development Planning in Alaska	-8	....	-8	187	....	187	242	....	242
Federal Home Loan Bank Board:									
Federal Savings and Loan Insurance Corp. fund	-1,279	108,216	-109,495	-9,967	295,669	-305,636	126,325	386,964	-260,640
Other	1,444	1,953	-509	18,841	19,643	-802	23,177	17,738	5,439
Federal Maritime Commission	279	26	253	3,700	71	3,629	3,576	10	3,565
Federal Mediation and Conciliation Service	608	(*)	608	8,022	(*)	8,022	7,336	(*)	7,336
Federal Power Commission	1,241	-2,560	3,801	15,680	13	15,666	14,576	13	14,563
Federal Radiation Council	38	....	38	136	....	136	97	....	97
Federal Trade Commission	1,258	(*)	1,258	16,402	4	16,398	15,221	6	15,215
Foreign Claims Settlement Commission	56	(*)	56	831	(*)	831	1,308	1	1,307
Historical and Memorial Commissions	46	....	46	96	....	96	29	....	29
Indian Claims Commission	51	....	51	628	(*)	628	446	....	446
Interagency Committee on Mexican-American Affairs	3	....	3	-69	....	-69	-37	....	-37
Intergovernmental agencies:									
Advisory Commission on Intergovernmental Relations	-18	....	-18	471	....	471	503	(*)	502
Appalachian Regional Commission:	245	....	245	2,225	495	1,730	2,154	662	1,492
Salaries expenses, and other	....	....	....	....	....	....	....	....	....
Intrabudgetary transactions	....	....	....	-1,101	....	-1,101	-662	....	-662
Commission on status of Puerto Rico	....	....	....	(*)	....	(*)	(*)	....	(*)
Delaware River Basin Commission	2	....	2	191	....	191	179	....	179
Interstate Commission on the Potomac River Basin	....	....	....	5	....	5	5	....	5
Washington Metropolitan Area Transit Authority	835	....	835	6,105	....	6,105	1,626	....	1,626
Interstate Commerce Commission	1,951	7	1,945	24,594	62	24,532	23,690	79	23,611
National Capital Planning Commission	97	....	97	1,163	92	1,070	872	111	760
National Capital Transportation Agency	....	....	....	7	....	7	1,871	....	1,871
National Council on Indian Opportunity	....	....	....	-4	....	-4	-62	....	-62
National Foundation on Arts and Humanities	1,160	(*)	1,160	11,520	3	11,517	12,608	5	12,603
National Labor Relations Board	2,756	2	2,754	34,312	26	34,286	31,863	20	31,842
National Mediation Board	179	....	179	2,187	....	2,187	2,014	(*)	2,014
National Science Foundation	48,099	-16	48,115	490,192	2,182	488,010	448,593	3,506	445,086
President's Committee on Consumer Interests	1	....	1	16	....	16	355	....	355
President's Council on Youth Opportunity	19	....	19	154	....	154	-162	....	-162
Railroad Retirement Board:									
Payment for military service credits	....	....	....	18,446	....	18,446	17,839	....	17,839
Railroad retirement accounts:									
Administrative expenses	946	....	946	14,695	....	14,695	13,800	....	13,800
Benefit payments, etc.	129,089	....	129,089	1,532,790	....	1,532,790	1,387,711	....	1,387,711
Interest on refunds of taxes	(*)	....	(*)	6	....	6	13	....	13
Payment to railroad unemployment ins. account	1	....	1	1	....	1	....	....	....
Proprietary receipts from the public	....	2,820	-2,820	....	6,791	-6,791	....	4,050	-4,050
Intrabudgetary transactions:									
Railroad retirement accounts:									
Payments for military service credits	....	....	....	-18,446	....	-18,446	-17,839	....	-17,839
Receipts transferred to railroad unemployment insurance account	-1	....	-1	-1	....	-1	....	....	....
Total--Railroad Retirement Board	130,035	2,820	127,215	1,547,490	6,791	1,540,700	1,401,525	4,050	1,397,475

TABLE III--BUDGET RECEIPTS AND OUTLAYS--Continued (In thousands)

SECTION A--THE EXPENDITURE ACCOUNT--Continued

Classification of EXPENDITURES--Continued	This Month			Current Fiscal Year to Date			Comparable Period Prior Fiscal Year		
	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures
Other independent agencies--Continued									
Renegotiation Board	$239	(*)	$239	$2,983	(*)	$2,983	$2,640	(*)	$2,640
Securities and Exchange Commission	1,481	(*)	1,480	18,550	$3	18,546	17,642	$3	17,639
Selective Service System	5,302	$1	5,301	64,801	10	64,791	56,767	2	56,765
Small Business Administration:									
Public enterprise funds	17,003	8,569	8,434	230,654	110,326	120,328	228,118	129,588	98,530
Salaries and expenses	-46	....	-46	9,447	....	9,447	10,084	....	10,084
Other	....	....	....	....	....	....	-21	....	-21
Proprietary receipts from the public	....	(*)	(*)	....	13	-13	....	3	-3
Total--Small Business Administration	16,957	8,569	8,388	240,101	110,339	129,762	238,181	129,591	108,589
Smithsonian Institution	4,291	3	4,288	54,048	2,569	51,479	43,774	2,303	41,470
Subversive Activities Control Board	26	(*)	26	270	(*)	270	248	(*)	248
Tariff Commission	308	....	308	3,847	....	3,847	3,694	(*)	3,694
Tax Court of the United States	220	....	220	2,534	....	2,534	2,304	....	2,304
Temporary Study Commissions	1,162	....	1,162	8,345	....	8,345	8,655	(*)	8,654
Tennessee Valley Authority:									
Tennessee Valley Authority fund	67,820	36,462	31,358	591,635	404,548	187,086	537,315	400,491	136,824
Proprietary receipts from the public	....	5	-5	....	85	-85	....	87	-87
Total--Tennessee Valley Authority	67,820	36,467	31,353	591,635	404,634	187,001	537,315	400,578	136,737
United States Information Agency:									
Informational media guarantee fund	....	....	....	37	33	4	791	1,064	-273
Salaries and expenses	15,819	....	15,819	170,988	....	170,988	166,038	....	166,038
Construction of radio facilities	1,339	....	1,339	7,776	....	7,776	16,362	....	16,362
Other	883	....	883	4,578	....	4,578	4,949	....	4,949
Proprietary receipts from the public	....	55	-55	....	614	-614	....	759	-759
Total--U.S. Information Agency	18,040	55	17,985	183,379	648	182,732	188,140	1,823	186,317
U.S. section of the United States--Mexico Commission for border development and friendship	55	....	55	-51	....	-51	-91	....	-91
Water Resources Council:									
Planning expenses and other	223	(*)	223	4,035	530	3,505	2,916	316	2,600
Intrabudgetary transactions	....	....	....	-252	....	-252	-329	....	-329
Total--Other independent agencies	571,068	346,190	224,878	7,258,887	2,843,140	4,415,747	6,766,119	2,520,671	4,245,448
Undistributed intrabudgetary transactions:									
Federal employer contributions to retirement and social insurance funds:									
The Judiciary:									
Judicial survivors annuity fund	-52	....	-52	-502	....	-502	-451	....	-451
Health, Education, and Welfare:									
Federal old-age and survivors insurance trust fund	-46,000	....	-46,000	-469,000	....	-469,000	-397,000	....	-397,000
Federal disability insurance trust fund	-7,000	....	-7,000	-63,000	....	-63,000	-48,000	....	-48,000
Federal hospital insurance trust fund	-9,000	....	-9,000	-79,000	....	-79,000	-65,000	....	-65,000
State Department:									
Foreign service retirement and disability fund	-472	....	-472	-5,379	....	-5,379	-4,449	....	-4,449
Other independent agencies:									
Civil Service Commission:									
Civil service retirement and disability fund	-97,803	....	-97,803	-1,473,734	....	-1,473,734	-1,380,715	....	-1,380,715
Tax Court of the United States:									
Tax court judges survivors annuity fund	....	....	....	-20	....	-20	-20	....	-20
Subtotal	-160,326	....	-160,328	-2,090,635	....	-2,090,635	-1,895,635	....	-1,895,635

SECTION A--THE EXPENDITURE ACCOUNT--Continued

Classification of EXPENDITURES--Continued	This Month			Current Fiscal Year to Date			Comparable Period Prior Fiscal Year		
	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures	Expenditures (Disbursements)	Applicable Receipts	Net Expenditures
Undistributed intrabudgetary transactions --Continued									
Interest credited to certain Government accounts:									
The Judiciary:									
Judicial survivors annuity fund....................	-$4	....	-$4	-$171	....	-$171	-$143	....	-$143
Defense Department:									
Civil:									
Soldiers' Home permanent fund	....	....	....	-3,233	....	-3,233	-3,195	....	-3,195
Health, Education, and Welfare Department:									
Federal old-age and survivors insurance trust fund..	-403,806	....	-403,806	-1,008,949	....	-1,008,949	-894,436	....	-894,436
Federal disability insurance trust fund.............	-57,177	....	-57,177	-139,587	....	-139,587	-83,015	....	-83,015
Federal hospital insurance trust fund	-38,204	....	-38,204	-93,581	....	-93,581	-60,659	....	-60,659
Federal supplementary medical insurance trust fund.	-7,029	....	-7,029	-23,466	....	-23,466	-20,677	....	-20,677
Interior Department:									
Indian Tribal Funds.............................	-56	....	-56	-5,393	....	-5,393	-6,921	....	-6,921
Labor Department:									
Unemployment trust fund	-200,102	....	-200,102	-516,637	....	-516,637	-439,305	....	-439,305
State Department:									
Foreign service retirement and disability fund	-321	....	-321	-1,765	....	-1,765	-1,674	....	-1,674
Transportation Department:									
Highway trust fund..............................	-18,481	....	-18,481	-52,654	....	-52,654	-33,503	....	-33,503
Veterans Administration:									
Government life insurance fund....................	-30,933	....	-30,933	-31,902	....	-31,902	-32,347	....	-32,347
National service life insurance fund................	-197,590	....	-197,590	-224,539	....	-224,539	-210,752	....	-210,752
Civil Service Commission:									
Civil service retirement and disability fund.........	-650,682	....	-650,682	-805,292	....	-805,292	-705,788	....	-705,788
Railroad Retirement Board:									
Railroad retirement accounts	-131,106	....	-131,106	-191,168	....	-191,168	-181,351	....	-181,351
Other	-113	....	-113	-511	....	-511	-568	....	-568
Subtotal	-1,735,602	....	-1,735,602	-3,098,850	....	-3,098,850	-2,674,334	....	-2,674,334
Total--Undistributed intrabudgetary transactions..	-1,895,929	....	-1,895,929	-5,189,485	....	-5,189,485	-4,569,970	....	-4,569,970
Total expenditures (excluding net lending).........	17,113,872	$3,008,882	14,104,990	206,778,620	$23,489,943	183,288,677	194,032,346	$21,228,989	172,803,357
The expenditure account surplus (+) or deficit (-)			+9,750,360			+4,553,977			-19,131,935

MEMORANDUM

Receipts offset against expenditures (In thousands)

	Current Fiscal Year to Date	Comparable Period Prior Fiscal Year
Proprietary receipts................................	$3,910,613	$4,396,330
Intrabudgetary transactions..........................	8,691,177	6,880,308
Total receipts offset against expenditures...........	12,601,789	11,276,638

TABLE III--BUDGET RECEIPTS AND OUTLAYS--Continued (In thousands)

SECTION B--THE LOAN ACCOUNT

Classification	This Month			Current Fiscal Year to Date			Comparable Period Prior Fiscal Year		
	Loan Disbursements	Loan Repayments	Net Lending	Loan Disbursements	Loan Repayments	Net Lending	Loan Disbursements	Loan Repayments	Net Lending
Funds appropriated to the President:									
Economic opportunity loans	$1,450	$613	$837	$12,132	$10,755	$1,377	$27,038	$10,232	$16,806
Defense production act	2	2	....	2	2,261	-2,259	15	1,684	-1,669
Total--Funds appropriated to the President	1,453	616	837	12,135	13,016	-882	27,053	11,916	15,136
Agriculture Department:									
Commodity Credit Corporation:									
Storage facility and short-term export sales credits	12,341	13,125	-784	220,067	133,611	86,456	194,755	114,868	79,887
Farmers Home Administration:									
Agriculture credit insurance	47,661	45,011	2,650	520,395	406,706	113,689	488,878	473,958	14,920
Direct loans	18,692	16,171	2,521	353,896	285,214	68,682	376,183	291,190	84,993
Emergency credit	4,990	3,146	1,844	113,891	99,717	14,174	105,149	89,883	15,267
Rural housing direct loans	1,017	7,140	-6,123	11,603	43,697	-32,094	14,151	48,132	-33,981
Rural housing insurance	67,885	70,042	-2,158	584,695	491,791	92,904	589,796	527,179	62,616
State rural rehabilitation	123	151	-28	979	1,768	-789	-630	1,550	-2,180
Rural Electrification Administration	40,433	15,204	25,230	472,959	172,193	300,766	495,000	204,335	290,665
Total--Agriculture Department	193,142	169,989	23,153	2,278,484	1,634,698	643,787	2,263,282	1,751,095	512,187
Commerce Department:									
Economic Development Administration:									
Economic development	4,814	....	4,814	47,986	8,375	39,611	59,450	9,383	50,067
Maritime Administration:									
Federal ship mortgage insurance	....	480	-480	909	1,944	-1,035	-3,095	1,467	-4,562
Other	....	351	-351	....	6,442	-6,442	....	7,569	-7,569
Total--Commerce Department	4,814	831	3,983	48,896	16,762	32,134	56,355	18,419	37,936
Defense Department:									
Military:									
Defense production guarantees	658	644	14	4,932	7,093	-2,161	5,927	14,158	-8,231
Homeowners assistance mortgages	....	....	....	....	....	....	....	....	....
Civil:									
Construction of power systems, Ryukyu Islands	....	....	....	....	....	....	430	....	430
Total--Defense Department	658	644	14	4,932	7,093	-2,161	6,357	14,158	-7,801
Health, Education, and Welfare Department:									
Office of Education:									
Higher education activities	9,591	171	9,420	88,816	2,944	85,871	104,784	3,583	101,201
Student loans	43	(*)	43	187	158	29	2	....	2
Other	30	105	-74	5,775	1,217	4,558	2,183	-909	3,092
Public Health Service	....	....	....	....	93	-93	....	91	-91
Social Security Administration	....	....	....	....	....	....	50,000	253,000	-203,000
Other	485	126	360	5,162	425	4,737	3,491	355	3,136
Total--Health, Education, and Welfare Department	10,150	402	9,749	99,940	4,837	95,103	160,459	256,119	-95,660
Housing and Urban Development Department:									
Renewal and housing assistance:									
College housing loans	16,376	1,032	15,344	197,384	48,735	148,649	310,480	35,221	275,259
Housing for the elderly	7,117	115	7,002	80,880	1,451	79,429	82,108	854	81,254
Low-rent public housing	34,455	52,331	-17,876	286,457	273,674	12,782	181,218	170,943	10,275
Other	16,789	37,334	-20,545	343,519	275,885	67,635	298,510	322,563	-24,054
Metropolitan development:									
Urban mass transportation	....	....	....	....	....	....	....	200	-200
Public facility loans	4,622	496	4,126	50,098	5,935	44,163	49,278	3,854	45,424
Liquidating programs	....	26	-26	7	424	-418	....	355	-355
Federal Housing Administration:									
Modernisation, improvement and mortgage insurance	7,270	1,300	5,970	298,636	273,584	25,061	587,941	528,793	59,148

SECTION B--THE LOAN ACCOUNT--Continued

Classification	This Month			Current Fiscal Year to Date			Comparable Period Prior Fiscal Year		
	Loan Disbursements	Loan Repayments	Net Lending	Loan Disbursements	Loan Repayments	Net Lending	Loan Disbursements	Loan Repayments	Net Lending
Housing and Urban Development Department--Continued									
Government National Mortgage Association:									
Management and liquidating functions	$1,322	$14,417	-$13,096	$265,762	$151,408	$114,354	$500,003	$136,080	$363,923
Special assistance functions	68,772	10,465	58,306	521,813	80,263	441,550	634,667	62,976	571,691
Participation sales fund	....	70,722	-70,722	24,092	317,052	-292,960	284,530	170,742	113,788
Secondary market functions	....	....	....	281,999	105,143	176,856	2,216,899	279,083	1,937,815
Loans to Federal National Mortgage Association	66,690	245,190	-178,500	1,651,590	1,651,590	....	....	....	....
Total--Housing and Urban Development Department	223,412	433,479	-210,067	4,004,508	3,186,507	818,001	5,146,586	1,712,712	3,433,875
Interior Department:									
Bureau of Reclamation	609	110	499	5,435	1,261	4,174	14,688	1,253	13,435
Other	1,826	345	1,481	16,479	3,325	13,154	7,579	3,239	4,341
Total--Interior Department	2,435	455	1,979	21,913	4,586	17,328	22,267	4,492	17,776
Labor Department	....	....	....	....	....	....	50,000	164,000	-114,000
Transportation Department	....	....	....	....	100	-100	....	....	....
Treasury Department	....	134	-134	....	185	-185	....	70	-70
General Services Administration	7,714	2,673	5,041	30,418	23,351	7,067	22,579	21,944	635
Veterans Administration:									
Direct loan program	8,793	8,232	561	145,304	97,573	47,732	147,961	95,284	52,678
Loan guaranty program	15,113	4,097	11,015	193,634	51,412	142,222	239,814	35,018	204,795
Government life insurance fund	1,096	967	129	9,015	10,838	-1,822	8,675	94,385	-85,710
National service life insurance	13,840	5,832	8,008	131,213	72,571	58,642	165,611	195,035	-29,424
Other	1,007	259	748	9,980	3,031	6,949	7,579	2,387	5,192
Total--Veterans Administration	39,849	19,388	20,461	489,147	235,424	253,723	569,640	422,109	147,531
Other independent agencies:									
Civil Service Commission	....	200,000	-200,000	....	594,600	-594,600	594,600	114,000	480,600
Loans to District of Columbia	8,425	-2	8,427	107,781	43,025	64,756	60,231	38,789	21,442
Export-Import Bank of the United States	242,760	226,597	16,163	1,658,988	1,301,867	357,121	1,646,465	739,203	907,262
Farm Credit Administration:									
Banks for Cooperatives	....	....	....	999,678	879,112	120,566	1,826,882	1,665,593	161,289
Federal Intermediate Credit Banks	....	....	....	2,929,862	3,209,302	-279,440	7,413,310	7,007,710	405,600
Total--Farm Credit Administration	....	....	....	3,929,540	4,088,414	-158,874	9,240,192	8,673,303	566,889
Federal Home Loan Bank Board:									
Federal Savings and Loan Insurance Corporation	3,302	-2,097	5,399	29,072	11,691	17,381	4,707	9,257	-4,550
Interstate Commerce Commission	....	8	-8	....	1,001	-1,001	....	570	-570
National Capital Planning Commission	....	....	....	....	23	-23	....	201	-201
Railroad Retirement Board	....	50,000	-50,000	....	50,000	-50,000	50,000	114,000	-64,000
Small Business Administration	17,048	21,149	-4,101	215,061	233,646	-18,585	406,295	230,548	175,747
Total--Loan Account	755,162	1,124,266	-369,104	12,930,814	11,450,825	1,479,989	20,327,068	14,296,905	6,030,164
TOTAL BUDGET			(Net Totals)			(Net Totals)			(Net Totals)
Receipts (+) (The expenditure account)			+23,855,350			+187,842,654			+153,671,422
Expenditures (-) (The expenditure account)			-14,104,990			-183,288,677			-172,803,357
Net Lending (+) or (-) (The loan account)			+369,104			-1,479,989			-6,030,164
Total outlays			-13,735,886			-184,768,666			-178,833,521
Budget surplus (+) or deficit (-)			+10,119,464			+3,073,988			-25,162,099

TABLE IV--MEANS OF FINANCING (In thousands)

Classification (Assets and Liabilities Directly Related to the Budget)	Net Transactions [(-) denotes net reduction of either liability or asset accounts]			Account Balances Current Fiscal Year		
	This Month	Fiscal Year to Date		Beginning of		Close of This Mont
		This Year	Prior Year	This Year	This Month	
LIABILITY ACCOUNTS						
Borrowing from the public:						
Federal securities:						
Public debt securities	-$6,344,584	$6,141,847	$21,357,469	$347,578,406	$360,064,837	$353,720
Agency securities:						
Defense Department:						
Family housing mortgages	-9,044	-87,062	-84,150	1,951,441	1,873,423	1,864
Homeowners assistance mortgages	715	6,090	12	12	5,387	6
Housing and Urban Development Department:						
Federal Housing Administration	-1,563	28,469	56,404	548,427	578,459	576
Government National Mortgage Association:						
Participation sales fund:						
Participation certificates	-70,000	700,000	3,070,000	7,900,000	8,670,000	8,600
Secondary market operations	....	-5,887,062	1,807,959	5,887,062	....	....
Transportation Department:						
Coast Guard:						
Family housing mortgages	....	-126	-121	3,087	2,961	2
Treasury Department:						
Federal Farm Mortgage Corp. liquidation fund	....	-2	-11	109	107	
Other independent agencies:						
Export-Import Bank of the United States:						
Agency securities	-129,380	270,680	387,465	387,465	787,525	658
Participation certificates	-45,000	-369,115	19,452	2,183,068	1,858,953	1,813
Farm Credit Administration:						
Banks for Cooperatives fund	....	-1,229,515	157,888	1,229,515	....	....
Federal Intermediate Credit Banks fund	....	-3,778,580	416,005	3,778,580	....	....
Federal Home Loan Bank Board:						
Federal Home Loan Bank Board revolving fund	592	418	5,433	5,433	5,259	5
Home Owners' Loan Corporation fund	(*)	-13	-3	260	248	
Tennessee Valley Authority	72,655	202,655	107,800	525,000	655,000	727
Total agency securities	-181,025	-10,143,163	5,944,133	24,399,459	14,437,322	14,256
Total Federal securities	-6,525,609	-4,001,315	27,301,601	371,977,866	374,502,159	367,976
Deduct:						
Federal securities held as investments of Government accounts (See Schedule B)	2,054,291	8,521,983	5,320,125	79,137,448	85,605,140	87,659
Non-interest bearing public debt securities held by International Monetary Fund	....	-1,384,000	-1,119,000	2,209,000	825,000	825,
Total borrowing from the public	-8,579,900	-11,139,299	23,100,476	290,631,418	288,072,019	279,492,
Accrued interest payable on public debt securities	-937,314	43,293	295,307	1,735,048	2,715,654	1,778,
Deposit funds	-78,516	330,669	833,982	4,373,742	4,782,928	4,704,
Miscellaneous liability accounts (includes checks outstanding etc.)	139,772	-669,840	2,065,178	5,288,526	4,478,914	4,618,
Total liability accounts	-9,455,958	-11,435,177	26,294,943	302,028,734	300,049,515	290,593,
ASSET ACCOUNTS (Deduct)						
Cash and monetary assets:						
Within general account of Treasurer, U.S.	426,249	409,476	-1,064,932	6,694,062	6,677,289	7,103,
With other Government officers	146,942	696,549	1,858,361	3,662,581	4,212,188	4,359,
With International Monetary Fund	106,000	644,250	538,000	965,750	1,504,000	1,610,
Total cash and monetary assets	679,190	1,750,274	1,331,428	11,322,393	12,393,477	13,072,
Miscellaneous asset accounts	37,189	291,308	168,629	1,239,990	1,494,109	1,531,
Total asset accounts	716,379	2,041,582	1,500,058	12,562,383	13,887,586	14,603,
Excess of Liabilities (+) or Assets (-)	-10,172,337	-13,476,759	+24,794,885	+289,466,351	+286,161,929	+275,989,
Add: Transactions not applied to current year's surplus or deficit	52,873	10,402,771	367,213	....	10,349,898	10,402,
Total budget financing [Financing of deficit (+) or disposition of surplus (-)]	-10,119,464	-3,073,988	+25,162,099	+289,466,351	+296,511,827	+286,392,

TABLE IV--SCHEDULE A--ANALYSIS OF CHANGE IN EXCESS OF LIABILITIES (In thousands)

Classification		This Month	Fiscal Year to Date	
			This Year	Prior Year
xcess of liabilities beginning of period:				
Based on composition of unified budget in preceding period..		$286,288,187	$289,643,973	$264,824,484
Adjustments during current fiscal year for changes in composition of unified budget:				
Reclassified from deposit fund (liability) account to budget account:				
Proceeds of sales, personal property:				
Agency for International Development		....	-738	-394
Defense Department		....	-10,256	-18,362
Other		....	-76	-55
Proceeds from sale of scrap, salvage or surplus materials:				
Defense Department		....	-40,378	-36,921
Reclassified from budget account to deposit fund (liability) account:				
State participation:				
Appalachian Regional Commission		....	84	77
Reclassified from budget transactions to cash and monetary assets with other government officers:				
Indian tribal funds - deposits with commercial banks		-126,258	-126,258	-97,364
cess of liabilities beginning of period (current basis)		286,161,929	289,466,351	264,671,465
dget surplus (-) or deficit:				
Based on composition of unified budget in prior fiscal year..		-10,078,728	-3,027,530	25,186,703
Adjustments during current fiscal year for changes in composition of unified budget:				
Reclassified from deposit fund transactions (non-budget) to budget transactions:				
Proceeds of sales, personal property:				
Agency for International Development		-64	-910	-344
Defense Department		5,215	5,087	8,106
Other		....	-74	-21
Proceeds from sale of scrap, salvage or surplus materials:				
Defense Department		-7,107	-11,759	-3,457
Reclassified from budget transactions to deposit fund transactions (non-budget):				
State participation:				
Appalachian Regional Commission		-8	-30	7
Reclassified from budget transactions to cash and monetary assets with other government officers:				
Indian tribal funds - deposits with commercial banks		-38,772	-38,772	-28,894
idget surplus (-) or deficit (Table III)		-10,119,464	-3,073,988	25,162,099
eceipts and expenditures not applied to surplus or deficit of the current year:				
Seigniorage		-10,413	-232,820	-367,213
Conversion to private ownership of:				
Banks for Cooperatives		....	-1,278,571	....
Federal Intermediate Credit Banks		-42,460	-3,261,069	....
Federal National Mortgage Association		....	-5,630,311	....
Total		-52,873	-10,402,771	-367,213
xcess of liabilities close of period		275,989,592	275,989,592	289,466,351

TABLE IV-SCHEDULE B--INVESTMENTS OF GOVERNMENT ACCOUNTS IN FEDERAL SECURITIES (In thousands)

Classification	Net Purchases or Sales(-)			Securities Held as Investments Current Fiscal Year		
	This Month	Fiscal Year to Date		Beginning of		Close o This Mon
		This Year	Prior Year	This Year	This Month	
Legislative Branch:						
Library of Congress	-$20	-$9	$52	$52	$63	
The Judiciary:						
Judicial survivors annuity fund	246	593	549	4,132	4,479	4,
Agriculture Department:						
Public debt securities	....	....	-200	173	173	
Agency securities	....	-6,000	-5,870	82,054	76,054	76,
Commerce Department	-2,086	2,395	3,964	9,096	13,577	11,
Defense Department	....	....	101	583	583	
Health, Education, and Welfare Department:						
Federal old-age and survivors ins. trust fund:						
Public debt securities	-80,724	2,764,853	1,380,784	22,743,265	25,588,842	25,508,
Agency securities	....	-96,500	-7,000	96,500	....	....
Participation certificates	....	230,000	210,000	410,000	640,000	640,
Federal disability insurance trust fund:						
Public debt securities	105,766	1,150,956	515,855	2,206,433	3,251,623	3,357,
Agency securities	....	-30,000	10,000	30,000	....	....
Participation certificates	....	....	65,000	115,000	115,000	115,
Federal hospital insurance trust fund:						
Public debt securities	-4,953	631,176	67,117	1,258,764	1,894,893	1,889,
Agency securities	....	-41,500	....	41,500	....	....
Participation certificates	....	....	20,000	70,000	70,000	70,
Federal supplementary medical ins. trust fund	-13,002	76,558	-197,436	281,413	370,973	357,
Other	-13	388	44	183	584	
Housing and Urban Development Department:						
Renewal and housing assistance:						
Low-rent public housing program	....	-3,000	-10,000	3,000	....	....
Metropolitan Development:						
Agency securities	....	....	....	....	....	....
Federal Housing Administration:						
Federal Housing Administration fund:						
Public debt securities	32,031	167,439	137,229	688,438	823,846	856,
Agency securities	-155	-3,049	-2,070	83,427	80,533	80,
Participation certificates	....	115	60	60	175	
Community disposal operations fund:						
Public debt securities	....	8	36	36	44	
Agency securities	....	....	....	388	388	
Government National Mortgage Association:						
Participation sales fund:						
Public debt securities	125,338	500,691	421,644	508,109	883,462	1,008,
Agency securities	-25,955	-35,880	48,460	99,175	89,250	63,
Management and liquidating functions fund:						
Public debt securities	....	....	....	....	....	....
Agency securities	41	-1,921	-2,106	59,323	57,362	57,
Special assistance functions fund:						
Agency securities	162	-5,258	-5,299	121,592	116,172	116,
Federal Insurance Administration:						
National Insurance Development fund	4,935	32,024	....	....	27,089	32,
Interior Department:						
Public debt securities	10,283	-4,519	17,383	25,096	10,294	20,5
Participation certificates	....	1,000	....	....	1,000	1,0
Labor Department:						
Unemployment trust fund:						
Public debt securities	-20,202	1,174,194	1,022,525	11,061,159	12,255,555	12,235,
Agency securities	....	-146,500	-57,000	146,500	....	....
Participation certificates	....	-90,000	180,000	355,000	265,000	265,
Other	....	-6	-115	109	103	
State Department:						
Foreign service retirement and disability fund	800	5,460	-285	41,860	46,520	47,
Other	....	35	15	15	50	
Transportation Department:						
Coast Guard	....	....	10	10	10	
Highway trust fund	42,361	534,411	256,614	978,324	1,470,374	1,512,7
Treasury Department:						
Public debt securities	-4,000	-722,167	-540,852	759,838	41,671	37,6
Agency securities	....	-25,000	-25,000	25,000	....	....
Participation certificates	....	....	-23,000	2,000	2,000	2,0
General Services Administration	....	100	-140	1,667	1,767	1,7

TABLE IV-SCHEDULE B--INVESTMENTS OF GOVERNMENT ACCOUNTS IN FEDERAL SECURITIES--Continued (In thousands)

Classification	Net Purchases or Sales (-)			Securities Held as Investments Current fiscal Year		
	This Month	Fiscal Year to Date		Beginning of		Close of This Month
		This Year	Prior Year	This Year	This Month	
ans Administration:						
erans reopened insurance fund	$7,645	$34,609	$34,546	$87,099	$114,063	$121,708
erans special term insurance fund	9,246	28,471	24,704	214,086	233,311	242,557
ernment life insurance fund:						
ublic debt securities	23,939	-34,569	62,373	876,400	817,892	841,831
gency securities	....	....	....	....	....	....
ional service life insurance fund:						
ublic debt securities	180,535	-102,096	111,442	5,855,749	5,573,118	5,753,653
gency securities	....	-67,500	-42,000	67,500	....	....
articipation certificates	....	175,000	155,000	305,000	480,000	480,000
er	....	686	....	1,070	1,756	1,756
independent agencies:						
l Service Commission:						
ivil service retirement and disability fund:						
Public debt securities	852,956	1,824,117	596,735	17,900,806	18,871,967	19,724,923
Agency securities	....	-96,500	-7,000	96,500	....	....
Participation certificates	....	100,000	210,000	410,000	510,000	510,000
mployees health benefits fund	1,450	6,764	24,758	99,836	105,150	106,600
mployees life insurance fund	49,074	143,045	45,753	495,148	589,119	638,193
etired employees health benefits fund	-1,800	-1,996	2,382	3,820	3,624	1,824
port-Import Bank of the United States	....	....	-81,500	....	....	....
m Credit Administration:						
Banks for Cooperatives:						
Public debt securities	....	-56,781	10,739	56,781	....	....
Agency securities	....	....	-2,650	....	....	....
ederal Intermediate Credit Banks:						
Public debt securities	....	-137,009	27,712	137,009	....	....
Agency securities	....	-10,500	8,700	10,500	....	....
deral Deposit Insurance Corporation	-3,539	312,655	258,232	3,840,632	4,156,826	4,153,287
deral Savings and Loan Insurance Corporation:						
Public debt securities	118,335	215,786	171,976	1,900,244	1,997,695	2,116,030
gency securities	....	-4,000	4,000	4,000	....	....
Participation certificates	....	70,950	88,600	88,600	159,550	159,550
lroad Retirement Board:						
Public debt securities	645,458	130,755	-35,469	4,095,747	3,581,044	4,226,502
gency securities	....	-71,500	10,000	71,500	....	....
articipation certificates	....	....	160,000	210,000	210,000	210,000
ler	140	509	24	148	517	657
Total	2,054,291	8,521,983	5,320,125	79,137,448	85,605,140	87,659,432
MEMORANDUM						
ments in securities of privately owned ernment-sponsored enterprises:						
luded in the Loan Account:						
Civil service retirement and disability fund	-200,000	-594,600	480,600	594,600	200,000	....
Federal old-age and survivors ins. trust fund	....	....	-114,000	....	....	....
Federal hospital insurance trust fund	....	....	-15,000	....	....	....
Federal disability insurance trust fund	....	....	-74,000	....	....	....
Indian tribal funds	40	5,355	....	....	5,315	5,355
Participation sales fund	-70,722	-292,960	113,788	292,960	70,722	....
Railroad retirement account	-50,000	-50,000	-64,000	50,000	50,000	....
Unemployment trust fund	....	....	-114,000	....	....	....
Veterans life insurance trust funds	....	....	....	....	....	....
Total	-320,682	-932,205	213,388	937,560	326,037	5,355
t applied to current year's surplus or deficit:						
Civil service retirement and disability fund	....	86,500	....	....	86,500	86,500
Federal old-age and survivors ins. trust fund	....	86,500	....	....	86,500	86,500
Federal hospital insurance trust fund	....	41,500	....	....	41,500	41,500
Federal disability insurance trust fund	....	20,000	....	....	20,000	20,000
Federal Savings and Loan Insurance Corporation	....	4,000	....	....	4,000	4,000
Participation sales fund	-42,460	17,705	....	....	60,165	17,705
Railroad retirement account	....	61,500	....	....	61,500	61,500
Unemployment trust fund	....	86,500	....	....	86,500	86,500
Veterans life insurance trust funds	....	67,500	....	....	67,500	67,500
Total	-42,460	471,705	....	....	514,165	471,705

TABLE V--COMPARATIVE STATEMENT OF BUDGET RECEIPTS AND OUTLAYS BY MONTHS OF CURRENT FISCAL YEAR

(Figures are rounded in millions of dollars and may not add to totals)

Classification	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	Fiscal Year To Date	Comparable Period Prior F.Y.	Est ma Cur F.
RECEIPTS															
Individual income taxes	$5,013	$6,360	$9,199	$5,299	$6,483	$6,397	$10,222	$7,287	$3,999	$12,106	$4,760	$10,100	$87,226	$68,726	[illegible]
Corporation income taxes	2,175	538	5,000	1,278	559	5,159	1,603	682	4,965	5,323	806	8,606	36,696	28,665	[illegible]
Social insurance taxes and contributions:															
Employment taxes and contributions	2,093	3,664	2,383	1,944	3,126	1,865	1,798	3,924	2,603	3,513	4,735	2,595	34,245	29,224	[illegible]
Unemployment insurance	114	618	55	108	346	49	159	773	63	162	821	57	3,325	3,346	[illegible]
Contributions for other insurance and retirement	204	167	213	204	187	204	218	183	198	206	192	172	2,350	2,051	[illegible]
Excise taxes	1,448	1,175	1,223	1,222	1,354	1,412	1,254	1,152	1,156	1,160	1,272	1,386	15,213	14,079	[illegible]
Estate and gift taxes	232	229	229	242	229	256	277	230	308	631	310	306	3,478	3,051	[illegible]
Customs	205	210	205	212	186	195	119	144	197	224	213	210	2,319	2,038	[illegible]
Miscellaneous	174	247	235	217	241	292	202	216	238	271	237	422	2,991	2,493	[illegible]
Total	11,658	13,208	18,741	10,726	12,712	15,828	15,853	14,589	13,728	23,596	13,346	23,855	187,843	153,671	[illegible]
OUTLAYS															
Legislative Branch	21	37	19	23	17	28	16	25	21	30	20	19	277	255	
The Judiciary	8	9	9	8	9	8	9	8	9	11	10	9	109	91	
Executive Office of the President	2	3	3	2	2	2	3	2	3	3	3	3	31	28	
Funds appropriated to the President:															
Military assistance	135	70	53	79	79	-23	76	7	83	44	51	130	783	654	
Economic assistance	141	169	150	193	142	80	182	99	129	181	129	199	1,795	1,844	1
Other	219	211	161	177	155	186	181	181	183	192	224	310	2,381	2,415	2
Agriculture Department:															
Commodity Credit Corporation, foreign assistance and special export programs	380	946	1,419	841	470	393	432	217	-38	504	167	-513	5,219	4,509	5
Other	246	340	266	426	310	282	376	177	485	106	177	21	3,212	2,799	2
Commerce Department	77	57	42	109	64	77	87	54	64	80	81	63	854	807	
Defense Department:															
Military:															
Department of the Army	1,593	2,202	2,138	2,165	2,045	2,307	2,070	1,981	1,945	2,286	2,033	2,339	25,102	25,294	24
Department of the Navy	1,568	1,848	1,864	1,959	1,761	1,898	1,926	1,712	1,961	1,846	1,958	2,219	22,520	22,110	22
Department of Air Force	2,023	2,055	2,098	2,227	2,180	2,092	2,179	2,171	2,243	2,193	2,126	2,355	25,943	25,797	25
Defense agencies	254	288	295	341	325	360	348	313	338	309	313	305	3,790	3,740	4
Other	22	47	13	76	28	46	44	49	56	48	49	60	537	432	
Total Military	5,461	6,440	6,408	6,768	6,336	6,702	6,568	6,227	6,543	6,682	6,480	7,278	77,893	77,373	77,
Civil	98	125	113	170	120	114	87	50	84	79	95	131	1,268	1,300	1,
Health, Education, and Welfare Department:															
Social and Rehabilitation Service	497	556	569	492	638	569	548	507	646	751	623	694	7,089	5,967	7,
Federal old-age and survivors insurance trust fund	1,957	1,988	1,986	2,013	1,996	2,004	1,996	2,040	2,055	2,069	2,042	2,545	24,691	21,622	24,
Federal disability insurance trust fund.	207	210	209	213	216	213	219	214	220	223	224	247	2,613	2,237	2,
Federal hospital insurance trust fund	378	357	341	393	368	393	421	393	427	450	432	406	4,758	3,815	4,
Federal supplementary medical insurance trust fund	146	151	137	150	146	149	155	147	156	179	159	165	1,840	1,532	1,
Other	342	509	521	529	466	448	492	549	505	499	574	167	5,602	5,404	5,
Housing and Urban Development Department	336	164	35	345	-19	29	207	322	-70	54	275	-140	1,537	4,140	2,
Interior Department	-192	171	122	134	71	86	67	63	90	123	67	31	834	235	
Justice Department	33	45	30	43	50	39	51	42	47	42	51	46	520	430	
Labor Department:															
Unemployment trust fund	175	206	179	182	175	229	311	292	323	266	209	243	2,790	2,746	2,
Other	46	65	54	58	49	53	51	48	66	64	61	69	685	525	
Post Office Department	70	108	85	69	41	-38	129	74	128	36	189	97	987	1,080	
State Department	70	24	34	72	32	30	32	28	21	15	38	38	435	424	
Transportation Department:															
Highway trust fund	433	429	454	528	395	353	332	224	190	213	247	352	4,151	4,171	4,
Other	118	182	131	165	142	158	157	135	160	156	134	181	1,818	1,561	2,
Treasury Department:															
Interest on the public debt	1,347	1,332	1,311	1,360	1,335	1,385	1,393	1,372	1,436	1,418	1,431	1,493	16,613	14,573	16,
Interest on refunds, etc.	9	10	14	12	10	12	7	9	10	15	9	9	127	130	
Other	-11	18	26	-118	96	18	-27	42	65	72	30	11	221	-48	

TABLE V--COMPARATIVE STATEMENT OF BUDGET RECEIPTS AND OUTLAYS BY MONTHS OF CURRENT FISCAL YEAR--Continued

(Figures are rounded in millions of dollars and may not add to totals)

Classification	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	Fiscal Year To Date	Comparable Period Prior F. Y.	Estimates Current F. Y.
OUTLAYS-Continued															
omic Energy Commission	$186	$216	$200	$219	$187	$222	$230	$168	$178	$209	$185	$248	$2,450	$2,466	$2,451
neral Services Administration	1	32	27	27	33	32	42	11	54	28	44	97	430	413	413
tional Aeronautics and Space Administration	277	434	342	393	334	353	347	335	385	353	367	327	4,247	4,721	4,247
terans Administration:															
Compensation, pensions, and benefit programs	419	425	416	429	459	453	465	485	497	509	524	514	5,594	5,078	5,433
Government life insurance fund	9	6	4	7	5	6	6	5	7	7	8	6	76	-14	78
National service life insurance fund	61	51	41	54	39	50	54	51	60	62	55	47	627	471	626
Other	101	116	160	107	114	114	107	108	148	114	97	86	1,373	1,323	1,582
her independent offices:															
Civil Service Commission	178	173	200	194	190	146	37	163	192	111	233	-64	1,754	2,704	1,705
Export-Import Bank of the United States	29	50	40	23	26	-140	-51	102	68	45	109	-55	246	790	165
Small Business Administration	9	47	10	16	6	13	4	(**)	2	2	-2	4	111	284	100
Tennessee Valley Authority	9	15	15	16	21	23	10	1	11	23	13	31	187	137	177
Other	392	139	77	187	61	-19	156	59	204	207	189	83	1,733	2,413	1,844
ndistributed intrabudgetary ransactions:															
Federal employer contributions to retirement funds	-169	-181	-155	-207	-157	-170	-172	-175	-177	-178	-189	-160	-2,091	-1,896	-2,105
Interest credited to certain Government accounts	-33	-100	-23	-58	-107	-671	-32	-127	-33	-76	-103	-1,736	-3,099	-2,674	-3,000
llowances, undistributed	......	.....	.....	.....	.....	.....	.....	.....	....	.....	......	....	....	....	....
Total	14,217	16,355	16,235	16,839	15,124	14,394	15,761	14,734	15,639	15,972	15,764	13,736	184,769	178,834	184,901
urplus (+) or deficit (-)	-2,559	-3,147	+2,506	-6,112	-2,412	+1,435	+92	-145	-1,911	+7,625	-2,418	+10,119	+3,074	-25,162	+1,191

TABLE VI--SUMMARY OF RECEIPTS BY SOURCE AND OUTLAYS BY FUNCTION (In thousands)

Source	This Month			Current Fiscal Year to Date			Comparable Period Prior Fiscal Year		
	The Expenditure Account	Loan Account	Total Budget	The Expenditure Account	Loan Account	Total Budget	The Expenditure Account	Loan Account	Total Budget
NET RECEIPTS									
Individual income taxes	$10,100,045	....	$10,100,045	$87,225,565	....	$87,225,565	$68,725,513	....	$68,725,513
Corporation income taxes	8,606,495	....	8,606,495	36,695,990	....	36,695,990	28,664,673	....	28,664,673
Social insurance taxes and contributions:									
Employment taxes and contributions	2,595,348	....	2,595,348	34,244,544	....	34,244,544	29,223,788	....	29,223,788
Unemployment insurance	57,062	....	57,062	3,324,993	....	3,324,993	3,345,624	....	3,345,624
Contributions for other insurance and retirement	172,472	....	172,472	2,349,649	....	2,349,649	2,050,532	....	2,050,532
Excise taxes	1,385,991	....	1,385,991	15,213,383	....	15,213,383	14,079,045	....	14,079,045
Estate and gift taxes	305,597	....	305,597	3,477,596	....	3,477,596	3,050,696	....	3,050,696
Customs	210,205	....	210,205	2,319,467	....	2,319,467	2,038,238	....	2,038,238
Miscellaneous	422,136	....	422,136	2,991,466	....	2,991,466	2,493,313	....	2,493,313
Total	23,855,350	....	23,855,350	187,842,654	....	187,842,654	153,671,422	....	153,671,422
OUTLAYS									
National defense	7,663,423	$8	7,663,432	81,255,267	-$4,466	81,250,801	80,526,335	-$9,944	80,516,391
International affairs and finance	429,171	16,163	445,334	3,770,217	357,121	4,127,338	3,962,114	907,262	4,869,376
Space research and technology	326,517	....	326,517	4,246,550	....	4,246,550	4,720,686	....	4,720,686
Agriculture and agricultural resources	-694,694	22,984	-671,710	5,591,928	484,152	6,076,080	4,549,491	1,076,351	5,625,842
Natural resources	127,870	955	128,825	2,112,982	5,891	2,118,873	1,662,173	17,076	1,679,248
Commerce and transportation	695,937	114	696,050	7,994,851	18,408	8,013,260	7,772,399	212,624	7,985,023
Community development and housing	-37,957	-211,023	-248,980	363,465	751,585	1,115,050	439,262	3,202,483	3,641,745
Education and manpower	940,873	24,733	965,606	7,351,963	239,107	7,591,070	7,215,500	379,554	7,595,053
Health and welfare	4,216,051	-249,640	3,966,411	49,642,598	-639,956	49,002,643	43,422,699	102,645	43,525,344
Veterans benefits and services	635,488	20,461	655,949	7,449,672	253,723	7,703,395	6,746,640	147,531	6,894,171
Interest	1,407,043	....	1,407,043	15,850,074	....	15,850,074	13,745,665	....	13,745,665
General government	291,197	6,141	297,338	2,848,595	14,423	2,863,018	2,610,364	-5,418	2,604,946
Undistributed intrabudgetary transactions	-1,895,929	....	-1,895,929	-5,189,485	....	-5,189,485	-4,569,970	....	-4,569,970
Total	14,104,990	-369,104	13,735,886	183,288,677	1,479,989	184,768,666	172,803,357	6,030,164	178,833,521

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GPO 876-834

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TREASURY DEPARTMENT

WASHINGTON, D.C.
July 28, 1969

FOR IMMEDIATE RELEASE

STATEMENT OF SECRETARY KENNEDY ON RATIFICATION OF SDR AMENDMENT

The International Monetary Fund informed me today that the Amendment to the Fund's Articles of Agreement, which includes the provisions for the Special Drawing Rights facility, has been formally ratified and has now entered into force. For the first time, the nations of the world can, by conscious international decision, create international reserve assets to supplement supplies of gold and foreign exchange.

The Amendment is the first major change in the Articles of the Fund since the original Bretton Woods Articles became effective in December, 1945. It represents an enlightened willingness of Fund members to work together in a spirit of cooperation to adapt the Fund Agreement to meet the problems of today and tomorrow.

I strongly support a decision to activate the Special Drawing Rights Facility in substantial amounts at the time of the Annual Meeting of the Fund later this year in Washington. I anticipate that the Managing Director will be able to make a formal proposal to that effect in ample time for a decision by the Governors.

The consensus reached among the Deputies of the Group of Ten at last week's meeting in Paris is a major step towards that objective.

We can, therefore, look forward with confidence to a reasonable rate of growth in world reserves in amounts adequate to support future expansion of international trade and payments.

The quiquennial review of quotas in the Fund is also due in 1970. The discussions among the Deputies point toward an enlargement in those credit facilities which will further strengthen the monetary system.

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TREASURY DEPARTMENT

WASHINGTON, D.C.
July 30, 1969

FOR IMMEDIATE RELEASE

WEEKLY TREASURY'S BILL OFFERING

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $2,800,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing August 7, 1969, in the amount of $2,800,762,000, as follows:

91-day bills (to maturity date) to be issued August 7, 1969, in the amount of $1,600,000,000, or thereabouts, representing an additional amount of bills dated May 8, 1969, and to mature November 6, 1969, originally issued in the amount of $1,300,282,000, the additional and original bills to be freely interchangeable.

182-day bills, for $1,200,000,000, or thereabouts, to be dated August 7, 1969, and to mature February 5, 1970.

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

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Daylight Saving time, Monday, August 4, 1969. 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

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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 each issue 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 for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on August 7, 1969, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 7, 1969. 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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REASURY DEPARTMENT

WASHINGTON, D.C.

July 30, 1969

TREASURY ANNOUNCES AUGUST 15 REFUNDING TERMS

The Treasury today announced that it is offering holders of the $3,366 million of 6% Treasury Notes of Series C-1969, maturing August 15, 1969, the right to exchange their holdings for a 7-3/4% 18-month Treasury note to be dated August 15, 1969, to mature February 15, 1971, at a price of 99.90 to yield about 7.82%.

Subscribers will receive a cash payment for the difference between the par value of the maturing notes and the offering price of the new notes.

The public holds about $3.2 billion of the maturing notes.

Cash subscriptions for the new notes will not be received.

The books will be open for three days only, on August 4 through August 6, for the receipt of subscriptions. Subscriptions addressed to a Federal Reserve Bank or Branch, or to the Office of the Treasurer of the United States, and placed in the mail before midnight August 6, will be considered as timely. The payment and delivery date for the notes will be August 15, 1969. The notes will be 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.

Coupons dated August 15, 1969, on the maturing notes should be detached and cashed when due. The August 15, 1969, interest due on registered notes will be paid by issue of interest checks in regular course to holders of record on July 15, 1969, the date the transfer books closed.

Interest on the new notes will be payable on February 15 and August 15, 1970, and February 15, 1971.

FOR RELEASE ON DELIVERY

STATEMENT OF EUGENE T. ROSSIDES
ASSISTANT SECRETARY OF THE TREASURY
BEFORE THE
SUBCOMMITTEE ON IMPROVEMENTS IN JUDICIAL MACHINERY
OF THE
SENATE JUDICIARY COMMITTEE
ON S. 2624

August 4, 1969

Mr. Chairman and Members of the Subcommittee:

I am Eugene T. Rossides, Assistant Secretary of the Treasury for Enforcement and Operations. My responsibilities include supervision of the Bureau of Customs. I would like to introduce Mr. Lee Ritger, Assistant General Counsel of the Treasury, and Mr. Leonard Lehman, Deputy Chief Counsel of the Bureau of Customs, who have participated, over a period of years,in the drafting of the proposed legislation.

I appreciate the opportunity to appear before your Committee to present the Treasury's unequivocal support for the enactment of S. 2624

"To improve the judicial machinery in customs courts by amending the statutory provisions relating to judicial actions and administrative proceedings in customs matters, and for other purposes." This bill has been prepared by the Treasury and Justice Departments, working in the closest kind of joint effort, and we are in complete accord with its provisions.

But, in a larger sense, this bill is a monument to Mr. Justice Clark and the Federal Judicial Center and Judge Rao and the Customs Court. Their support and efforts have been crucial. I would also like to add that Judge Rao and his colleagues on the Customs Court have done an outstanding job with an archaic statute.

First, I wish to place this proposal in perspective. The bill's purpose is confined to revising the administrative procedures under which duty liabilities are determined and to modernizing the judicial procedures in the United States Customs Court and Court of Customs and Patent Appeals. It does not affect rates of duty nor the substantive provisions of law relating to the basis of duty assessments, such as the statute governing the determination of value of imported merchandise. In other words, it is not intended to have any commercial or financial impact on our international trade, favorable or unfavorable. It has been deliberately drafted to be "trade neutral."

We believe that this bill will enable the Treasury Department's Bureau of Customs, the Department of Justice and the customs courts to deal with the ever-escalating volume of import transactions far more efficiently and effectively than they have been able to in the past.

To give your Committee an idea of how the volume of customs collections and transactions has been rising, even in the last five years--in fiscal year 1964, the Customs Service collected over $1.8 billion and processed 1.7 million formal entries; in fiscal year 1969, however, Customs collected over $3-1/4 billion and processed over 2-1/2 million formal entries. Each year, Customs handles hundreds of millions of other types of transactions. For example, each of the more than 200 million persons who arrived in the United States in 1968 had to clear customs. I presented figures only for the formal entries because typically they cover commercial importations and, therefore, are the source of nearly all the litigation in the customs courts.

Enactment of this bill would climax efforts begun a number of years ago to modernize procedures in the Bureau of Customs relating to duty assessment.

Under Reorganization Plan No. 1 of 1965, the Bureau of Customs took a giant step into the 20th century by redesigning the Customs administrative organization to meet the demands of expanding international trade and travel. Major goals achieved under that plan were the elimination of all Presidentially-appointed customs officials at the local level and the consolidation, primarily under career district directors, of the separate organizational units for which those former Presidential appointees were responsible. The primary authority and responsibility for supervising the administrative and operating field activities of these district directors were placed in nine regional commissioners of customs, who report directly to the Commissioner of Customs.

The Treasury Department, the Bureau of Customs, and the Justice Department now seek to complete the procedural phase of the reorganization process begun in 1965 by revising the outmoded statutory procedural requirements. We believe the bill does so in a way which balances the interest of the Government, the importing community and the domestic producers.

Before briefly describing the highlights of the bill, an outline of the history of the procedures for determining the value of imported goods is relevant and would be of interest to your Committee.

In the earliest days, Customs valuations of goods were not open to judicial review. The first Congress, in 1789, provided that collectors of customs would accept value stated on original invoices as the basis for assessment of duty. If original invoices were not produced, the collector would appoint a merchant appraiser familiar with the goods, the importer would also appoint a merchant and the two, under oath, would make the appraisement.

In 1823, the President was authorized to appoint United States Appraisers for certain ports and at other ports, Collectors appointed "responsible resident merchants" to be appraisers. If an importer was dissatisfied with the Government's appraisal, he could employ, at his own expense, two "responsible resident merchants" who, together with the government appraisers, would determine the value. Appeals could be taken to the Secretary of the Treasury but his decision was final. During this period, an importer could obtain judicial review of duty assessments by bringing an action in federal court for a refund of duty paid and the court would decide whether the collector of customs had assessed the proper rate of duty. However, the court could not inquire into the merits of the value on which the duty was assessed.

Various changes were made in this system during the 19th century, but it was not until 1890, when the Board of General Appraisers was created to review decisions of the Bureau of Customs, that a system of quasi-judicial review of value determinations was established. Nine general appraisers, three of whom sat as a Board, were appointed by the President with the consent of the Senate. The Board's decisions relating to duty assessments, including classification as well as value, were reviewable by the circuit courts of appeal.

The specialized Court of Customs Appeals was created in 1909 to have exclusive jurisdiction over decisions of the Board of General Appraisers. The court became the Court of Customs and Patent Appeals in 1929.

In 1926, the United States Customs Court was established replacing the Board of General Appraisers. However, the change was largely one of name. The limitations and restrictions imposed on the Board by the statute were retained for the Court.

Thus, it is almost 80 years since the existing system of administrative determinations of duty liability coupled with judicial review saw its beginnings. We believe the time has come to revamp and modernize the system.

Before turning to a description of the changes we propose to bring the present procedures in the

Bureau of Customs up to date, let me describe briefly the present procedures leading to judicial review.

Under Reorganization Plan No. 1 of 1965, the appraisement and classification functions were consolidated under the supervision of local district directors. Essentially, the purpose of appraisement is to determine the value of merchandise against which the statutory rate of duty is to be applied. The purpose of classification is to determine the dutiable category under the law into which the merchandise falls.

Notwithstanding this administrative amalgamation of the two functions, the applicable statute still requires separate procedures for the appraisement and classification of imported merchandise. The importer is entitled to separate judicial review of the appraisement determination and if this is undertaken, other processes relating to the assessing of duties must be halted while the appeal is pending in court. The classification of the merchandise and completion of other administrative processing necessary to "liquidate" the entry (procedures involving the fixing of the duties due, the assessment of any additional duties due or the refunding of any overpayments of duty tentatively estimated and paid when the merchandise is initially landed) must await the final court decision on the appeal for reappraisement.

When the process is resumed, after the judicial review of the appraisement determination has been completed, and the entry is liquidated, the importer is entitled to administrative as well as a new judicial review of the liquidation. Thus, the final determination of the duty actually owed to the Government, or refund due the importer, may be delayed for years.

Moreover, under present law, which, as we have seen, was enacted substantially in the 19th century, appeals from initial Customs administrative appraisements are automatically referred to the Customs Court without opportunity for any administrative review of the appraisement. On the other hand, the present law provides that when an entry is liquidated and the importer files a "protest" against the liquidation, Customs shall review all aspects of the liquidation which are challenged in the protest. If the protest is denied, however, the matter is automatically referrred to the Customs Court. No further or separate action is needed to invoke the Court's jurisdiction.

These automatic referrals demean the dignity and status of the Customs Court as a constitutional court. In addition, the procedures do not permit the importer the conscious choice normally exercised by allegedly aggrieved parties of deciding, after administrative review, whether or not to litigate. In some cases, the importer might be quite content to accept the Customs position after the original decision has been reviewed and affirmed at the administrative level.

This automatic and indiscriminate judicial review procedure, at a time when the volume of international trade is rising, has resulted in a tremendous increase in court workload. It has also caused manpower and storage facilities at the Customs administrative level to be wastefully utilized in transmitting records to the court and maintaining open files on numerous cases which experience has demonstrated will be abandoned by the importer or settled through stipulated agreement between the Government and the importer.

S. 2624 provides for a single customs administrative procedure for the determination of the duty liability of imported merchandise. All decisions, including appraisement and classification, which are necessary to the final duty determination and entry "liquidation", will be combined in a consolidated administrative process and subject to administrative review in a single proceeding. In addition, the bill authorizes administrative reconsideration of the appraisement decision, thereby eliminating the archaic situation under existing law which compels a district director to appeal his own appraisement decision to the Customs Court to correct an admitted appraisement error discovered after the entry has been officially appraised!

The bill gives to importers a 90-day period from the date of liquidation in which to protest any administrative determination, and permits the importer and Customs to take up to 2 years to resolve their differences at the review level before the importer must resort to judicial review. The extended time periods in which the importer may file his protest and the Government may review it will help to eliminate the protest filed merely as a protective measure and will insure that each protest receives the administrative consideration it deserves.

Finally, the bill provides that administrative review decisions become conclusive unless the protesting party affirmatively initiates an action in the Customs Court within six months following a denial of a protest.

The Treasury Department believes that these changes, meshed with the proposed modification in Customs Court procedures set forth in title I of the bill, will provide significant benefits to importers and all other segments of the public, and will permit the Bureau of Customs to perform its important role more effectively and efficiently in the future at our gateways of international trade.

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TREASURY DEPARTMENT

WASHINGTON, D.C.
July 31, 1969

FOR IMMEDIATE RELEASE

TREASURY REQUESTS SECURITIES ASSOCIATION, EXCHANGES TO CONTINUE INTEREST EQUALIZATION TAX PROCEDURES

The Treasury Department today requested the National Association of Securities Dealers, Inc., and national securities exchanges to request its member firms to continue existing procedures on securities transactions which are subject to the Interest Equalization Tax. The tax is due to expire at midnight tonight.

Treasury said that it expected that the Association and the exchanges would soon announce rules in accordance with this request. Technical details will be announced by Treasury later today.

The text of Under Secretary for Monetary Affairs Paul A. Volcker's letters follows:

> "Under current law the Interest Equalization Tax will not be applicable to any acquisition of stock of a foreign issuer or debt obligation of a foreign obligor made after July 31, 1969. H.R. 13079 passed by the House of Representatives on July 28, 1969, would extend the tax to August 31, 1969, and H.R. 12829 reported favorably by the Committee on Ways and Means without amendment would extend the tax to March 31, 1971.
>
> "The Department of the Treasury will propose that, if the legislative process to extend the tax is not completed before August 1, 1969, that the proposed renewal legislation be amended to make clear that, regardless of when the legislation is

enacted, the tax will apply to acquisitions on or after August 1, 1969. Such an amendment would assure the uninterrupted applicability of the IET beyond July 31, 1969, at the same rate and on the same terms in effect on July 31, 1969.

"Consultations with representatives of the securities industry indicate that it is both feasible and desirable to continue beyond July 31 1969, procedures previously adopted for dealing in stocks of foreign issuers and debt obligations of foreign obligors, especially those applicable to the identification of foreign securities owned by U.S. persons which may be traded free of tax among U. S. persons. Such continuation will assure the maintenance of orderly markets in these securities pending action on the proposed legislation, and such continuation will be confirmed in the proposed amendment.

"The Department of the Treasury, therefore, requests that you adopt the necessary rules calling upon your members and member firms to continue beyond July 31, 1969, procedures existing on that date for transactions and securities then subject to the IET."

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TREASURY DEPARTMENT

WASHINGTON, D.C.

July 31, 1969

FOR IMMEDIATE RELEASE

TECHNICAL DETAILS RELEASED ON CONTINUING IET PROCEDURES

NOTE TO CORRESPONDENTS:

Attached are technical details on continuation of current interest equalization tax rates, rules and procedures, as announced earlier today in Treasury release No. K-155.

Banks and trust companies which are participating custodians will continue as such through the period August 1 to August 8, 1969, but thereafter will continue only if certain procedures for continuation of their status are followed. Broker-dealers now qualified as participating firms will continue as such unless their status is terminated under current procedures.

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July 31, 1969

Treasury Department Announcement

INTEREST EQUALIZATION TAX

CONTINUATION OF CURRENT PROCEDURES AND RETROACTIVE EFFECT

The Treasury Department will propose that, if the interest equalization tax is not extended before August 1, 1969, the pending legislation be amended to (1) make it clear that, regardless of when the legislation is enacted, the tax will apply to acquisitions on or after August 1, 1969, so as to assure uninterrupted applicability of the interest equalization tax, and (2) confirm that the rates, rules and procedures in effect on July 31, 1969, will continue in effect during the period August 1, 1969, and extending until the legislation is enacted, in all respects as if the tax had been extended prior to August 1, 1969, with the sole exception that the banks and trust companies which are participating custodians will not continue as such after August 8, 1969, unless the procedures described below are followed. The status of participating firms will continue as such unless terminated under current procedures.

Under current law, the interest equalization tax is not applicable to any acquisition of stock of a foreign issuer or debt obligation of a foreign obligor made after July 31, 1969. H. R. 13079 passed by the House of

Representatives on July 28, 1969, would extend the tax to August 31, 1969, and H. R. 12829 reported favorably by the Committee on Ways and Means without amendment would extend the tax to March 31, 1971.

Some of the rules and procedures in effect on July 31, 1969, and which will continue in effect, are set forth below along with the special procedures for participating custodians.

1. Participating Firms and Participating Custodians.

Those broker-dealers having status as participating firms on July 31, 1969, will retain their status as such with respect to acquisitions after such date, unless their status is terminated and the termination announced under existing procedures. If any broker-dealer does not want to continue its status as a participating firm, it must follow such termination procedures.

Those banks (or trust companies) having status as participating custodians on July 31, 1969, will retain their status as such during the period August 1, 1969, through August 8, 1969. The status of each bank which is a participating custodian will be terminated as of the close of business Friday, August 8, 1969, unless the bank files with the Commissioner of Internal Revenue, Washington, D. C., 20224 (Attn: CP:A:O-JW), a letter indicating that such custodian agrees to comply, and is currently complying with the statutory requirements in effect on July 31, 1969, and the documentation, record-keeping, reporting, and auditing requirements of the Internal Revenue Service in effect on such date, or subsequently established. To avoid termination of such status, the letter must be received not later than 5 p.m., Wednesday, August 6, 1969. A telegram stating that such a letter has been mailed will be accepted for seven days in lieu of such letter. A list of those banks retaining their status as participating custodians will be published by the Internal Revenue Service on Thursday, August 7, 1969.

2. Issuance of Validation Certificates.

Validation Certificates will continue to be issued by the Internal Revenue Service after July 31, 1969. The Internal Revenue Service will follow those procedures currently in force dealing with the issuance of Validation Certificates, and will require such proof of status as a United States person and compliance with the tax (on the assumption that the proposed legislation will be enacted) as is currently required.

3. Payments in Respect of Tax.

During the interim period, the Internal Revenue Service will continue to receive returns and payments in respect of tax (on the assumption that the proposed legislation will be enacted) and make appropriate refunds. In the event that the tax is not extended, all payments in respect of tax on acquisitions made subsequent to the expiration date of the current law will be refunded on an expedited basis upon submission of an appropriate claim to the Internal Revenue Service.

4. Participating Firms Purchasing and Selling Taxable Securities for Own Account.

TIR 945 provides that a participating firm making a sale of taxable securities for its own account must pay the tax on or before the effective date of the sale (generally the settlement date) if it has issued a written comparison or broker-dealer confirmation indicating that the exemption for prior American ownership and compliance applies. In such cases the acquisition is currently reported on Form 3780A which accompanies the payment of tax. This procedure, including payments in respect of the tax, will remain in effect after July 31, 1969.

5. Withholding Procedures.

The withholding procedures currently provided under section 4918(e)(7) and Temporary Regulation §147.5-2 will continue to apply.

6. Information Returns.

Reporting on information returns currently prescribed in connection with the interest equalization tax will continue in effect.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

July 31, 1969

FOR IMMEDIATE RELEASE

STATEMENT OF TREASURY SECRETARY DAVID M. KENNEDY ON THE SENATE AND HOUSE ACTION TODAY ON TAXES

Today's tax actions in both the House and Senate moved President Nixon's anti-inflation tax program and the proposals for comprehensive tax reform much closer to final adoption.

The tax reform legislation announced by the House Ways and Means Committee builds upon the tax reform proposals made by the Administration last April 21.

While not agreeing with all aspects of the reform bill as reported by the Ways and Means Committee, Treasury believes that on balance it represents a highly constructive step toward an equitable tax code.

Senate action in extending the income tax surcharge at the full 10 per cent rate through December 31, 1969 underscores the general consensus on the importance of action to curb inflation. Although the extension is six months short of the full year extension requested by the President, Senate Democratic leaders gave assurance of early consideration of H.R. 12290, which includes a full-year extension plus the repeal of the investment tax credit and the other Administration measures.

Double assurance of positive action is indicated by the vote in the House Ways and Means Committee which adds to the bill an extension of the surcharge at a phasing out rate of 5 per cent through June of next year, the repeal of the investment tax credit, enactment of the low income allowance, and postponement of reduction in excises.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR RELEASE 6:30 P.M.,
Monday, August 4, 1969.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated May 8, 1969, and the other series to be dated August 7, 1969, which were offered on July 30, 1969, were opened at the Federal Reserve Banks today. Tenders were invited for $1,600,000,000, or thereabouts, of 91-day bills and for $1,200,000,000, 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 November 6, 1969		182 -day Treasury bills maturing February 5, 1970	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	98.247 a/	6.935%	96.444	7.034%
Low	98.226	7.018%	96.411	7.099%
Average	98.232	6.994% 1/	96.418	7.085% 1/

a/ Excepting one tender of $700,000
100% of the amount of 91-day bills bid for at the low price was accepted
95% 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	$ 38,443,000	$ 27,343,000	$ 9,116,000	$ 8,816,000
New York	2,044,744,000	1,069,335,000	1,909,395,000	821,510,000
Philadelphia	40,893,000	25,713,000	20,691,000	9,691,000
Cleveland	50,440,000	48,140,000	36,059,000	34,784,000
Richmond	36,749,000	35,749,000	27,896,000	19,291,000
Atlanta	46,951,000	36,751,000	37,185,000	27,128,000
Chicago	160,141,000	133,512,000	177,920,000	145,950,000
St. Louis	51,800,000	36,200,000	35,905,000	26,905,000
Minneapolis	27,059,000	22,309,000	17,645,000	8,145,000
Kansas City	33,762,000	33,762,000	22,220,000	21,420,000
Dallas	33,310,000	22,310,000	24,498,000	14,198,000
San Francisco	139,587,000	109,887,000	123,393,000	62,393,000
TOTALS	$2,703,879,000	$1,601,011,000 b/	$2,441,923,000	$1,200,231,000 c/

Includes $390,039,000 noncompetitive tenders accepted at the average price of 98.232
Includes $229,415,000 noncompetitive tenders accepted at the average price of 96.418
These rates are on a bank discount basis. The equivalent coupon issue yields are 7.22% for the 91-day bills, and 7.45% for the 182-day bills.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

August 4, 1969

FOR IMMEDIATE RELEASE

TREASURY SECRETARY KENNEDY TERMS TAX BILL A "MILESTONE" IN LETTERS TO MILLS AND BYRNES

The texts of letters, delivered this morning, from Treasury Secretary David M. Kennedy to Wilbur Mills, chairman of the House Ways and Means Committee, and to John W. Byrnes, ranking Republican member of the committee, follow:

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AUG 4 1969

Dear Wilbur:

I would like to express to you the deep appreciation of the Treasury for your untiring efforts and your sterling leadership of the Committee on Ways and Means in the development of the Tax Reform Act of 1969.

We believe that the bill is a milestone in tax legislation and will be long remembered as a major advance in achieving an equitable tax structure.

While, of course, we have some reservations about some of the provisions in the bill and would plan to make some suggestions for revision in the progress of the bill in the Senate, we sincerely believe that, in general, the bill represents a major step forward in tax legislation and urge its prompt passage by the House of Representatives.

Along with Under Secretary Walker, Assistant Secretary Cohen, and our entire staff, I should like to thank you and the Committee for the kind and patient consideration that you have given to our presentations before the Committee. It has been a great privilege for all of us to work with the Committee in this common effort to improve the tax structure of the nation.

Sincerely,

/s/ David M. Kennedy

The Honorable
Wilbur D. Mills
Chairman, Committee on Ways and Means
House of Representatives
Washington, D. C. 20515

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AUG 4 1969

Dear John:

I write to express the deep appreciation of the Treasury for your wise guidance and your constant devotion to the task of tax reform that has culminated in the reporting of the Tax Reform Act of 1969. We are most grateful to you for the help that you have given to the Administration in developing its presentations to the Committee, and through you we would like to extend our sincere thanks as well to the other Republican members of the Committee.

While we have some reservations about certain provisions in the bill, we firmly believe that, as a whole, it represents a major milestone in tax legislation and we urge its prompt passage. We know that you have been urging tax reform for many years and we are pleased to see that your call has now been heeded.

Under Secretary Walker, Assistant Secretary Cohen and our entire staff join with me in thanking you for the many courtesies that you and the other Republican members of the Committee have extended to us during the many weeks in which we have appeared before the Committee.

Sincerely,

[illegible] David M. Kennedy

The Honorable
John W. Byrnes
House of Representatives
Washington, D. C. 20515

TREASURY DEPARTMENT 215

WASHINGTON, D.C.

August 5, 1969

FOR P.M. RELEASE
AUGUST 5, 1969

DEBT MANAGER LOOKS AT SAVINGS BONDS

Edward P. Snyder, Director of the Treasury Department's Office of Debt Analysis, today told the Minnesota Bankers Association Savings Bonds Committee that the savings bonds program is a key element in the sound management of the public debt.

Mr. Snyder pointed out that the Treasury Department has been unable to issue new long-term marketable securities since May 1965 and that, consequently, the average length of the privately-held marketable debt has now fallen below 4 years. Since savings bonds, on the average, stay outstanding for 7 years, the savings bonds program, in effect, has resulted in the long-term funding of $52 billion of Treasury obligations, a large part of which would otherwise have had to be financed through short-term marketable securities.

Mr. Snyder also told the Minnesota Bankers Association Savings Bonds Committee that, year in and year out, investors in savings bonds have received a fair return. The proposed increase in the maximum rate to 5 percent, however, will help bring the savings bonds program more in line with current market rates without leading to any substantial disintermediation. He added that the reduction in the maximum annual purchase limits to $5,000 for both E and H bonds will also help to prevent any disintermediation from developing.

Mr. Snyder congratulated the Minnesota Bankers Association Savings Bonds Committee, and, especially, Mr. S. J. Kryszko, President of Winona National and Savings Bank, who is Chairman of the ABA Savings Bonds Committee, on their effective support of the program.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

August 5, 1969

FOR IMMEDIATE RELEASE

MYLES J. AMBROSE SWORN IN AS NEW COMMISSIONER OF CUSTOMS

Myles J. Ambrose, New York attorney, was sworn in today as United States Commissioner of Customs by Treasury Secretary David M. Kennedy. He succeeds Lester D. Johnson, retired.

Ambrose, 43, assumes command of the 9,600 man Bureau at a time when it is facing what Secretary Kennedy described as "one of the greatest challenges in Customs' 180 year history."

Noting that the Bureau of Customs is charged with enforcing the Nation's smuggling laws, Secretary Kennedy said, "President Nixon directed me early in the Administration to regard the prevention of the smuggling of narcotics, marihuana, and dangerous drugs into the United States as an item of high priority."

"I instructed Assistant Secretary Eugene Rossides when he took office as head of Treasury's enforcement efforts to make as his first important item of business a major new effort to guard our nation's borders, ports, and airports against the illegal importation of such drugs.

"President Nixon, in his message to the Congress on the control of narcotics and dangerous drugs, pointed out that most of the illicit narcotics and high-potency marihuana consumed in the United States is produced abroad and clandestinely imported.

(MORE)

"At the request of the President, " the Secretary continued, "I have submitted a substantial program for increased manpower and facilities in the Bureau of Customs to more effectively shut off this illegal traffic.

"My first official directive to you, Mr. Ambrose, is to make this program the first order of business in the Bureau of Customs," Secretary Kennedy said.

Commissioner Ambrose has an extensive law enforcement background. He served as Executive Director of the Waterfront Commission of New York Harbor after leaving the Treasury Department in 1960, where he was coordinator of its national and international enforcement activities for several years. He held the position of Administrative Assistant to the United States Attorney for the Southern District of New York in the 1950's and, in 1957, was appointed Assistant to the Secretary of the Treasury for Law Enforcement.

The new Commissioner received his law degree at the New York Law School after graduating from Manhattan College. He is a member of the New York and Westchester County Bar Associations and the Association of the Bar of the City of New York; International Association of Chiefs of Police; Guild of Catholic Lawyers; and the Friendly Sons of St. Patrick. He is a trustee of the New Hampton School.

Mr. Ambrose is married to the former Elaine Miller. They have three boys and three girls: Chris, Nora, Elise, Kevin, Kathleen, and Myles Jr.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

August 5, 1969

FOR IMMEDIATE RELEASE

PAUL R. BEACH APPOINTED
DEPUTY ASSISTANT TO THE SECRETARY

Treasury Secretary David M. Kennedy today announced the appointment of Paul R. Beach as Deputy Assistant to the Secretary and Director of the Executive Secretariat, succeeding Robert L. Joss.

Mr. Beach, a former legislative assistant to Senator James B. Pearson of Kansas, resigned his position as Assistant Professor of Economics at Arizona State University to accept the Treasury post. A native of Kansas City, Kansas, he received his education through high school in that city.

He attended Cornell University and Kansas State University, receiving a B. A. degree from Kansas State. He also attended the Justus Liebig Universitaet, Giessen, West Germany, as an exchange student. He received his M. A degree from Johns Hopkins University and has completed all requirements for his Ph.D from Brown University in Providence, Rhode Island.

Mr. Joss, who has been Director of the Executive Secretariat since March of this year, has been appointed Assistant to Assistant Secretary Murray Weidenbaum.

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STATEMENT BY THE HONORABLE PAUL A. VOLCKER
UNDER SECRETARY OF THE TREASURY FOR MONETARY AFFAIRS
BEFORE THE SUBCOMMITTEE ON INTERNATIONAL FINANCE
OF THE HOUSE COMMITTEE ON BANKING AND CURRENCY
ON WEDNESDAY, AUGUST 6, 1969, AT 10:00 AM

I welcome this opportunity to appear before your Subcommittee to review recent international financial and monetary developments in the months since this Administration took office. This has, indeed, been an active period.

I believe we can rightly point to some highly constructive work toward strengthening the basic framework of the monetary system, building on the efforts of the past. At the same time, events have been an ever present reminder of the unfinished business before us -- of the need to reduce the sources of strain and uncertainty that have given rise to a series of speculative crises and, more insidiously, have worked to jeopardize progress toward freer trade and payments. Finally -- and not least important -- under the spur of these developments, I also believe that these months have provided a useful and needed time for the discussion and intellectual gestation of new ideas and initiatives on both sides of the Atlantic.

Sources of Strain

The pressures on the international monetary system that have become so visible in recent years grow out of a complex combination of circumstances. In part, the difficulties may be traced to inadequacies and unnecessary rigidities in the monetary mechanism itself. To that extent, we must seek change in the system.

However, we should also recognize that the underlying problem may stem not so much from the nature of our international monetary arrangements, but rather from conflicts and inconsistencies among national policies, priorities, or circumstances external to the international financial system. Hence, it would be an illusion to believe that any monetary arrangements could alone eliminate the strains and tensions.

The prevalence of inflationary tendencies in many countries is the leading case in point. If these are prolonged indefinitely, confidence in national currencies will be undermined, and the eventual result would be to call into question the basic presumptions that must underlie any stable monetary arrangements.

The United States itself bears a particularly heavy responsibility in this respect, because of our economic weight and power and because our national currency is both a major component of official international reserves and the vehicle for conducting the bulk of the world's trade and international investment. International banking and financial arrangements are today inextricably tied to the dollar. This is reflected in the vast pool of so-called Euro-dollars traded outside of this country -- now estimated at some $30 billion. Foreign banks and businesses hold some $23.5 billion of dollars within this country, and foreign governments and central banks have over a quarter of their reserves in that form. In these circumstances, we simply do not have the option, even if we desired, of starting from scratch and recasting the monetary system in a manner in which the world escapes dependence on a stable dollar.

I can state this relationship between the health of the monetary system and a stable dollar in another -- and more positive -- way. Restoration of reasonable price stability in the United States will provide a solid base from which to deal with the other problems of the system in an orderly and constructive way. That is why the urgency we attach to containing inflation is not solely a matter of domestic priority but a basic ingredient in our approach toward international monetary questions.

I do not want to suggest that the visible problems have arisen solely from the fact that the United States, for a period of more than three years, permitted inflation to gain the upper hand. Certainly, inflationary pressures in other important countries -- in a number of cases more prolonged and serious than in the United States -- have contributed to currency uncertainties.

In other instances, important countries with large and continuing trade surpluses have been slow to liberalize barriers to imports, to eliminate special inducements to exports, or to reach their full capabilities in terms of domestic expansion. These actions by surplus countries -- or failure to take appropriate action -- have impeded the process of orderly adjustment upon which stable financial arrangements depend.

Moreover, we must recognize the problems of adjustment and, thus, the pressures on the monetary system that arise from essentially noneconomic factors, including the continuing heavy overseas defense burden of the United States. There are also structural impediments to more balanced trade beyond the reach of purely monetary adjustment, such as the border tax arrangements sanctified for many years under GATT and the discrimination implied by the growth of such customs areas as the European Communities.

In citing these "nonmonetary" aspects of the problem, my intent is not to suggest that we can find a fully adequate solution apart from changes in the monetary system itself. Indeed, it is the difficulty in achieving certain adjustments and reconciling goals that make it imperative that we provide a degree of elasticity and resiliency in our monetary arrangements that permits and facilitates orderly adjustment. In the process of seeking -- quite correctly, in my judgment -- to remove sources of strain external to the monetary system, we are also moving to strengthen the monetary system.

Provision for Adequate Liquidity

For several years, it has been recognized that inadequate growth of world reserves could impair the prospects for growth of trade and undermine financial stability. I am glad to report that the major nations are now prepared to move ahead in dealing with that contingency through the conscious, multilateral creation of a new international reserve asset -- Special Drawing Rights. Specifically, I anticipate that the industrial countries making up the Group of Ten will support a proposal of the Managing Director of the International Monetary Fund to create a substantial amount of this new asset over the next few years. With this support, there is every reason to believe the formal "activation" decision will be taken at the Annual Meeting of the Fund in Washington at the end of next month.

The way to this important decision has been cleared not only by the consensus within the Group of Ten on timing and amount, but also by the completion, late last month, of the ratification process for the basic Amendment to the IMF Articles establishing the SDR facility. This required approval by three-fifths of the membership of the Fund with 80 percent of the voting power. You will recall that your Committee initiated that ratification procedure for the United States more than a year ago and authorized United States participation in the Special Drawing Account. The only technical step remaining before the Managing Director can make his proposal for activation is the formal deposit of instruments of participation accounting for 75 percent of Fund quotas, a stage anticipated shortly.

This activation decision seems to me important and timely because some of the evident strains and uncertainties in the monetary system are symptoms of a developing or incipient shortage of international reserves. Arithmetically, for the world as a whole, reserve growth -- at a rate averaging only about 2-1/2 percent a year for two decades -- has lagged far behind the growth of international trade and investment. This proved tolerable in part because the United States was in a position to withstand a sizeable loss in its own reserves, while in the rest of the world reserves were rising at a rate of over 5 percent a year.

Moreover, the growth in reserves was accompanied by a rapid expansion of international credit facilities, through a network of short-term credit lines among monetary authorities, as well as larger medium-term conditional credit facilities in the Fund. This latter so-called "conditional liquidity" in some ways supplemented "unconditional liquidity" in the form of reserves, and the combination of the two provided resources to finance adequately most imbalances in international payments.

However, there are limits to this process of economizing on reserves. Just as a superstructure of credit domestically does not dispense with a need for growth in the internal money supply, official credit facilities internationally -- with their clear obligation to repay -- are not a full substitute for acceptable international cash resources with no "strings" attached. There comes a point when, without a reasonable provision for additional reserves at hand, lenders will be increasingly reluctant to lend and borrowers to borrow.

In addition, the redistribution of reserves entailed by the losses of the United States and the creation of new dollar reserves through U. S. deficits could not be continued indefinitely without jeopardizing the existing arrangements. Actually, for the past year and a half, no net additional dollars have been provided the system through U. S. deficits, reflecting a sustained balance or surplus in our official settlement accounts. But, until SDR's are activated, and with new gold no longer entering the system in significant amounts, this has left the world with no fully acceptable means of providing reserve growth. In fact, nearly all recent reserve creation has been a by-product of emergency short-term credits, mainly to the

United Kingdom and France. In a sense, we have been creating reserves out of crises, which hardly provides a satisfactory basis for the longer-term evolution of the monetary system.

There is no doubt in my mind that the creation of a new reserve asset in the form of SDR's will be a landmark in the evolution of the international monetary system. For the first time, countries, acting together within the IMF, will have taken a conscious decision to anticipate foreseeable needs by creating reserves through collective action.

The Special Drawing Rights will be a final asset, in the sense that there is an international commitment by participating countries to accept them, up to specified limits, as final settlement of their international accounts. They will be permanent in the sense that, once created, they will remain in existence indefinitely, unless cancelled by a specific new decision. In these respects, they are fully comparable to gold and will take their place in the system side by side with gold. The significant operational difference is that the supply of SDR's is governed by international agreement and not by the vagaries of gold production and competing market demands.

Obviously, there were some differences of opinion within the Group of Ten as to the precise timing and size of the activation of SDR's. We are far from the stage where these matters of judgment can be reduced to precise formula. But these shadings of opinion should not obscure the overriding fact that these nations have shown themselves fully prepared to use this new instrument decisively and forthrightly in amounts reasonably commensurate with foreseeable needs.

At the same time, these leading countries were able to reach full agreement to support an increase in IMF quotas in an appropriate over-all magnitude, anticipating the regular quinquennial review scheduled for 1970. This review will have to deal with many problems beyond the total amount, such as the relationship between a general increase for all members and selective increases for countries whose relative eoonomic strength has increased. At a later stage, an increase in the United S quota may be recommended for legislative approval. But the basic point is clear: we are moving in concert to assure both the added reserves and enlarged conditional credit facilities necessary to support growth in trade and other international transactions in the years ahead.

This seems to me the best possible answer to those skeptics who have felt that the world would in some way be paralyzed in dealing effectively with the world liquidity problem in an orderly way. More broadly, the consensus on SDR's and the early agreement on the general magnitude of IMF quotas reflects the vitality of international cooperation in monetary matters and seems to me to augur well for our capacity to move ahead to deal with other aspects of the monetary problem.

Liquidity and the Adjustment Process

The problems of the monetary system do not fall into nice, tight analytic compartments. For instance, an adequate supply of world reserves, supplemented by credit facilities that bring resources to bear at the point of need, seems to me an essential part of the effort to achieve a smoother adjustment process, without resorting to a straightjacket of controls that work at cross-purposes to the objective of a closely integrated, competitive world economy.

Most countries, I am convinced, for fully understandable reasons, want over time to see an increase in their basic international reserves, and they certainly feel more comfortable running a surplus than a deficit. Over a period of years, policies will tend to be biased in that direction. But, of course, these policies will be mutually inconsistent unless provision is made for increasing the supply of global reserves.

In this way, the creation of SDR's should assist in making balance of payments and reserve objectives compatible and, therefore, contribute to a sustainable equilibrium. To take a specific example, I suspect the task of the United Kingdom and France in ending their deficits and in maintaining a surplus over a period of time to repay debts and rebuild their reserve positions would be doubly difficult if those aims could be achieved only at the expense of the reserves of other countries. In that event, the countries losing reserves are likely to react by protecting the balance or surplus in their own external payments, forcing the deficit back on the countries least able to sustain them.

For much the same reason, adequate reserve creation seems to me essential if the United States is, itself, to sustain equilibrium in its own payments. Because of our importance in the world economy and because of the role of the dollar, our freedom of action in adjusting our payments is, in important ways, more limited than other countries. Should we, for instance, succeed in greatly improving our trade accounts or in attracting capital from the rest of the world, the effects are widely felt. Other countries -- especially those already in deficit or tending in that direction -- will feel compelled to adjust their own policies to offset the consequences of our steps. In this process of action and reaction, our own objectives and policies could be frustrated.

One aspect of this general problem seems to have contributed at least marginally to the spread of high interest rates about the world in recent months. The strong initial impulse came from the United States, as money tightened in response to strong inflationary pressures. The heavy domestic credit demands spilled over into foreign markets, mainly in the form of borrowing by U. S. banks on a short-term basis in the Euro-dollar market. The result was an inflow of dollars to the United States sufficient to produce a surplus on our official settlement accounts, but this surplus entailed a reduction in the reserves of some European central banks.

Some of those countries, in turn, felt it necessary to resist losses of reserves. Consequently, they may have tightened money in their own countries more than might have been appropriate for domestic reasons alone or otherwise limited flows of capital abroad. The net result has been to add to the pressures on the structure of international interest rates. Given the prevalence of inflationary pressures, it would be difficult to maintain that this process has reached a stage entirely out of keeping with domestic policy requirements of most countries, but it is, nonetheless, illustrative of the dangers and frustrations in the adjustment process that would be posed by a shortage of liquidity.

U. S. Balance of Payments

As I have indicated, the tightness of money in the United States has attracted so large a volume of short-term funds as to produce a sizeable net surplus on our official settlement accounts; that surplus appears to amount to more than $2 billion for the first half of the year. Over this period of six months, Euro-dollar borrowings by our banks for use in the United States rose by some $7-1/2 billion to a total of more than $13 billion.

In the alternative "liquidity" measure of our balance of payments, these short-term capital movements are counted "below the line" as an element financing a deficit, rather than as a capital inflow. Consequently, by that method of calculation, we have recorded a very large deficit.

While we do not have all the data at hand for analyzing the first half of the year, it is plain that neither the "liquidity" nor the "official settlements" measure of the balance of payments reflects in a fully meaningful way our basic external position. For instance, a large but not readily identifiable portion of the liquidity deficit undoubtedly represents a diversion of funds of foreign investors, foreign subsidiaries of U. S. companies, or even U. S. residents, into high-yielding Euro-dollar deposits -- funds that might otherwise have been directly lodged in this country. With European branches of our own banks actively bidding for these funds and employing them in the United States, part of this loss is more apparent than real but the "liquidity" calculation is distorted. Somewhat similarly, large amounts of money shifted into Germany in May as a hedge or speculation against the possibility of a mark revaluation found their way back into the Euro-dollar market -- and eventually to the United States -- with the same statistical result.

While the liquidity deficit exaggerates the extent of the problem, neither should we take too much comfort from the surplus on official settlements. The simple fact of the matter is that the United States has become uncomfortably dependent on short-term capital inflows -- as a by-product of tight money -- in maintaining external equilibrium. The other side of the coin -- and the measure of our problem -- is the virtual disappearance of our traditional large trade surplus. For the first five years of this decade, that surplus averaged nearly $5-1/2 billion, reaching a peak of more than $6-3/4 billion in 1964. By the end of 1968, the surplus had vanished, and we have barely held our own in the months since that time.

This is one cost of the overheating and inflation of our economy. Imports have been sucked in from the rest of the world at an unparalleled rate. We look toward restoration of a trade surplus as we regain a better balance in our domestic economy. But there should be no illusion that this will be an easy task. It is the work of years rather than months -- years in which our own competitive performance must be superior to that of our major trading partners.

Problems in the Adjustment Process

Adjustment is necessarily a two-sided process. While we -- and the United Kingdom and France -- face a need to strengthen our trade position, certain other countries have developed large and chronic surpluses. Those surpluses must be whittled down, just as ours must be increased, to restore a sustainable balance. And these goals must be achieved without forcing any country into extremes of inflation or recession that they properly reject on domestic grounds.

Discussions of international monetary problems in recent months have demonstrated a growing awareness of both the need and the difficulties of achieving and maintaining a reasonable equilibrium in the balance of payments of individual countries, permitting each some latitude in pursuing their own domestic priorities and taking account of gradual structural shifts in competitive positions and the development of capital markets. The essence of the problem, of course, is to achieve this objective while preserving essential elements of stability and continuity in the international financial system as a whole.

It is considerations like these that have aroused increasing interest both in this country and abroad in the potential for various techniques for achieving changes in exchange rates in a controlled and limited manner, within a framework of internationally sanctioned criteria. This is a large and complex subject -- too large for me to attempt to deal with today in a substantive and detailed way. I would only say that careful and inevitably time consuming study by appropriate authorities would be essential to appraise the proposals fully.

In closing, I would only re-emphasize the point with which I started. Changes in international monetary arrangements are not a substitute for appropriate internal policies.

For the present, the principal contribution that the United States itself can make to the stability of the internation monetary system is perfectly plain -- to bring our inflation to an end and to do so without sending shock waves of recession to every corner of the world. That is the main path we have set for ourselves, and none of us should be misled into thinking that some new monetary arrangement can dispense with that fundamental need.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

August 6, 1969

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 $2,800,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing August 14, 1969, in the amount of $2,802,095,000, as follows:

91-day bills (to maturity date) to be issued August 14, 1969, in the amount of $1,600,000,000, or thereabouts, representing an additional amount of bills dated May 15, 1969, and to mature November 13, 1969, originally issued in the amount of $1,300,474,000, the additional and original bills to be freely interchangeable.

183-day bills, for $1,200,000,000, or thereabouts, to be dated August 14, 1969, and to mature February 13, 1970.

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

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Daylight Saving time, Monday, August 11, 1969. 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 each issue 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 for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on August 14, 1969, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 14, 1969. 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.

TREASURY DEPARTMENT
WASHINGTON, D.C.

FOR RELEASE UPON DELIVERY
Expected at 1:30 p.m. EDT
Saturday, August 9, 1969

REMARKS BY THE HONORABLE EDWIN S. COHEN
ASSISTANT SECRETARY FOR TAX POLICY

AT THE SECTION OF TAXATION LUNCHEON
AMERICAN BAR ASSOCIATION ANNUAL MEETING
SHERATON-DALLAS HOTEL, DALLAS, TEXAS
SATURDAY, AUGUST 9, 1969, 12:30 PM., CDT

It gives me great pleasure to appear before the Section of Taxation today to report to you about the activities of the Treasury Department for the past few months in the development of the Tax Reform Act of 1969, which passed the House of Representatives two days ago.

I do so with a nostalgic recollection that a dozen years ago in this city I appeared before this Section for the first time as a committee chairman to urge adoption of legislative recommendations for changes in the corporate income tax field. I hope that by the time we meet again next August I can report to you that at least some of those recommendations, and others that you have developed and adopted for the improvement of the law,have either become law, or are well on their way to enactment.

I took office on March 11. John Nolan joined us as my Deputy on April 1 and Meade Whitaker as Tax Legislative Counsel on July 1. As you well know from their years of work in this Section, they are most able and dedicated men, and their intelligence and devotion to the task made it possible for the Treasury to respond when the long awaited hour of tax reform was finally at hand.

We presented the Administration's initial, or interim, proposals for tax reform to the Committee on Ways and Means in public session on April 22-24. We stated then that we would formulate additional proposals in specific areas as soon as time permitted. We have been engaged ever since in the development of additional proposals while appearing in almost daily executive sessions of the Committee.

These additional views have been presented to the Committee informally as it took up for consideration the many topics that were dealt with in the public hearings earlier this year, but they have not yet taken shape as official Administration positions. We do hope that in our public appearance on the bill before the Senate Finance Committee we shall be able to express the Treasury's position on each of the significant areas dealt with in the bill.

As you know, the staff of the Treasury and the Joint Committee on Internal Revenue Taxation both appear before the Committee on Ways and Means in its executive sessions. Dr. Laurence N. Woodworth, the distinguished Chief of Staff of the Joint Committee, and I, together with our colleagues on both staffs, spent many long hours together in reviewing the many problem areas under consideration by the Committee and endeavoring to produce a recommendation to the Committee on which we could jointly agree. The opportunity to work with Dr. Woodworth in these matters was one of the most enjoyable and pleasant experiences of my career at the Bar. I am confident that those of you who know Dr. Woodworth will appreciate why this was so. I am happy to report that time after time we were able, after discussion, to reconcile our views so as to colloborate in a final recommendation to the Committee.

The almost daily sessions before the Committee were always interesting, and the questions asked by the Committee members were penetrating and significant. Both the chairman, Mr. Mills, and the ranking Republican member, Mr. Byrnes, constantly displayed a mastery of the intricacies of the tax law. Their wealth of experience in the field is a major source of strength to the Committee -- and even more important -- to the country. The debates were vigorous, and it was particularly gratifying to see that the subject of tax reform was approached in an essentially nonpartisan atmosphere. I cannot recall a single vote which was taken on party lines. While there was necessarily division of opinion on many specific important issues, the effort to achieve tax reform was clearly a bi-partisan one, and I believe it will continue to be so in the Senate.

I think the Tax Reform Bill provides major improvements in the tax structure. The Low Income Allowance, which we proposed in April, will at a cost of only $625 million -- less than one percent of the individual income tax revenue -- remove from the tax rolls virtually all persons who are below the poverty level standards set by the Department of Health, Education and Welfare. This means that some five million income tax returns, which would presently require payment of a tax ,will be made wholly untaxable, and some 7 million additional returns in the low income group will bear a reduced rate.

There is one aspect of this proposal which may not have received adequate public attention. In raising to $1,700 the amount of income which a single person must have before he is subject to federal income tax, we will have given a particularly significant aid to students working their way through college, for they now bear a tax of $117 at that level. Since their parents may also retain the $600 personal exemption for the student, a total of $2,300 of income for a working student can be freed of taxation.

Under the bill as passed a further liberalization of the low income allowance in 1971 will enlarge its benefits further up the scale in the low income groups.

The enlargement of the standard deduction in three stages to raise it from 10 percent to 15 percent and to raise the standard deduction ceiling from $1,000 to $2,000 will provide a major simplification for some 12 million tax returns that now itemize personal deductions. Henceforth all those returns can be filed on the simplified form. At present almost 32 million of the 76 million returns itemize deductions. Thus we are reducing by more than one-third the number of returns that itemize personal deductions.

The bill gives head of household treatment to all single persons over 35 and to widows and widowers of any age. While the principal complaints of single persons under existing law have been with those of individuals who maintain their own household, the difficulty of identifying a household in the case of single persons resulted in the decision to give this benefit to all single persons over 35, particularly since the additional revenue difference was relatively small. Moreover, widows and widowers maintaining households with minor children or with children in college will be allowed to use the joint return rates of tax without regard to the two-year limitation in existing law.

Another innovation in the bill is the topping off of the rates on earned income at the 50 percent level. Many of the devices for conversion of ordinary income into capital gain, and for deferment of income, have been nurtured out of the natural desire of persons who have reached high earned income levels to avoid the burden of very high rates. This they have attempted through participation in ventures that produce current deductions and subsequent capital gains, or in artificial transactions that defer the receipt of income. For example, a man whose earnings reach the 70 percent level is in essence risking only 30 percent of his own money and 70 percent in tax money when he enters into these ventures. By reducing the maximum rate on earned income to 50 percent, such a person will be risking his own money to the same extent that he is risking the tax money, thus significantly reducing the present tendency toward artifical transactions. The successful executive or professional man will be more inclined to concentrate his efforts in the fields in which he is qualified and devote less of his attention to intricate means of minimizing the effect of high tax rates. We think the 50 percent top marginal rate on earned income represents a substantial improvement in the law, particularly when coupled with the many provisions which eliminate or curb existing tax avoidance techniques.

Since the effect of the low income allowance and the increased standard deduction will reduce taxes in the low and middle income brackets, the bill as reported by the Committee provided rate reduction in the brackets starting at $4,000 for single persons and $8,000 for married persons, topping off at a rate of 65 percent instead of the present 70 percent.

The bill removes the 25 percent ceiling rate on long-term capital gains, thus permitting the tax on capital gains to rise to a maximum of 32-1/2 percent (one-half of 65 percent), since one-half of such gains will be taken into income, as under present law. However, under the new rate schedule the effective tax rate on long-term capital gains will not exceed the present 25 percent for a married person until taxable income exceeds $76,000.

It is interesting to note the difference that the tax rate structure in the new bill would have on stock option plans or other programs for producing capital gains rather than earned income. At present an executive can pay tax at a rate up to 70 percent on compensation, but pays only 25 percent on capital gains under some of the stock option plans or restricted stock plans. That represents a spread of 45 points between 25 percent and 70 percent. Under the bill he would pay up to 32-1/2 percent on capital gains but no more than 50 percent on earned income, a spread of only 17-1/2 points. Such changes might have a material impact on executive compensation arrangements.

By Committee amendment after the bill was reported, a further rate reduction in the lower and middle income brackets was given in order to provide a minimum of 5 percent reduction to all taxpayers in the lower and middle income brackets, whether the taxpayer itemizes his deduction or uses the standard deduction. The result is to give a reduction of more than 5 percent to those using the standard deduction and to produce a $2.4 billion loss in revenue in what was, broadly speaking, a reasonably balanced package from a revenue standpoint when the bill was first reported. This revenue loss will have to be considered carefully in the light of the budgetary needs for 1971 and subsequent years.

Another factor that deserves some consideration is the reallocation of the tax burden between corporations and individuals. The largest revenue increase comes from the repeal of the investment credit and other changes which bear more heavily upon corporations. More than $5 billion of the additional revenue raised by the bill will come from corporations and only about $1.3 billion from individuals, almost entirely in the high income brackets. All of the tax reductions are being given in the individual sector and no rate reduction is provided for corporations. Many economists may feel this involves too great an allocation of benefits to consumption and not enough to investment in productive equipment and capacity. Some corporate rate reduction might be useful in the long run, particularly in permitting our American businesses to compete overseas through export operations.

In our public presentation in April, we recommended that the ability of some high bracket individuals to escape completely the sharing of the burden of government be restricted by imposing a Limit on Tax Preferences and by requiring allocations of their nonbusiness deductions between their taxable income and their nontaxable income. The Limit on Tax Preferences (or LTP) recognized the fact that the income tax contains preferences designed to stimulate investment in particular fields deemed especially important as a matter of national policy; but at the same time it recognized that once these preferences are written into the law, they may be used separately or in combination by some individuals so as to avoid completely year after year any obligation to share the tax burden of maintaining the operations of the Federal Government.

The Limit on Tax Preferences seeks to overcome this dilemma, without destroying the preferences, by limiting the use of these provisions in any year to one-half of the taxpayers' income calculated without regard to the preferences. A reasonable balance thus is struck between the advantages to the nation in stimulating investments of certain types and the need for insuring a fair distribution of the Federal tax burden.

The Bill adopts this approach, but in a decision near the end of its deliberations the Committee deleted from the list of preferences percentage depletion in excess of cost and intangible drilling expenses. Certainly one of the important reasons for this deletion was the fact that the Committee had previously voted to reduce percentage depletion on oil and gas from 27-1/2 percent to 20 percent, as well as certain other changes with respect to minerals, and thought it best not to take further restrictive action at this time. Whatever the merit of the other actions taken with respect to minerals, the deletion of percentage depletion and intangible drilling expense from the list of preferences will make it possible for certain individuals engaging in extensive oil operations to continue to eliminate all income tax, despite the continuing receipt of net economic income, through the incentives given in the law to the mineral industry. Even if the Bill as finally enacted reduces the percentage depletion below 27-1/2 percent, these persons will still be able to eliminate income tax entirely if they increase somewhat their expenditures on drilling, whether on discovery wells or development wells, and even though the drilling produces successful wells.

I listened patiently to the complaints of many that the Limit on Tax Preferences, if it encompassed depletion and intangibles, would substantially mark the end of drilling operations by independent oil operators. I have asked each of these persons to suggest some reasonable alternative that would not seriously affect the industry, but would give to other taxpayers a reasonable assurance that everyone who is prospering from his business shares in the Federal income tax burden to some reasonable extent. We would welcome any suggestions or thoughts that would provide a reasonable solution to the problem. We are not necessarily wedded to any particular formula, but we remain inclined to believe that the Limit on Tax Preferences, with percentage depletion and intangible drilling cost included among the list of preferences, is a reasonable approach.

Aside from the Limit on Tax Preferences and the allocation of production proposals, we have been searching in these last few months for a logical national policy related to taxation of income from natural resources. The natural resources income tax problem is as complex as any in the Internal Revenue Code, and it is not solved, in my judgment at least, by slicing 27-1/2 percent to some lower number.

One of the principal arguments in favor of percentage depletion after the cost of investment has been fully recovered is that it is needed as an incentive in development of our natural resources. If this is true, and I am inclined to think it is true, then we might perhaps insist that the incentive be given only to the extent that the untaxed depletion amounts are plowed back into the development of our natural resources -- by further exploration and development of oil and gas wells or of any other natural resources (including timber) or research or development of methods of discovery, recovery or utilization of natural resources from their unprocessed form. Under this concept, qualifying plow-back expenditures would be limited to domestic resources except, under certain conditions, with respect to minerals that are scarce or nonexistent in the United States.

As part of this suggestion intangible drilling costs of successful wells would be deductible with respect to exploration wells but would be required to be capitalized with respect to development wells and amortized as deductions over some specific period no longer than ten years, in addition to the allowance for percentage depletion. Moreover, geological and geophysical expenditures, now required to be capitalized and in effect now lost as deductions, would be allowed.

I emphasize that this is merely one possibility which we have under consideration. In our considerations we would like to insure that that nation gets its money's worth from the tax incentives given, here as well as elsewhere in the tax law.

The Treasury also has put much effort in the past few months in the development of an appropriate tax policy with respect to real estate, beyond the inclusion of excess accelerated depreciation in our Limit on Tax Preferences and allocations of deductions. The Bill passed by the House embodies, in general, most of the conclusions to which we came.

Our study of the real estate problem convinced us that double declining balance depreciation produces an excessive allowance for real estate construction generally, and that the allowance should be no greater than 150 percent declining balance. Nevertheless, with respect to housing, the goal of 26 million housing units within the next decade, set by the Housing Act of 1968, requires some incentives to fill this national need. Important provisions in the

Housing Act of 1968 relating to the construction of low and middle income multi-family housing, per annum, were built upon the existing income tax incentives, including double declining balance depreciation.

We concluded, therefore, that the double declining balance depreciation should be allowed to remain in the present tax structure with respect to new housing construction, at least until Congress has an opportunity to review the housing program at some future date.

With respect to real estate in the hands of second and subsequent owners, the Bill confines depreciation to straight line. At the same time in order to stimulate the rehabilitation of used housing, it allows five-year amortization of expenditures for the rehabilitation of low-cost rental housing. We believe that these provisions in combination make it less attractive to acquire and hold old housing for the depreciation benefits and more attractive to rehabilitate them into modern desirable housing units.

While further changes in the real estate provisions may still be in order, we believe that the present provisions of the Bill in this regard move in the direction of sound policy.

There has been much interest in the changes that are proposed with respect to contributions to charitable and educational organizations, particularly with respect to contributions of appreciated property. The fact that charitable contributions are deductible on income tax returns has provided a major incentive for private support of public charities and educational organizations in the United States. The Treasury Department earnestly supports the continuation of that policy. At the same time it is clear that some abuses and excesses in the charitable contribution field have developed in which the loss in revenue to the Treasury and the inequity resulting in the tax structure outweigh, in our judgment, the advantages derived by the recipient organizations.

We felt, for example, that the time had come to cut down on the unlimited charitable contribution deduction which relieved a number of wealthy individuals from all income tax obligations. We thought that the privilege of deducting the full market value of property which has appreciated in value but which, if sold, would produce ordinary income, was excessive; but we were inclined to retain the rule with respect to property that, if sold, would produce capital gains. Excessive use of contributions of appreciated property as a means of tax minimization is controlled adequately through inclusion of such transactions in the Limit on Tax Preferences and the Allocation of Deductions. I am pleased that the Committee has, in general, followed this course of action with respect to contributions to public organizations and also to private foundations which funnel the amounts to public use.

At the same time that the bill moves to close off some abuses in the contribution area, the bill adopts the Treasury recommendation to increase the allowable charitable contribution from 30 percent to 50 percent of the donor's adjusted gross income, although it does not permit this additional 20 percent to be given in the form of appreciated property.

Taking all of the changes into account, we estimate that there will be a revenue increase to the Treasury in the contribution area, including the effect of the Limit on Tax Preferences and the Allocation of Deductions, in the neighborhood of $100 million. On the other hand, we estimate that because of adoption of a rule we recommended to require private foundations to distribute to public charity not less than five percent per annum of the value of their assets, there will be an increase in funds flowing out of private foundations into public charitable and educational organizations on the order of $200 million. Accordingly, we believe that there will be a net increase in funds flowing into public charitable and educational organizations.

It is interesting to note that, according to our best estimates, some $15 billion a year flows by contributions of various kinds into public charitable and educational organizations, including transfers from corporations and from bequests, as well as from lifetime giving. Our statistical data taken from 1966 income tax returns show that some $9 billion of contributions were deducted on individual income tax returns. Of that amount about $8.3 billion, or about 92 percent, was contributed in cash. Only about 8 percent, or some $760 million, was contributed in the form of appreciated property. By permitting the continuation of deductions of the full value of appreciated capital assets given to public charitable and educational organizations, we believe there will be no significant reductions in contributions from individuals; and the pressure applied to private foundations to cause a reasonable return on their investments to flow into public channels will actually increase the funds available to our public charitable and educational institutions.

There are, of course, many other provisions in this 368-page bill. I have touched only on a few significant areas. As Secretary Kennedy wrote to Chairman Mills, "We believe that the bill is a milestone in tax legislation and will be long remembered as a major advance in achieving an equitable tax structure."

Of course, the bill will have substantial analysis and consideration before the Senate Finance Committee. Again let me say that we earnestly solicit your comments, criticisms and suggestions for improvement of the bill. The Section of Taxation has been a great help in the past in assisting the Treasury and the Congressional staffs, and I look forward to hearing the views of the members on the Reform Bill.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

August 8, 1969

FOR ALL NEWS MEDIA

A preview briefing and tour of the new United States Mint, Independence Mall, Philadelphia, Pennsylvania, will be conducted by the Bureau of the Mint, on Wednesday, August 13, 1969, at 3:00 p.m.

(The Mint will open officially Thursday, August 14th, with a ceremony at 3:00 p.m. Treasury Secretary David Kennedy will be among the speakers.)

Background material and advance releases, for use in afternoon newspapers Thursday, August 14, 1969, will be available. The briefing tour will include the new coin rolling machine developed by the General Motors Corporation for the Treasury Department, Bureau of the Mint.

Press credentials will admit you to the building, located on the Mall at 5th and Arch Streets, Philadelphia.

For further information please call: Roy C. Cahoon, Bureau of the Mint, AC 202, WO 4-5011 or EX 3-6400 through Sunday, August 10, and AC 215-597-7350 August 11-16.

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K-164

TREASURY DEPARTMENT

WASHINGTON, D.C.
August 8, 1969

FOR RELEASE IN SUNDAY NEWSPAPERS
AUGUST 10, 1969

TREASURY SECRETARY KENNEDY TO OPEN NEW UNITED STATES MINT AT PHILADELPHIA

Secretary of the Treasury David M. Kennedy will officially open the new United States Mint in Philadelphia at a public ceremony at 3:00 p.m. on Thursday, August 14, 1969.

Other speakers at the Independence Mall ceremony, 5th and Arch Streets, will be Assistant Treasury Secretary Eugene T. Rossides, Mint Director Eva B. Adams, and the Mayor of Philadelphia, James H. J. Tate.

The new Mint will be opened to the public following the ceremony. A bronze medal commemorating the occasion will go on sale at the Mint.

The new Mint, expected to be in full operation during early 1970, is equipped with the world's most modern coin production equipment, including a coin roller with a production capacity of 10,000 coins per minute, as opposed to a maximum capacity of 600 coins per minute for current equipment.

For the first time in history, the mint equipment is arranged to provide for mechanized continuous flow through the coinage processes, from virgin metals to finished coins. This entire operation can be viewed from a glass-enclosed elevated gallery designed to accommodate 2,500 visitors an hour. A numismatic museum containing Mint mementoes, historic coins and medals, and a sales counter, is also available to the public.

Ground for the new Mint was broken on September 17, 1965, and the cornerstone was laid at a public ceremony on September 18, 1968. Total cost of the facility will amount to approximately $39.4 million, including $1.9 million for the land, $18.6 million for the building, architect and engineering services, and $18.9 million for the purchase and installation of equipment developed especially for the highly sophisticated manufacture of coins.

The Official Opening Medal, which will be added to the list of medals available for purchase from the Bureau of the Mint, will be sold in two sizes: 3 inch at $3.00 and 1-5/16 inch, specially packaged for opening day, will be $1.50. Both will be in bronze.

The obverse, or front, of the medal shows the main entrance of the Philadelphia Mint building - the lettering "United States Mint - Philadelphia - August 14, 1969 - Department of the Treasury."

The reverse side has a map of the United States with 17 stars denoting the location of mint institutions, past and present, superimposed over our national emblem, the eagle.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR IMMEDIATE RELEASE August 8, 1969

PRELIMINARY RESULTS OF CURRENT EXCHANGE OFFERING

Preliminary figures show that about $2,899 million, or 86.1% of the $3,366 million Treasury notes maturing August 15 have been exchanged for the new 7-3/4% Treasury notes. Of the maturing notes held by the public $2,774 million were exchanged, leaving $444 million, or 13.8% for cash redemption.

Details by Federal Reserve Districts will be announced later.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

August 8, 1969

FOR IMMEDIATE RELEASE

STATEMENT OF THE UNITED STATES TREASURY CONCERNING THE DEVALUATION OF THE FRENCH FRANC

The action of the Government of France in reducing the external value of the franc represents an adjustment to economic developments in France during the past year. The amount of devaluation -- 11.1 percent -- is the amount discussed when finance ministers of the group of 10 countries met in Bonn last November. This adjustment can be accommodated within the framework of existing exchange rates.

This action will not affect the value of the United States dollar.

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K-167

FOR RELEASE UPON DELIVERY

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STATEMENT BY THE HONORABLE PAUL A. VOLCKER
UNDER SECRETARY OF THE TREASURY FOR MONETARY AFFAIRS
BEFORE THE HOUSE COMMITTEE ON POST OFFICE AND CIVIL
SERVICE ON VARIOUS BILLS RELATING TO POSTAL REFORM
MONDAY, AUGUST 11, 1969, 10:00 A.M.

Mr. Chairman and members of the Committee, I appreciate this opportunity to appear before you in connection with your consideration of various bills regarding postal reform, including H.R. 11750 which incorporates the President's recommendations.

While the Treasury does not have specialized knowledge of the personnel, rate and ratemaking, mail transportation, and other matters covered by these bills -- I expect that other witnesses are providing expert testimony on these aspects -- we strongly endorse the objective of creating an independent postal establishment which will be capable of conducting its activities on a business-like basis.

The Treasury's primary interest is in the financing provisions contained in Chapter 10 of H.R. 11750, the proposed "Postal Service Act of 1969". These provisions were drafted after consultation with the Treasury Department. To achieve a truly business-like character, the proposed Postal Service will need a degree of financial independence not now available to the Post Office Department. Chapter 10 would provide this independence subject to continued Congressional oversight, and would provide for advice and assistance by the Treasury Department in the issuance of debt obligations by the Postal Service.

New section 1005 of title 39, United States Code, would authorize the proposed Postal Service to borrow money and to issue and sell such obligations as it determines necessary to carry out the purposes of the bill. The aggregage amount of Postal Service obligations outstanding at any one time could not exceed $10 billion, and the annual net increase in obligations outstanding issued for the purpose of capital improvements would be limited to $1.5 billion. The legislation would require the preparation, submission, and Congressional consideration of an annual business-type budget.

As provided under new section 1006, at least fifteen days before selling any issue, the Postal Service would be required to advise the Secretary of the Treasury as to the amount, proposed date of sale, maturities, terms and conditions and expected maximum rates of interest of the proposed issue, and to consult with the Secretary or his designee thereon. The Secretary could elect to purchase such obligations under such terms, including rat of interest, as he and the Postal Service may agree, but at a yiel no less than the prevailing yield on outstanding marketable Treasu securities of comparable maturity. If the Secretary does not purchase the obligations, the Postal Service could sell the obligations in the market upon consultation with the Secretary as to the date of issue, maximum interest rates, and other terms and conditions.

In addition to the provision for optional purchases of Postal Service obligations by the Secretary, new section 1006 would permit the Service at its discretion to sell to the Treasury Postal Service obligations up to $2 billion. New section 1007 would authorize the Secretary to use the proceeds from the sale of public debt securities to purchase Postal Service obligations.

We believe that these financing provisions are appropriate for the proposed postal establishment, and are mindful of the fact that similar provisions could well be adapted to other business-like activities of the Government.

These provisions are consistent with the intent that the debt obligations of the Postal Service meet the test of the market. The language prescribing the minimum rate of interest on Treasury purchases of Postal Service obligations is designed to preclude indirect subsidies by assuring that any borrowings from the Treasury will be at rates not less than the current estimated cost of money to the Government. The Secretary's right of first refusal to purchase Postal Service obligations will provide the Secretary the opportunity to coordinate Postal Service borrowings with the financing of other Government activities without interfering with the financing of essential Postal Service activities. The proposed authority for the Postal Service to require the Secretary to purchase a limited amount of its obligations will help to assure timely payment of principal and interest on Postal Service issues held by private investors and will thus help to minimize the rate of interest required by investors until the Postal Service is firmly established on a businesslike basis.

H.R. 4 and H.R. 13124 would establish a Postal Modernization Authority as an instrumentality of the United States for the purposes of financing, acquiring, improving, replacing, modernizing, and holding title to property, facilities, systems, and equipment of the Post Office Department. The Authority would be authorized to borrow money in an aggregate amount not exceeding $20 billion outstanding at any one time. The Authority would be required to obtain the approval of the Secretary of the Treasury of the time of issuance and the maximum rates of interest on its obligations. The financing provisions, however, would not authorize the Secretary of the Treasury to purchase obligations issued by the Authority except for interim obligations. Thus the financing provisions would be less flexible than under the Administration proposal, could add needlessly to the cost of the postal system through the payment of higher interest charges, and would not assure proper coordination with the overall financial program of the Government.

The other two bills on the Committee's list, H.R. 1133 and H.R. 1134, deal only with the terms of office of the Postmaster General and other top officers of the Department, and the appointment and promotion of postmasters and rural carriers.

The Treasury Department strongly supports the President's recommendations for a new Postal Service, and urges prompt enactment of H.R. 11750.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR RELEASE 6:30 P.M.,
Monday, August 11, 1969.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated May 15, 1969, and the other series to be dated August 14, 1969, which were offered on August 6, 1969, were opened at the Federal Reserve Banks today. Tenders were invited for $1,600,000,000, or thereabouts, of 91-day bills and for $1,200,000,000, or thereabouts, of 183-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing November 13, 1969		:	183-day Treasury bills maturing February 13, 1970	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	98.220 a/	7.042%	:	96.316 b/	7.247%
Low	98.206	7.097%	:	96.290	7.298%
Average	98.210	7.081% 1/	:	96.301	7.277% 1/

a/ Excepting 3 tenders totaling $215,000; b/ Excepting 3 tenders totaling $112,000
93% of the amount of 91-day bills bid for at the low price was accepted
80% of the amount of 183-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 35,591,000	$ 25,126,000	:	$ 9,142,000	$ 9,142,000
New York	1,959,967,000	1,092,488,000	:	1,583,349,000	819,349,000
Philadelphia	41,358,000	25,769,000	:	22,005,000	12,004,000
Cleveland	42,882,000	37,192,000	:	42,570,000	42,170,000
Richmond	36,297,000	28,727,000	:	12,741,000	12,141,000
Atlanta	51,551,000	35,139,000	:	43,101,000	30,519,000
Chicago	216,276,000	139,312,000	:	148,211,000	97,066,000
St. Louis	56,785,000	36,164,000	:	37,935,000	25,535,000
Minneapolis	27,816,000	18,716,000	:	16,770,000	12,270,000
Kansas City	36,816,000	35,809,000	:	21,904,000	21,904,000
Dallas	26,002,000	16,002,000	:	25,321,000	15,321,000
San Francisco	168,341,000	109,665,000	:	165,247,000	102,617,000
TOTALS	$2,699,682,000	$1,600,109,000 c/		$2,128,296,000	$1,200,038,000 d/

c/ Includes $395,473,000 noncompetitive tenders accepted at the average price of 98.21
d/ Includes $217,009,000 noncompetitive tenders accepted at the average price of 96.30
1/ These rates are on a bank discount basis. The equivalent coupon issue yields are 7.31% for the 91-day bills, and 7.66% for the 183-day bills.

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UNITED STATES SAVINGS BONDS ISSUED AND REDEEMED THROUGH July 31, 1969

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

DESCRIPTION	AMOUNT ISSUED[1]	AMOUNT REDEEMED[1]	AMOUNT OUTSTANDING[2]	% OUTSTANDING OF AMOUNT ISSUED
MATURED				
Series A-1935 thru D-1941	5,003	4,996	7	.14
Series F and G-1941 thru 1952	29,521	29,482	38	.13
Series J and K-1952 thru 1957	3,754	3,719	35	.93
UNMATURED				
Series E[3]:				
1941	1,883	1,666	218	11.58
1942	8,312	7,366	946	11.38
1943	13,372	11,884	1,488	11.13
1944	15,604	13,774	1,830	11.73
1945	12,264	10,653	1,611	13.14
1946	5,563	4,655	909	16.34
1947	5,279	4,263	1,016	19.25
1948	5,461	4,319	1,141	20.89
1949	5,392	4,182	1,211	22.46
1950	4,714	3,603	1,111	23.57
1951	4,077	3,119	958	23.50
1952	4,271	3,243	1,028	24.07
1953	4,878	3,617	1,261	25.85
1954	4,972	3,615	1,356	27.27
1955	5,180	3,708	1,472	28.42
1956	5,003	3,536	1,468	29.34
1957	4,710	3,264	1,446	30.70
1958	4,593	3,051	1,542	33.57
1959	4,303	2,786	1,516	35.23
1960	4,312	2,679	1,633	37.87
1961	4,366	2,547	1,819	41.66
1962	4,205	2,374	1,831	43.54
1963	4,690	2,473	2,217	47.27
1964	4,572	2,418	2,154	47.11
1965	4,470	2,335	2,135	47.76
1966	4,811	2,319	2,492	51.80
1967	4,766	2,153	2,613	54.83
1968	4,503	1,678	2,825	62.74
1969	1,448	206	1,242	85.77
Unclassified	653	971	-318	-
Total Series E	162,627	118,457	44,170	27.16
Series H (1952 thru May, 1959)[3]	5,485	3,404	2,080	37.92
H (June, 1959 thru 1969)	7,101	1,718	5,383	75.81
Total Series H	12,586	5,123	7,463	59.30
Total Series E and H	175,213	123,580	51,633	29.47
All Series: Total matured	38,277	38,198	80	.21
All Series: Total unmatured	175,213	123,580	51,633	29.47
All Series: Grand Total	213,491	161,778	51,713	24.22

Includes accrued discount.

Current redemption value.

At option of owner bonds may be held and will earn interest for additional periods after original maturity dates.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

August 13, 1969

12 A.M

FOR RELEASE AT [illegible].M.
WEDNESDAY, AUGUST 13, 1969

PRESIDENT NIXON'S REVENUE SHARING PROPOSAL

FACT SHEET

The Revenue Sharing Plan

These are the major characteristics of the Administration's revenue sharing proposal:

1. It is simple. It is set up to work without the need for any new Federal agency or bureau. The operation is spelled out clearly and specifically in the law (the bill will be sent up shortly); the money is distributed on the basis of census data and other readily available objective statistics.

2. It has no strings. The state and local governments are free to exercise their own discretion over the use of the funds. There are no Federal "strings" tied to the money.

3. It is automatic. The states and localities can count on the revenue sharing in their own fiscal planning. The money for revenue sharing is automatically available each year. The annual amount is geared to the growing personal income tax base of the nation.

4. It is fair. The funds go to every State, every city, and every county in the Nation. All areas are included -- urban and rural, large and small, rich and poor, industrialized and agricultural.

5. It is neutral. The state-by-state distribution is based primarily on where people reside. The allocation among the governments within a state is based on the existing distribution of financial responsibilities among the various units of government, as decided in each area.

6. It is basic to the New Federalism. Decision-making power over the funds as well as the money itself is returned to state and local governments.

Summary of the Revenue Sharing Plan

The revenue sharing plan has four major features.

1. The size of the fund to be shared is a stated percentage of personal taxable income -- the base on which Federal individual income taxes are levied. To ease the budget impact, the fiscal year 1971 percentage is only 1/6 of one percent ($500 million); in subsequent fiscal years there are phased increases to a permanent one percent in the fiscal year 1976 ($5 billion estimated yield).

2. The distribution among states is made on the basis of each state's share of national population, adjusted for the state's revenue effort. Thus, a state which taxes its citizens more than the national average will receive a proportional bonus.

3. The distribution within states to the general units of local governments is established by prescribed formula. The portion a state must share with its political subdivisions corresponds to the ratio of total local general revenues to the sum of state and total local general revenues in the state. The amount which an individual unit of general local government receives corresponds to its share of all local general revenues raised in the state.

4. The only requirements imposed on the states (in addition to the local sharing) are (a) quarterly reporting and accounting and (b) maintenance of existing state aid to localities.

Questions and Answers on The Administration's Revenue Sharing Proposal

1. Q. What is the purpose of this proposed legislation?

   A. The ultimate purposes are many:

   -- to restore to the states their proper rights and roles in the Federal system with a new emphasis on local discretion;

   -- to provide both the encouragement and the necessary resources for local and state officials to exercise leadership in solving their own problems;

   -- to narrow the distance between people and the government agencies dealing with their problems;

   -- to restore strength and vigor to local and state governments;

   -- to achieve a better allocation of total public resources.

   In short, our purpose is to build a streamlined Federal system with a return to the states, cities, and communities of the decision-making power rightfully theirs.

2. Q. How much money is to be shared?

   A. The size of the total fund to be shared will be a stated percentage of personal taxable income -- the base on which Federal individual income taxes are levied. To provide for an orderly phase-in of this program, the FY 1971 percentage will be 1/6 of one percent, or about $500 million; with subsequent fiscal year percentages being increased annually up to a permanent one percent for fiscal year 1976 and thereafter. On this basis, we estimate an appropriation for fiscal 1976 of about $5 billion.

3. Q. Can the states and localities depend on this flow of funds to be regularly appropriated?

   A. In order to provide for the assured flow of Federal funds, a permanent and indefinite appropriation will be authorized and established for the Treasury Department, from which will be automatically disbursed each fiscal year an amount corresponding to the stipulated percentage.

4. Q. How will the funds be distributed?

   A. The funds will be distributed from the Federal Treasury to the 50 states and the District of Columbia. Each state will receive an amount based on its share of national population, adjusted for the state's revenue effort. The revenue effort adjustment is designed to provide the states with some incentive to maintain (and even expand) their efforts to use their own tax resources to meet their needs. Revenue effort is defined as the ratio of total general revenues collected by state and local governments in a given fiscal year to the total personal income of that state. A simple adjustment along these lines would provide a state whose revenue effort is above the national average with a bonus above its basic per capita portion of revenue sharing.

5. Q. Will the states be required to share some of this distribution with their local governments?

   A. The allocation of a state's share among its general units of local government will be established by prescribed formula. First, the proportion which a state will share with its local governments will be determined. This will correspond to the ratio of total local general revenues to combined state and local general revenues, in the state. Second, the distribution of this local share among the various units of local government within the state will then be determined. The proportion which an individual unit of general local government will receive will correspond to the ratio of its own revenues to total local government revenues in the state.

6. Q. Why are these particular distribution formulas used?

   A. Distributions based on revenues raised have several important advantages:

   -- they make allowance for state-by-state variations;

   -- they tend to be neutral with respect to the current relative fiscal importance of state and local governments in each state;

   -- they provide a method for allocating among government units with overlapping jurisdictions.

7. Q. Does a state have any opportunity to use some other distribution procedures than those just outlined?

   A. Yes. In order to provide local flexibility, each state -- working with its local governments -- is authorized to develop an alternative distribution plan.

8. Q. What restrictions or qualifications will be imposed on the use of these funds?

   A. There will be no program or project restrictions on the use of these funds. One purpose of revenue sharing is to permit local authorities the programming flexibility to make their own budget allocation decisions. Each state will be required to meet minimum reporting and accounting requirements.

9. Q. How do the various state, county, city and other local officials view this revenue-sharing proposal?

   A. We have had numerous discussions with governors, mayors, and county officials about the essentials of this proposal. There has developed a remarkable degree of approval on its key measures. At our July 8 White House conference on revenue sharing, for example, the various representatives of state and local governments reached broad agreement on all the program's major features.

10. Q. How much of a new administrative apparatus will be required to administer revenue sharing?

A. None. The plan has been designed to operate almost automatically, avoiding any requirement for the establishment of any new Federal bureau or agency. The whole purpose is to avoid Federal controls and to increase the fiscal discretion available to state and local governments.

ESTIMATED FUNDING FOR REVENUE SHARING, 1971-76

Fiscal Year	Taxable [1] Income Base (In billions)	Percentage for Revenue Sharing	Funds for Revenue Sharing (In billions)
1971	$315	2/12 of 1% [2]	$0.5
1972	346	5/12 of 1%	1.5
1973	381	7/12 of 1%	2.2
1974	419	9/12 of 1%	3.2
1975	461	11/12 of 1%	4.2
1976	507	1%	5.1

[1] The 1971 base is taken as calendar year 1967 taxable individual income.

The base is assumed to grow at the rate of 10 percent a year.

[2] The full-year amount will be paid out over the last two quarters for fiscal year 1971.

TREASURY DEPARTMENT
Washington

FOR RELEASE P.M. NEWSPAPERS
THURSDAY, AUGUST 14, 1969

REMARKS OF THE HONORABLE DAVID M. KENNEDY
SECRETARY OF THE TREASURY
AT THE DEDICATION OF THE PHILADELPHIA MINT
PHILADELPHIA, PENNSYLVANIA
THURSDAY, AUGUST 14, 1969 AT 3 P.M.,EDT

One of the pleasant privileges of membership in President Nixon's Cabinet is that every so often I have an opportunity to be a part of history in the making -- and this time and place are historic for many reasons.

We are here to open the fourth United States Mint to be built in Philadelphia, the first seat of our Nation's government. And this amphitheater is just a few hundred feet from the site of the first United States Mint, where President George Washington, on a similar occasion in 1792, handed over some of his wife's household silver for a test run of the new facility.

I am told that President Washington gave Martha the first experimental coins as a souvenir, but I still wonder whether she really believed she got the best of the bargain. For, you see, that the first Mint made nothing but one-cent and half-cent coins. And even at 1792 prices, you couldn't buy many table settings for pennies.

Two other distinguished American women are closely and warmly connected with this occasion. They are both with us today, and despite tradition, we are NOT asking them to donate the family silver. They are, of course, Miss Eva Adams, the present Director of the Mint, under whose direction this Mint was designed and built, and Miss Mary Brooks, Director-Designate of the Mint.

We have come a long way since Martha Washington sacrificed her silver to history. One year after the first United States Mint was dedicated here in Philadelphia, it had managed to turn out only 144,126 coins. That was quite a record for 18th Century coin-making, but it represents about 8-1/2 minutes' production for this marvelous new facility we have here today.

The new Philadelphia Mint is the largest, the most modern, and undoubtedly the most efficient plant of its kind in the world. It can produce 1 million coins an hour, or 300 every second -- and we need it to meet efficiently and economically the coinage needs of our expanding society. This facility exists in good part thanks to the legislative efforts of Congressmen Tom Steed and Sylvio Conte.

When the first Mint was established in 1792, the population of the entire United States was only four million. Today, we number nearly 200 million, and the Census Bureau tells me that at the present rate of growth we will have a population of close to 365 million by the beginning of the 21st Century.

Thus, in a little over 200 years, the American nation will have increased its population almost a hundred-fold, with a national wealth estimated in trillions, rather than billions, or millions of dollars.

I am sure that the distinguished mint masters from other countries who are our guests here today will agree that a tremendous and constant flow of coinage, such as this new Mint will provide, is vital and basic to commerce, and, in addition, an adequate supply of coin is essential to feed the machines of trade which are multiplying in this advanced technological society.

There is something stimulating, to me at least, about a bright, newly-minted coin. I suppose it's because I sometimes wish we could mint national policy as readily as we mint new coins. We might then call in all our old thoughts, our old programs, our old ways of action, run them through the smelter and re-issue them, sparkling, fresh, and new.

Unfortunately the problems of national security, economic stability, the promotion of human welfare and the enhancement of our environment, do not lend themselves to mintage solutions.

Lacking a solution machine, we must turn to our own all-too-human talents and resources. We have to evaluate the Nation's past commitments, which are demanding larger shares of our resources, and, at the same time, try to find answers to new problems that arise inexorably. We cannot simply cast aside our old problems and commitments and turn all our attention to the new, and even with all of our bountiful resources, we cannot perform in one grand sweep all the desirable tasks that wait to be done.

Today, this Nation and a new national administration are deeply immersed in forming public policies which will affect the lives of all our citizens for many years to come.

My prime concern as Secretary of Treasury is the economic health of the Nation, and I have observed over the years that Secretaries of the Treasury win very few popularity contests, because very few people associate economic health with taxes.

President Nixon said recently that "we shall never make taxation popular," and, for one, do not intend to try, but I would count it a major victory if even a bare majority of Congress and the public were to accept the hard fact that taxation and economic stability are two sides of the same coin. You just can't have one without the other.

But we are making progress. Only yesterday, Congress recessed after enacting important legislation which clearly demonstrates the relationship between taxes and stability.

The Congress has taken an essential and timely step in extending the 10 percent income tax surcharge. Had that tax been allowed to die -- and there were some who thought that would be a popular move -- nearly $10 billion would have been pumped into our overheated economy and the inflationary fire would have gotten that much hotter.

The people's elected representatives in Washington are to be strongly commended for refusing to let the surtax die. A majority of the Congress set aside political considerations and voted squarely in favor of the long-term interest of all Americans.

Now, while the Senate extended the surtax for only six months because some of its leaders felt that further extension should await meaningful tax reforms, I believe the Senate will ultimately join with the House in extending the surtax for the full period requested by the President.

I say this because meaningful tax reform is now in sight. Just last week, building upon recommendations of the Administration, the House overwhelmingly approved a reform bill that is the most far-reaching since our system of income tax was established more than a half-century ago. And I believe that when the whole bill is acted upon by the entire Congress, full extension of the surtax will accompany the reforms.

The reform measure is proof positive that an administration of one party can work effectively with members of the other party in the Congress in meeting pressing national needs. The 16 substantive tax reform proposals which President Nixon transmitted to the Congress last April provided the basis for the bill. The President's proposal for a limitation on tax preferences -- that's our version of the so-called "minimum income tax" -- was adopted with some modifications. Mr. Nixon's Low Income Allowance proposal, which in 1970 will remove more than 5 million poverty-level citizens from the tax rolls, and reduce taxes on 7 million others, was also adopted.

Recently, there has been speculation that the Tax Reform Act of 1969, when it emerges from the Congress, will be labeled a "Democratic" or a "Republican" bill. Neither label would be correct. This is the people's tax bill -- drafted and enacted by a strong bipartisan majority, with the full cooperation of the Administration. Where fairness and tax equity are concerned, there can be no party lines.

The Administration is going to suggest that certain changes be made in the Tax Reform Bill in the Senate. In some areas, it does not go far enough. Certain changes made by the House in President Nixon's tax preference proposal would permit many millionaires to go right on paying little or no federal income taxes. Furthermore, on balance, the bill as it now stands may go too far in reducing needed revenues.

Everyone welcomes lower taxes. But there is a point at which too deep a slash in federal revenues could perhaps force retrenchment in important domestic programs and even increase the already severe inflationary pressures -- which, in the long run, would cost all of us much more than any temporary gain we might get through tax reductions.

In the first half of this year, the consumer price index rose at an annual rate of nearly 6-1/2 percent. This is an intolerable inflation. If allowed to continue, it would halve the value of the dollar in a little more than 11 years. Nothing even remotely resembling that can be allowed to happen. Instead, the economy must gradually be brought onto a non-inflationary course and held there. This means there must be a tight rein on federal spending in the immediate future, and a suitable degree of monetary restraint.

President Nixon on July 22 ordered a $3.5 billion rollback in federal spending to help cool off the overheated economy. He said at that time that no federal program is beyond scrutiny, that some highly desirable programs will have to be stretched out and others reduced. And a policy of monetary restraint by the Federal Reserve System has been in effect since late last year. There are indications that these policies are beginning to pay dividends.

But the fact remains that we must guard against the potentially dangerous impact in later years of the tax cuts that have now been enacted.

Even if the surtax is extended through June of next year, as the President has recommended, there will still be substantial revenue losses showing up in the 1971 fiscal year and thereafter.

To say that we are concerned over some of the long-term fiscal effects of this bill and that we will ask for changes in the Senate version, is not to detract from the fact that this reform measure is a milestone in tax legislation. The bipartisan House Ways and Means Committee, under the able leadership of Chairman Wilbur Mills and ranking Republican John Byrnes, with key assistance from Hale Boggs, added a number of constructive measures to those proposed by the President in April. The proposals for tax relief which will benefit so many Americans were worked out by Treasury officials and the Committee staff and were accepted by the full Ways and Means Committee. Finally, they received overwhelming approval by the House.

Now it is up to the Senate. I cannot urge too strongly that our Senators, Republicans and Democrats alike, proceed with the same determination the House has shown. Enactment of this bill, with the modifications this Administration will recommend, will be a giant step toward making taxation, if not popular, at least fair for all our citizens.

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Finally, I should like to congratulate all of you who have had a part in the building of this great city's fourth United States Mint, and to thank those of you who have joined them in making the occasion a memorable one. The artisans and craftsmen of Philadelphia, as they have for nearly 200 years, will continue to provide us with the coin of commerce and trade, and all of us, with the help of the Lord and an assist from the Senate, will work together to keep it sound.

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TREASURY DEPARTMENT

WASHINGTON. D.C.
August 13, 1969

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 $2,800,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing August 21, 1969, in the amount of $2,804,614,000, as follows:

91-day bills (to maturity date) to be issued August 21, 1969, in the amount of $1,600,000,000, or thereabouts, representing an additional amount of bills dated May 22, 1969, and to mature November 20,1969, originally issued in the amount of $1,300,740,000, the additional and original bills to be freely interchangeable.

182-day bills, for $1,200,000,000, or thereabouts, to be dated August 21, 1969, and to mature February 19, 1970.

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

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Daylight Saving time, Monday, August 18, 1969. 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 each issue 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 for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on August 21, 1969, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 21, 1969. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

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

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

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TREASURY DEPARTMENT

WASHINGTON, D.C.

August 14, 1969

FOR RELEASE A.M. NEWSPAPERS
FRIDAY, AUGUST 15, 1969

TREASURY DEPARTMENT STATEMENT ON SECOND QUARTER BALANCE OF PAYMENTS

The Department of Commerce release on the balance of payments for the second quarter reveals a deficit of $3,792 million on a liquidity basis, and a surplus of $1,249 million on an official settlements basis, both seasonally adjusted. The difference between these two measures of the deficit thus widened to $5,041 million.

As the Commerce data show, the major factors which statistically explain this large discrepancy between the two measures of the deficit are:

(a) the very large volume of short-term borrowing by U.S. banks from the Euro-dollar market; this is counted as a capital inflow under the official settlements concept but not the liquidity measurements; and

(b) a substantial run-off of "special" financial transactions -- involving a reduction of over $500 million in medium-term investments by foreign monetary authorities, which affects the liquidity balance but not the official settlements measurement.

In testimony last week before the Subcommittee on International Finance of the House Committee on Banking and Currency, Paul A. Volcker, Under Secretary for Monetary Affairs, commented on the balance of payments:

> "The tightness of money in the United States has attracted so large a volume of short-term funds as to produce a sizeable net surplus on our official settlement accounts; that surplus appears to amount to more than $2 billion for the first half of the year. Over this period of

six months, Euro-dollar borrowings by our banks for use in the United States rose by some $7-1/2 billion to a total of more than $13 billion.

"In the alternative 'liquidity' measure of our balance of payments, these short-term capital movements are counted 'below the line' as an element financing a deficit, rather than as a capital inflow. Consequently, by that method of calculation, we have recorded a very large deficit.

"While we do not have all the data at hand for analyzing the first half of the year, it is plain that neither the 'liquidity' nor the 'official settlements' measure of the balance of payments reflects in a fully meaningful way our basic external position. For instance, a large but not readily identifiable portion of the liquidity deficit undoubtedly represents a diversion of funds of foreign investors, foreign subsidiaries of U.S. companies, or even U.S. residents, into high-yielding Euro-dollar deposits -- funds that might otherwise have been directly lodged in this country. With European branches of our own banks actively bidding for these funds and employing them in the United States, part of this loss is more apparent than real, but the 'liquidity' calculation is distorted. Somewhat similarly, large amounts of money shifted into Germany in May as a hedge or speculation against the possibility of a mark revaluation found their way back into the Euro-dollar market -- and eventually to the United States -- with the same statistical result.

"While the liquidity deficit exaggerates the extent of the problem, neither should we take too much comfort from the surplus on official settlements. The simple fact of the matter is that the United States has become uncomfortably dependent on short-term capital inflows -- as a by-product of tight money -- in maintaining external equilibrium. The other side of the

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coin -- and the measure of our problem -- is the virtual disappearance of our traditional large trade surplus. For the first five years of this decade, that surplus averaged nearly $5-1/2 billion, reaching a peak of more than $6-3/4 billion in 1964. By the end of 1968, the surplus had vanished, and we have barely held our own in the months since that time.

"This is one cost of the overheating and inflation of our economy. Imports have been sucked in from the rest of the world at an unparalleled rate. We look toward restoration of our trade surplus as we regain a better balance in our domestic economy. But there should be no illusion that this will be an easy task. It is the work of years rather than months -- years in which our own competitive performance must be superior to that of our major trading partners.

"Adjustment is necessarily a two-sided process. While we -- and the United Kingdom and France -- face a need to strengthen our trade position, certain other countries have developed large and chronic surpluses. Those surpluses must be whittled down, just as ours must be increased, to restore a sustainable balance. And these goals must be achieved without forcing any country into extremes of inflation or recession that they properly reject on domestic grounds.

"Discussions of international monetary problems in recent months have demonstrated a growing awareness of both the need and the difficulties of achieving and maintaining a reasonable equilibrium in the balance of payments of individual countries, permitting each some latitude in pursuing their own domestic priorities and taking account of gradual structural shifts in competitive positions and the development of capital markets. The essence of the problem, of course, is to achieve this objective while preserving essential elements of stability and continuity in the international financial system as a whole.

"It is considerations like these that have aroused increasing interest both in this country and abroad in the potential for various techniques for achieving changes in exchange rates in a controlled and limited manner, within a framework of internationally sanctioned criteria. This is a large and complex subject -- too large for me to attempt to deal with today in a substantive and detailed way. I would only say that careful and inevitably time consuming study by appropriate authorities would be essential to appraise the proposals fully.

"In closing, I would only re-emphasize the point with which I started. Changes in international monetary arrangements are not a substitute for appropriate internal policies.

"For the present, the principal contribution that the United States itself can make to the stability of the international monetary system is perfectly plain -- to bring our inflation to an end and do so without sending shock waves of recession to every corner of the world. That is the main path we have set for ourselves, and none of us should be misled into thinking that some new monetary arrangement can dispense with that fundamental need."

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TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR IMMEDIATE RELEASE August 14, 1969

TREASURY BILL OFFERING OF $2.1 BILLION

The Treasury announced today that a total of $2.1 billion will be added to seven outstanding weekly series of Treasury bills. These are the series which mature September 18 to October 30, 1969, inclusive. They will be reopened in the amount of $300 million each -- a total of $2.1 billion.

The auction will be on Wednesday, August 20 with payment on Monday, August 25 In this "strip" offering, subscribers will put in for equal amounts of each of the seven series of bills being reopened. Commercial banks may make payment of their own and their customers' accepted tenders by credit to Treasury tax and loan accounts.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR IMMEDIATE RELEASE

August 14, 1969

TREASURY OFFERS $2.1 BILLION STRIP OF WEEKLY BILLS

The Treasury Department, by this public notice, invites tenders for additional amounts of seven series of Treasury bills to an aggregate amount of $2,100,000,000, or thereabouts, for cash. The additional bills will be issued August 25, 1969, will be in the amounts, and will be in addition to the bills originally issued and maturing, as follows:

Amount of Additional Issues	Original Issue Dates 1969		Maturity Dates 1969			Days from August 25, 1969 to Maturity	Amount Currently Outstanding (in millions
$ 300,000,000	March	20	September	18		24	$2,701
300,000,000	March	27	September	25		31	2,701
300,000,000	April	3	October	2		38	2,701
300,000,000	April	10	October	9		45	2,701
300,000,000	April	17	October	16		52	2,703
300,000,000	April	24	October	23		59	2,703
300,000,000	May	1	October	30		66	2,701
$2,100,000,000					Average -	45	

The additional and original bills will be freely interchangeable.

Each tender submitted must be in the amount of $7,000, or an even multiple thereof, and one-seventh of the amount tendered will be applied to each of the above series of bills.

The bills offered hereunder 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 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 closi hour, one-thirty p.m., Eastern Daylight Saving time, Wednesday, August 20, 1969. Tenders will not be received at the Treasury Department, Washington. In the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e.g., 99.925. Fractions may not be used. A single price must be submitted for each unit of $7,000, or even multiple thereof. A unit represer $1,000 face amount of each issue of bills offered hereunder, as previously described. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks and Branches on applicatior 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 o these additional issues at a specific rate or price, until after one-thirty p.m., Eastern Daylight Saving time, Wednesday, August 20, 1969.

Immediately after the closing hour, tenders will be opened at the Federal Rese 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 Treas expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Noncompetitive tenders fo $210,000 or less (in even multiples of $7,000) without stated price from any one bid 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 or Branch in cash or other immediatel available funds on August 25, 1969. Any qualified depository will be permitted to make settlement by credit in its Treasury tax and loan account for Treasury bills allotted to it for itself and its customers.

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 fr 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 fr all taxation now or hereafter imposed on the principal or interest thereof by any St or any of the possessions of the United States, or by any local taxing authority. purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States is considered to be interest.

Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss. Purchasers of a strip of the bills offered here under should, for tax purposes, take such bills on to their books on the basis of their purchase price prorated to each of the seven outstanding issu using as a basis for proration the closing market prices for each of the issues on August 25, 1969. (Federal Reserve Banks will have available a list of these market prices, based on the mean between the bid and asked quotations furnished by the Federal Reserve Bank of New York.)

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

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TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR IMMEDIATE RELEASE

August 15, 1969

SUBSCRIPTION FIGURES FOR CURRENT REFUNDING

In the Treasury's current exchange offering of 7-3/4% notes dated August 15, 1969, maturing February 15, 1971, open to holders of $3,366 million of notes maturing August 15, 1969, subscriptions totaled $2,933 million, leaving $433 million, or 12.9%, for cash redemption. Of public holdings amounting to $3,218 million, a total of $410 million or 12.7% was unexchanged.

Subscriptions by Federal Reserve Districts were as follows:

Federal Reserve District	Amount Exchanged
Boston	$ 118,605,000
New York	1,369,921,000
Philadelphia	86,286,000
Cleveland	190,604,000
Richmond	75,608,000
Atlanta	132,686,000
Chicago	385,174,000
St. Louis	128,213,000
Minneapolis	62,430,000
Kansas City	133,325,000
Dallas	87,832,000
San Francisco	142,358,000
Treasury	19,689,000
Total:	$2,932,731,000

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TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR RELEASE 6:30 P.M.,
Monday, August 18, 1969.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated May 22, 1969, and the other series to be dated August 21, 1969, which were offered on August 13, 1969, were opened at the Federal Reserve Banks today. Tenders were invited for $1,600,000,000, or thereabouts, of 91-day bills and for $1,200,000,000, 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 November 20, 1969		:	182-day Treasury bills maturing February 19, 1970	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	98.280	6.804%	:	96.415 a/	7.091%
Low	98.255	6.903%	:	96.388	7.145%
Average	98.267	6.856% 1/	:	96.400	7.121% 1/

a/ Excepting one tender of $5,000
9% of the amount of 91-day bills bid for at the low price was accepted
85% of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 28,958,000	$ 18,958,000	:	$ 7,508,000	$ 7,208,000
New York	1,899,039,000	1,069,189,000	:	1,673,272,000	873,515,000
Philadelphia	38,439,000	23,439,000	:	20,786,000	10,436,000
Cleveland	42,708,000	40,678,000	:	26,349,000	26,199,000
Richmond	19,539,000	18,539,000	:	22,029,000	15,229,000
Atlanta	45,566,000	43,566,000	:	37,223,000	28,523,000
Chicago	186,872,000	156,872,000	:	136,912,000	75,520,000
St. Louis	56,226,000	53,771,000	:	50,097,000	46,597,000
Minneapolis	21,817,000	20,817,000	:	16,361,000	8,986,000
Kansas City	27,919,000	27,918,000	:	23,546,000	22,076,000
Dallas	24,348,000	17,348,000	:	25,532,000	15,432,000
San Francisco	135,377,000	109,007,000	:	127,341,000	70,741,000
TOTALS	$2,526,808,000	$1,600,102,000b/		$2,166,956,000	$1,200,462,000 c/

b/Includes $347,019,000 noncompetitive tenders accepted at the average price of 98.2
c/Includes $207,908,000 noncompetitive tenders accepted at the average price of 96.4
1/These rates are on a bank discount basis. The equivalent coupon issue yields are 7.07% for the 91-day bills, and 7.49% for the 182-day bills.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR RELEASE 6:30 P.M.,
Wednesday, August 20, 1969.

RESULTS OF OFFERING OF $2.1 BILLION STRIP OF TREASURY BILLS

The Treasury Department announced that tenders for additional amounts of seven series of Treasury bills to an aggregate amount of $2,100,000,000, or thereabouts, to be issued August 25, 1969, which were offered on August 14, 1969, were opened at the Federal Reserve Banks today. The amount of accepted tenders will be equally divided among the seven issues of outstanding Treasury bills maturing September 18, September 25, October 2, October 9, October 16, October 23, and October 30, 1969. The details of the offering are as follows:

Total applied for - $3,727,339,000
Total accepted - 2,100,000,000 (includes $89,572,000 entered on a non-competitive basis and accepted in full at the average price shown below)

RANGE OF ACCEPTED COMPETITIVE BIDS:	Price	Approximate equivalent annual rate of discount based on 45 days (average number of days to maturity
High	99.346	5.232%
Low	99.284	5.728%
Average	99.307	5.544% 1/

4% of the amount bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted
Boston	$ 139,895,000	$ 83,895,000
New York	1,886,871,000	786,478,000
Philadelphia	229,971,000	180,971,000
Cleveland	271,061,000	257,061,000
Richmond	74,956,000	66,430,000
Atlanta	95,921,000	89,411,000
Chicago	376,159,000	224,959,000
St. Louis	85,631,000	70,021,000
Minneapolis	190,995,000	148,995,000
Kansas City	68,257,000	66,157,000
Dallas	129,325,000	45,325,000
San Francisco	178,297,000	80,297,000
TOTALS	$3,727,339,000	$2,100,000,000

This rate is on a bank discount basis. The equivalent coupon issue yield is 5.66%.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

August 20, 1969

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 $2,800,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing August 28, 1969, in the amount of $2,802,134,000, as follows:

92-day bills (to maturity date) to be issued August 28, 1969, in the amount of $1,600,000,000, or thereabouts, representing an additional amount of bills dated May 29, 1969, and to mature November 28,1969, originally issued in the amount of $1,300,016,000, the additional and original bills to be freely interchangeable.

182-day bills, for $1,200,000,000, or thereabouts, to be dated August 28, 1969, and to mature February 26, 1970.

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

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Daylight Saving time, Monday, August 25, 1969. 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 announcment 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 each issue 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 for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on August 28, 1969, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 28, 1969. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

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

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

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TREASURY DEPARTMENT

WASHINGTON, D.C.

August 20, 1969

FOR IMMEDIATE RELEASE

TREASURY'S MONTHLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $1,700,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing August 31, 1969, in the amount of $1,706,008,000, as follows:

271-day bills (to maturity date) to be issued September 2,1969, in the amount of $500,000,000, or thereabouts, representing an additional amount of bills dated May 31, 1969, and to mature May 31, 1970, originally issued in the amount of $1,000,225,000, the additional and original bills to be freely interchangeable.

365-day bills, for $ 1,200,000,000, or thereabouts, to be dated August 31, 1969, and to mature August 31, 1970.

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

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Daylight Saving time, Tuesday, August 26, 1969. 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 the one-year bills will run for 365 days, the discount rate will be computed on a bank discount basis of 360 days, as is currently the practice on all issues of Treasury bills.) It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. Others than 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 each issue 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 for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on September 2, 1969,in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 31, 1969. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

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

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

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TREASURY DEPARTMENT

WASHINGTON, D.C.

August 20, 1969

FOR RELEASE A.M. NEWSPAPERS
THURSDAY, AUGUST 21, 1969

DECISION MADE ON JAPANESE DICHLOROBENZIDINE DIHYDROCHLORIDE UNDER ANTIDUMPING ACT

The Treasury Department announced that a determination has been made that Dichlorobenzidine Dihydrochloride (also known as DCB) manufactured by Wakayama Seika Industry Company, Ltd., Wakayama, Japan (Wakayama Seika Kogyo Co., Ltd., Wakayama, Japan) is not being, nor likely to be sold at less than fair value within the meaning of the Antidumping Act 1921 as amended (19 U.S.C. 160 et seq.).

A tentative determination was published in the Federal Register on June 28, 1969. This notice allowed 30 days for the submission of written views or requests for an opportunity to present views orally. No submissions or requests were received.

During the period May 1, 1968 through June 30, 1969 dichlorobenzidine Dihydrochloride (also known as DCB) valued at approximately $325,000 was imported from Japan.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

August 20, 1969

FOR RELEASE A.M. NEWSPAPERS
THURSDAY, AUGUST 21, 1969

DECISION ON POTASSIUM CHLORIDE MADE UNDER ANTIDUMPING ACT

The Treasury Department announced today that potassium chloride, otherwise known as muriate of potash, from Canada, France, and West Germany, is being, and is likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended.

Notices of the determination and the case references to the Tariff Commission will be published in the Federal Register.

During the period August 1, 1967, through December 31, 1968, potassium chloride valued at approximately $35,000,000 was imported from Canada; during the period July 1, 1967, through December 31, 1968, potassium chloride valued at approximately $2,300,000 was imported from West Germany; and during the period July 1, 1967, through August 31, 1968, potassium chloride valued at approximately $1,450,000 was imported from France.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR IMMEDIATE RELEASE

August 25, 1969

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 $2,800,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing September 4,1969, in the amount of $2,802,014,000, as follows:

91-day bills (to maturity date) to be issued September 4,1969, in the amount of $1,600,000,000, or thereabouts, representing an additional amount of bills dated June 5, 1969, and to mature December 4,1969, originally issued in the amount of $1,301,356,000, the additional and original bills to be freely interchangeable.

182-day bills, for $1,200,000,000, or thereabouts, to be dated September 4, 1969, and to mature March 5, 1970.

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

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Daylight Saving time, Friday, August 29, 1969. 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 tender for each issue 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 for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on September 4, 1969, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 4,1969. 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 RELEASE 6:30 P.M.,
Monday, August 25, 1969.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated May 29, 1969, and the other series to be dated August 28, 1969, which were offered on August 20, 1969, were opened at the Federal Reserve Banks today. Tenders were invited for $1,600,000,000, or thereabouts, of 92-day bills and for $1,200,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	92-day Treasury Bills maturing November 28, 1969		:	182-day Treasury Bills maturing February 26, 1970	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	98.208 a/	7.012%	:	96.328 b/	7.263%
Low	98.176	7.137%	:	96.298	7.323%
Average	98.186	7.098% 1/	:	96.313	7.293% 1/

a/ Excepting 2 tenders totaling $102,000; b/ Excepting 2 tenders totaling $10,000
93% of the amount of 92-day bills bid for at the low price was accepted
50% of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 36,910,000	$ 26,910,000	:	$ 8,727,000	$ 7,577,000
New York	1,817,974,000	1,149,874,000	:	1,677,889,000	856,139,000
Philadelphia	39,608,000	24,608,000	:	19,693,000	9,693,000
Cleveland	43,590,000	43,590,000	:	27,363,000	27,082,000
Richmond	19,618,000	19,618,000	:	17,034,000	16,971,000
Atlanta	49,770,000	40,830,000	:	31,857,000	17,747,000
Chicago	153,092,000	110,892,000	:	132,166,000	89,530,000
St. Louis	43,953,000	38,153,000	:	23,649,000	18,549,000
Minneapolis	18,712,000	13,962,000	:	18,755,000	7,255,000
Kansas City	33,742,000	33,741,000	:	29,239,000	23,801,000
Dallas	25,766,000	15,766,000	:	20,435,000	10,435,000
San Francisco	130,534,000	82,134,000	:	235,656,000	115,447,000
TOTALS	$2,413,269,000	$1,600,078,000	c/	$2,242,463,000	$1,200,226,000 d/

c/ Includes $336,725,000 noncompetitive tenders accepted at the average price of 98.186
d/ Includes $181,848,000 noncompetitive tenders accepted at the average price of 96.313
1/ These rates are on a bank discount basis. The equivalent coupon issue yields are 7.33% for the 92-day bills, and 7.68% for the 182-day bills.

TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR RELEASE 6:30 P.M.
Tuesday, August 26, 1969.

RESULTS OF TREASURY'S MONTHLY BILL OFFERING

The Treasury Department announced that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated May 31, 1969, and the other series to be dated August 31, 1969, which were offered on August 20, 1969, were opened at the Federal Reserve Banks today. Tenders were invited for $500,000,000, or thereabouts, of 271-day bills and for $1,200,000,000, or thereabouts, of 365-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	271-day Treasury bills maturing May 31, 1970			:	365-day Treasury bills maturing August 31, 1970		
	Price	Approx. Equiv. Annual Rate		:	Price	Approx. Equiv. Annual Rate	
High	94.478	7.335%		:	92.599	7.300%	
Low	94.414	7.421%		:	92.531	7.367%	
Average	94.439	7.387%	1/	:	92.558	7.340%	1/

92% of the amount of 271-day bills bid for at the low price was accepted
3% of the amount of 365-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	$ 787,000	$ 787,000	:	$ 10,961,000	$ 961,000
New York	1,022,022,000	315,502,000	:	1,421,929,000	775,929,000
Philadelphia	8,916,000	3,916,000	:	12,272,000	2,272,000
Cleveland	1,707,000	1,707,000	:	8,598,000	7,598,000
Richmond	5,799,000	1,799,000	:	8,107,000	3,100,000
Atlanta	10,541,000	2,393,000	:	18,317,000	5,032,000
Chicago	103,146,000	73,146,000	:	259,516,000	223,516,000
St. Louis	5,547,000	5,047,000	:	20,452,000	13,512,000
Minneapolis	9,385,000	1,385,000	:	9,984,000	1,984,000
Kansas City	1,672,000	1,672,000	:	5,356,000	5,356,000
Dallas	11,171,000	1,171,000	:	12,009,000	2,009,000
San Francisco	131,494,000	91,494,000	:	194,239,000	158,739,000
TOTALS	$1,312,187,000	$ 500,019,000 a/		$1,981,740,000	$1,200,008,000 b/

a/ Includes $17,983,000 noncompetitive tenders accepted at the average price of 94.4

b/ Includes $56,912,000 noncompetitive tenders accepted at the average price of 92.5

1/ These rates are on a bank discount basis. The equivalent coupon issue yields are 7.83% for the 271-day bills, and 7.89% for the 365-day bills.

TREASURY DEPARTMENT
WASHINGTON, D. C.

FOR RELEASE UPON DELIVERY
Expected at 3:00 p.m., EDT
Wednesday, August 27, 1969

REMARKS OF THE HONORABLE MURRAY L. WEIDENBAUM
ASSISTANT SECRETARY OF THE TREASURY FOR ECONOMIC POLICY
BEFORE THE NATIONAL CONFERENCE OF STATE LEGISLATIVE LEADERS
ST. LOUIS, MISSOURI
WEDNESDAY, AUGUST 27, 1969, 2:00 P.M., CDT

TOWARD A NEW FISCAL FEDERALISM

When President Nixon first outlined the principles of his domestic program on April 14, he described one of this country's more pressing needs:

> "If there is one thing we know, it is that the Federal Government cannot solve all the Nation's problems by itself; yet, there has been an over-shift of jurisdiction and responsibility to the Federal Government. We must kindle a new partnership between government and people, and among the various levels of government."

The need for such a new partnership was never stronger than it is today. The evidence of "over-shift" is readily apparent. Just to catalog the current domestic programs of the Federal Government now requires a book of more than 600 pages.

In retrospect, it is quite clear that this large flow of power from the private sector and from the cities and states to Washington did not just happen of its own accord.

It was induced initially by economic crises. It was further stimulated by mobilization for major war and the threat of major war. It has been accelerated by a variety of efforts of the Federal Government to cure major domestic ills through the power of Federal programs and Federal money.

Yet for all this emphasis on the assumed power and influence of our national Government, the limits to its effectiveness have become all too apparent. Too often, Federal funds have been wasted or used inefficiently. Too often, a bountiful promise has been followed by a lack of performance. Too often, the application of some centrally formulated regulation has failed to accommodate the diversity of local situations. The result has been some erosion of public confidence in the Federal Government's ability to serve as a truly effective instrument of social progress.

State and local governments are, in some cases, better able to deal with these problems. These governments have also experienced rapid growth. Indeed, since World War II, their expenditures, employment, and indebtedness have increased significantly faster than those of the Federal Government. Yet the services the public has expected them to provide -- education, transportation, health, and many more -- have often been beyond the capacity of local public resources to finance and hence to deliver.

The Federal Government has not been oblivious to the needs of state and local governments. Federal grants-in-aid to states and localities will pass the $25 billion mark this fiscal year -- up from $7 billion in 1960. This type of program or categorical assistance has represented an increasing portion of both total Federal outlays and state and local revenues. But, too often, it has also been accompanied by an ever growing maze of program restrictions, formulas, matching provisions, project approval requirements, and a host and variety of administrative burdens. The result has been the creation of a complicated network of intergovernmental assistance efforts with many inefficiencies and unworkable features.

This Administration intends to correct the inefficiencies and inflexibilities of the present system while assisting the states and localities in a more substantial way than in the past. The need for such assistance can be clearly demonstrated. Public finance experts of all political persuasions have noted that under the existing income tax structure Federal revenues increase faster than the national economy, while Federal expenditures for current programs (except in wartime) are likely to rise more slowly. The reverse is true for states and localities. Their revenues, based heavily on sales and property taxes, do not keep pace with the rate of national economic growth. In contrast, their expenditure requirements for existing programs tend to rise far more rapidly. The resulting "fiscal mismatch" of potential Federal surpluses and state-local deficits is the financial basis for Federal aid.

This is not a partisan point that I am making. The "fiscal mismatch" has been noted by analysts of all political persuasions. In preparing the Administration's revenue sharing plan, we carefully reviewed the literature on the subject. I was personally struck by the widespread support for introducing a new and broader type of Federal financial aid to state and local governments -- support by Democrats as well as Republicans, liberals as well as conservatives, academic experts as well as political leaders, and big city dwellers as well as smalltown residents.

The challenge, then, is to redesign our system of intergovernmental assistance to achieve the results we all desire:

-- a better allocation of total public resources,

-- more responsiveness in public institutions,

-- more control over local events by local authorities,

-- greater program and budget flexibility for locally-elected officials,

-- more efficient, less encumbered forms of Federal assistance.

The President has accepted this challenge. On August 13, he proposed to the Congress fundamental revisions in both the spirit of our intergovernmental relations and the substance of our intergovernmental assistance system. As he put it, we are seeking to build a "New Federalism," with a return to the states, cities, and counties of the decision-making power rightfully theirs. At the heart of this effort is the proposal for sharing Federal revenues with the state and local governments. Revenue sharing can provide both the encouragement and the resources for local and state officials to exercise leadership in solving their own problems.

I want to take this opportunity to outline in some detail the essential elements of our revenue sharing proposal. I find it most helpful to describe it within the framework of four major questions.

First, how do we determine the total amount to be shared? We propose to establish a permanent appropriation, automatically determined each fiscal year, which will provide revenue sharing funds equal to a stated percentage of personal taxable income -- the base on which Federal individual income taxes are levied. To provide for an orderly phase-in of this program, the fiscal year 1971 percentage is one-sixth of one percent, or about $500 million.

Subsequent fiscal year percentages increase annually up to a permanent one percent for the fiscal year 1976 and thereafter. On this basis, we estimate an appropriation for the 1976 fiscal year of about $5 billion. We think that it is important to make a start soon, rather than waiting until the budget permitted a larger program. A five-year transition is a desirable approach for a brand new activity.

Like most revenue sharing proposals, our plan uses aggregate personal taxable income as the base for computing the shared amount. This tax base has the advantages of relative stability, steady growth, and independence from tax rate changes. Furthermore, it insures the taxpayer that state and local officials will not become advocates for higher Federal tax rates in order to gain revenue sharing funds.

Second, how are the funds distributed among the states? We propose a distribution based on each state's share of national population, adjusted for the state's revenue effort. The revenue effort adjustment is designed to provide the states with some incentive to maintain, and even expand, their efforts to use their own tax resources to meet their needs. Revenue effort is defined in the customary fashion -- the ratio of total general revenues collected by a state and all its local governmental units during a given fiscal year to the total personal income of that state. A simple adjustment along these lines provides a state whose revenue effort is 10 percent above the national average with a 10 percent bonus above its basic per capita portion of revenue sharing.

One important point about revenue effort should be noted: It is a relative and not an absolute measure, since revenues collected are expressed as a percentage of personal income for each state. It does not, therefore, reward "wealthy" states -- that is, those states with high average income levels. Indeed, some of the wealthier states on a per capita income basis have relatively low revenue efforts, and some of the poorer states have high revenue efforts. In a direct way, the revenue effort provision rewards those states that try harder to meet their own needs with their own resources.

The state-by-state distribution is primarily determined, then, on a per person basis, with revenue effort added as a minor adjustment. (To compute a state's share of the revenue sharing fund, the arithmetic is quite straightforward: one simply computes the product of that state's population times its revenue effort and divides the result by the sum of the products so computed for all 50 states and the District of Columbia.)

Our proposal does not contain a so-called "equalization" provision, whereby low-income states receive more per person than high-income states. We have found, in the course of many discussions with state and local officials, that variations in state per capita income are simply not a good measure of need. In fact, many of our most urgent domestic problems are found in the urban centers of the states with high per capita income. Therefore, we have chosen to keep the distribution among states as neutral as possible, basing it primarily on population.

Third, how are the funds distributed within each state? Including local governments in Federal revenue sharing is a relatively new idea. We spent more time trying to perfect the local "pass-through" than on any other part of the revenue sharing plan. You cannot use a simple per capita distribution among local governments because of the overlapping jurisdictions of cities and counties. You cannot use a measure of "need" because there are no adequate statistics on income levels by city and county.

This is the approach that we did come up with: We propose that each state share a given proportion of these funds with its local governments. The allocation of a state's payment among its local governments is carefully prescribed by formula. First, the total proportion which a state shares with its local governments corresponds to the ratio of general revenues raised by these local governments to the combined total of revenues raised by the state and all its units of local government. Second, the proportion of this local share which an individual unit of general government receives corresponds to the ratio of its own general revenues to total general revenues raised by all general-purpose local governments in the state.

There are some features of this local distribution which deserve emphasis. For one, we are proposing to share revenues with *all* general-purpose local governments -- cities, towns, and counties -- and *only* general-purpose local governments. There is no minimum-size requirement for a locality to participate, and no special or school districts are eligible for direct sharing. These features are fully consistent with the spirit of the New Federalism and the purposes of revenue sharing. That is, all general governments should be included, and no program or project restrictions should be placed on the funds. To have distributed dollars directly to fire districts, or school districts, or drainage districts would have amounted to widespread earmarking of substantial funds for specific programs. Our desire is to avoid that and to leave such budget allocation decisions up to the responsible state and local officials.

It may be useful to analyze how the local pass-through would operate. Limiting eligibility to general-purpose local governments has an important impact on the other key feature of the local distribution formula -- allocation of funds on the basis of general revenues raised. A distribution based on revenues raised has several important advantages: it makes allowance for state-by-state variations; it tends to be neutral with respect to the current relative fiscal importance of state and local governments in each state; and it provides a method for allocating among governmental units with overlapping jurisdictions. By sharing funds only with municipalities, counties, and townships, the state government portion of revenue sharing is enlarged by the relative proportion of special and school district revenues to total revenues.

This result has a direct effect on potential state and local allocations of revenue sharing funds to particular programs and projects. In those areas where the functions elsewhere performed by a special-purpose district or a school district are carried on directly by a general-purpose government, then that government's portion of revenue sharing will be enlarged by the proportion of its revenues that it raises for such functions. Therefore, those officials responsible for managing and administering the special functions involved will look to the general-purpose local government for any additional funds. On the other hand, if a special-purpose or school district exists independent of the local government, then the state government's portion of revenue sharing will be enlarged by the proportion of total revenues that are raised by these districts. In these cases, the officials responsible for managing and administering such districts will look to the state government for additional assistance. By this distribution procedure, the Federal revenue sharing program avoids directing or influencing the allocation of funds to particular governmental functions. Such allocation decisions will be made by state and local officials in response to the needs of their jurisdiction.

There is another important point which should be made regarding the allocation of funds on the basis of revenues raised. Some observers have jumped to the conclusion that such a distribution procedure rewards the wealthy suburb at the expense of the central city. This is simply not a valid generalization. Revenue sharing funds go to local governments in proportion to their share of general revenues raised, not in relation to the income level of their residents. We are unable to find evidence to support a contention that suburban governments raise more revenues per capita than urban governments. In fact, the reverse is true in many specific instances. For example, New York City raised $404.81 per capita in general revenues in 1967-68 (the latest figures available), while New Rochelle raised $152.55 and Mount Vernon $121.89. For all cities of one million or more, the average per capita revenues were $255.95, compared to $78.74 for cities with population of less than 50,000.

One final point about our proposal for distribution of funds within each state deserves mention. In order to provide local flexibility, we will permit a state -- working with its local governments -- the option of developing an alternative distribution plan. Any alternative plan, however, must receive sufficient support from both the state and the local governments, large and small.

The fourth major question is: What restrictions or qualifications are imposed on the use of revenue sharing funds? I have already expressed our determination that these funds should have no program or project "strings" connected with their use. A fundamental purpose of revenue sharing is to permit local authorities the programming flexibility to make their own budget allocation decisions. This purpose is basic to the spirit of the New Federalism: a return to the states and localities of their rightful powers and responsibilities.

The requirements we propose are minimal: (1) that the states carry out the requirement to share funds with their local governments; (2) that this local sharing be in addition to current sharing efforts; and (3) that all recipient governments provide a reasonable amount of informational reporting to the Treasury Department for the funds they receive.

We welcome the thoughts of state and local governments on how best to implement these general concepts. We have had the benefit of numerous helpful suggestions from governors, mayors, county executives, legislators, academic experts, and other interested parties. In preparing this specific proposal, we have attempted both to draw on past efforts and to go beyond them.

I believe that the Administration's revenue sharing plan contains several important improvements over some of the earlier proposals: (1) it includes local as well as state governments, and (2) it leaves to the state and local governments the decision as to how to allocate the funds among programs and activities. However, we claim no monopoly on wisdom. We welcome further suggestions and advice.

I would like to conclude by citing what I believe are the most advantageous characteristics of the Administration's revenue sharing plan.

-- It is simple. No new Federal bureau or agency is needed; the funds are distributed on the basis of readily available objective statistics, as clearly specified in the plan. None of the Federal revenue sharing money is to be used for "overhead" or other expenses by the Federal Government.

-- It is automatic. State and local governments can count on the funds in their own fiscal planning.

The money for revenue sharing is automatically available each year and is geared to the growing personal income tax base of the Nation.

-- It is fair. The funds go to every state, every city, and every county in the Nation. All areas are included -- urban and rural, large and small, rich and poor, industrialized and agricultural.

-- It has no strings. The state and local governments are free to exercise their discretion over the use of the funds. Decision-making authority, as well as money, is returned to state and local governments.

-- It is neutral. The state-by-state distribution is based primarily on where people reside. The allocation among governments within a state is based on the existing distribution of financial responsibilities among the various units of government, as decided in each area.

President Nixon's call last April for a new partnership among the various levels of government has received an enthusiasti response from many quarters. Revenue sharing is an integral part of such a partnership. It is a program which has long enjoyed bipartisan professional and political support. That is the measure of its merit. Its enactment will represent an important step toward establishing a more effective and better working Federal system of Government.

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TREASURY DEPARTMENT
WASHINGTON, D.C.

FOR RELEASE UPON DELIVERY
Expected at 1:00 p.m. EDT
Thursday, August 28, 1969

REMARKS OF THE HONORABLE MURRAY L. WEIDENBAUM
ASSISTANT SECRETARY OF THE TREASURY FOR ECONOMIC POLICY
BEFORE THE JUNIOR BANKERS DIVISION OF THE
ARKANSAS BANKERS ASSOCIATION
LITTLE ROCK, ARKANSAS
THURSDAY, AUGUST 28, 1969, 12:00 NOON, CDT

FISCAL POLICY AND THE NATIONAL ECONOMY

I am very grateful for the opportunity to meet with you today and to participate in your economic education efforts. My area of special responsibility at the Treasury is economic policy, including the effects of taxes and expenditures upon the economy. As you know, this has been a very active year for fiscal affairs. Crucial legislative steps remain to be taken. But we have moved within sight of both comprehensive tax reform and the orderly phase-out of the income tax surcharge.

My remarks will not, however, be directed to the important legislative issues of the day -- tax reform and the extension of the surcharge. Instead, I want to discuss with you the more general problem of adapting the Federal fiscal influence to the needs of the American economy.

While we are looking to the future, there are always important lessons to be learned from the past. A recent lesson in fiscal affairs is that even a temporary loss of economic stability can have lasting consequences. In three short years -- between fiscal 1965 and fiscal 1968 -- the Federal budget moved from a deficit of about $1-1/2 billion to a deficit of more than $25 billion when the economy was already close to full employment. Financial markets came under heavy pressure and interest rates rose sharply. Cost-price stability was disrupted and a pervasive inflationary psychology was allowed to develop. Though the budget is now in surplus, the after-effects of earlier fiscal miscalculations are still very much with us.

The point where the wrong turn was taken is not hard to find. At the time of the Vietnam buildup, beginning in mid-1965, there was a need for prompt fiscal action. Taxes should have been raised to pay for the war, or nondefense spending cut back, or some combination of the two. Instead, there was fiscal escapism in the form of some minor adjustments such as a speedup in tax collections. The full burden of restraining the economy was left up to the Federal Reserve System. The so-called "credit crunch" of 1966 with a subsequent rise in the Federal budget deficit were only part of the ill effects of inappropriate economic policy.

As the economy slowed down temporarily in early 1967, fiscal action was postponed again. When the executive request for congressional action to raise taxes did come in August 1967, it is hardly surprising that it met a great deal of resistance. Even the grudging acceptance by the Administration of the principle of expenditure control did not clear the decks for prompt congressional action on the tax increase. Not until mid-1968 did tax and expenditure control legislation finally become law.

By the latter half of 1968, the swing back toward fiscal restraint was finally set in motion. But the combination of Federal expenditure reductions with the income tax surcharge led policymakers to fear that economic overkill might result. As it turned out, the net effect from the expenditure side was not as restrictive as might have been expected; exemptions for various programs were written into the law, and these categories substantially overran the original budget estimates. However, soon after passage of the tax increase, the monetary authorities moved in the direction of ease. In the second half of 1968, commercial bank credit grew at a 15 percent annual rate and the money supply at more than 6 percent. By the end of 1968, unemployment had fallen below 3-1/2 percent, inflationary pressures were intensifying, and a shift back to monetary restraint was clearly in order. While the monetary easing at mid-1968 may have been premature, it has been reversed, and restraint has since been the order of the day.

* * *

Both monetary and fiscal policies have to contend with an uncertain future and they are bedeviled by an inability to forecast accurately. Indeed, the forecasting record of the past few years leaves much to be desired. As a result, exaggerated claims for "fine tuning" and sensitive variation in the "fiscal-monetary mix" have led to disillusionment, particularly in the case of fiscal policy. Certainly, a healthy skepticism is in order as to what fiscal policy can accomplish.

We need to recognize the practical limitations under which fiscal policy operates. There are serious barriers to very frequent changes in fiscal policy for short-run stabilization purposes. A high degree of accuracy in forecasting and in the confidence in these forecasts on the part of policymakers is required. And, fiscal policy changes often require frequent and rapid congressional action, perhaps more frequent and rapid at times than it may be realistic to expect.

However, fiscal policy can be a very useful instrument for stabilizing the economy and for promoting long-term economic growth. We need to improve our understanding of the variety of ways in which governmental activities affect the economy and to sharpen our tools of analysis and policy.

We can be encouraged by the demonstration that we do learn from experience. For example, during that unfortunate miscalculation of economic policy in the period of the Vietnam buildup, many, at the time, were urging improvements in the Federal Government's statistical reports in order to obtain better indications of changes in the military demand for goods and services. I am pleased to report that the Census Bureau now issues each month a publication, "Defense Indicators," which is a most useful compendium of information for those of us concerned with evaluating the impacts of Federal fiscal policy. Although this type of factual information should improve the caliber of economic analysis, the implementation of the proper economic policy will at times still require difficult political decisions.

* * *

Recent trends in Federal expenditure inevitably raise some question regarding the longer-run fiscal position and our ability to match rising expenditures with roughly comparable increases in revenue. Despite its enormous revenue-generating powers, the economy has hardly been in a position to declare any "fiscal dividends" recently.

The reason is clear enough. Growth in Federal expenditures has been extremely rapid. For example, between fiscal 1965 and fiscal 1969, total Federal budget outlays rose from $118 billion to almost $185 billion. This was a rise of about $67 billion or 56 percent in four years. Certainly the Vietnam effort accounts for a good part of the rise. But, more than half of the $67 billion increase $35 billion -- was outside of the national defense category.

Nondefense spending rose by about an average $8-1/2 billion annually from fiscal 1965 through 1969. This compares with an average rise of some $4.5 billion annually from fiscal 1961 through 1965. Despite the more rapid advance of Federal nondefense expenditures, there is little indication that agency budgetary pressures, which arise from their own sense of urgent priorities, are diminishing. Quite the contrary seems to be the case. New programs uncover further needs and demonstrate additional ways of meeting them. Expenditure ceilings are currently holding down growth in Federal spending and are helping to contain inflation. But, over the long run, expenditures are sure to rise, if only because of rising population and income and built-in cost increases in the Federal Budget.

Rigorous control of less essential Federal expenditure programs will be essential if pressing needs are to be met over the longer run. Already there are welcome signs that Federal expenditures are being brought under better control. Defense and controllable civilian expenditures are no longer rising. The increase in fiscal 1969 outlays of $6 billion was more than accounted for by a $7+ billion rise in so-called uncontrollable civilian programs (such as interest on the public debt). A similar pattern is anticipated for fiscal 1970 with controllable civilian outlays actually declining.

In this connection, we cannot count on a large so-called "peace dividend" to loosen the Federal purse strings. Some observers look to the end of the war in Vietnam as somehow permitting a massive increase in Federal expenditures. The "peace dividend" has sometimes naively been set close to $30 billion, which is the total being spent on Vietnam.

Nothing like this sum will be available for Federal spending. First, the surcharge, now raising nearly $10 billion a year, is being phased out. Second, there is little reason to believe that the end of the Vietnam War would quickly be translated into a very sizable decline in the defense budget. Simply to devote the same amount of real resources to defense programs as before Vietnam would require a substantially higher level of dollar expenditures than in 1965. And, in addition, there are other upward pressures on the defense budget, including pay raises authorized under existing law, the need to rebuild inventories, and to start some projects postponed during the war.

The entire question of the Federal fiscal position after peace comes in Vietnam has been under intensive study within the Administration. It is clear from these studies that there will be a need for difficult choices among many competing programs in the post-Vietnam period. Alternative claims on the Federal revenues are sure to be heavy. Continuing efforts to cut down on less essential spending programs will be necessary if the Federal fiscal position is to be kept in reasonable balance.

* * *

There are periods when economic stability requires a sizable Federal budget surplus. We are certainly in such a period now. There are other times when temporary deficits may be warranted. Marginal adjustments will need to be made in the Federal fiscal position in the future, but large and frequent changes such as were experienced in some recent years should be avoided. We need a stabilizing fiscal policy, not a disruptive one.

We also need a much better appreciation of the monetary and credit market implications of the Federal fiscal position. Recent experience shows how harmful large Federal deficits can be in overstrained credit markets. Deficits at full employment mean that the Federal Government is a net borrower at a time when total credit demands are already likely to be too strong. The extra Federal borrowing may be fairly small relative to total output, but its full weight impinges on credit markets whose short-run capacity is limited.

The rise in the Federal deficit from less than $2 billion to $25 billion between fiscal 1965 and 1968 "only" brought the deficit as a proportion of Gross National Product to a little more than 3 percent. But the increase in the deficit caused the U. S. Government to borrow one-fourth of all the funds raised in credit markets by both public and private borrowers in fiscal 1968 compared to a modest amount in earlier years. This contributed substantially to higher interest rates and reduced credit availability for many private borrowers.

Federal budget deficits in an overheated economy are expensive to finance. Sometimes they may even tend to inhibit the exercise of monetary restraint. Large budget deficits and frequent Treasury financings can make it at least temporarily difficult for the monetary authorities to hold down the growth in bank credit and the money supply. Thus, inflationary pressures get a double boost during these periods of so-called "even keel." Federal spending pumps more purchasing power into the economy than taxes remove, and the financing of those deficits itself tends to have inflationary monetary repercussions.

Fortunately, the Federal budget has now moved into surplus -- $3 billion for the fiscal year just ended. For the current fiscal year and beyond, much depends upon upcoming legislative actions. The 10 percent surcharge has only been extended through the end of this calendar year, although the Administration urges that a 5 percent surcharge be continued in the first half of calendar 1970. The extra six months of the surcharge and other elements of the Administration's fiscal program were attached to the comprehensive tax reform legislation recently approved by the House of Representatives.

Next week Secretary Kennedy will appear before the Senate Finance Committee when it begins consideration of the tax package. The Administration will be proposing certain changes in the reform part of that package, both to insure that tax burdens are shared as equitably as possible and to prevent the loss of needed revenues. There is also a difficult economic question as to whether or not the total impact of the legislation, however attractive on equity grounds, might tend to favor consumption over investment to an undesirable degree. For the long run, continued high rates of investment and productivity growth will be essential to the achievement of most of our national goals. If we penalize investment unduly, we weaken our prospects for future economic expansion.

The extension of the surcharge is essential to keep the budget in an appropriate surplus position. We had been looking at an estimated Federal budget surplus of some $6 billion in the coming fiscal year. This seemed to be about what the control of inflation would require. If the surcharge were not to be extended beyond the end of this calendar year, the budget would move in a more stimulating direction. This could have undesirable consequences in terms of inflationary pressures.

At present, fiscal policy is in a generally stabilizing posture and it needs to stay that way. The economy is still expanding briskly and inflationary pressures are very strong. Quarterly Gross National Product increments have averaged close to $16 billion during the past year. On the basis of incomplete information, one might guess that in the third quarter the economy has been moving at a roughly comparable pace. But far too much of the GNP increase has been coming in the form of higher prices. Indeed, on the GNP basis, real growth is estimated to have slowed to about a 2 percent annual rate in the April-June quarter of 1969, with prices rising at about a 5 percent annual rate.

All of the key economic and financial statistics are being examined closely for signs that restraint is becoming increasingly effective, or even in danger of becoming too effective. Up to this point, I have not seen any significant signs that restraint has been pushed too far. Lags in the effects of policies must obviously be taken into account in determining whether restraint is in danger of overstaying its time. But restraint cannot be relaxed until it is clear that inflationary pressures have been substantially reduced. A retreat from gradualism would surely mean a strong resurgence of inflationary expectations and would compound the difficulties of dealing effectively with inflation in the future.

* * *

Therefore, something like the current course seems to be the most prudent one to follow. A sizable budget surplus and a restraining monetary policy should gradually reduce the inflationary momentum. Already there has been a gradual slowing in the overall growth of the economy from the hectic pace of a year or so ago. But this cooling down process needs to continue until it is clearly reflected in a much slower rate of advance in costs and prices.

The money and financial markets are followed very closely by many of you, I am sure. As I see it, the general picture is one of considerable tautness, with monetary restraint exerting its most noticeable effects in the housing and municipal security areas. Business loan growth has slowed down a bit, and there has been some easing tendency recently in selected short-term interest rates. But there do not seem yet to be unmistakable signs of reduced demand for funds in the amounts and places that would signal a general softening in economic activity.

Many of the conventional indicators of the degree of monetary restraint have been more than usually difficult to read in recent months. Revisions have affected the money supply series. The significance of some other commercial bank statistics has been affected as banks have tapped nondeposit sources of funds and as borrowers have turned from the banks to market sources. But there is little question of the pressure under which the banking system has been placed, or that monetary policy is exerting a steadily restraining effect. In view of both the domestic and balance of payments situations, that restraint has been essential.

In appraising the current economic situation, I would simply note that the short-run fiscal outlook is reasonably satisfactory -- assuming favorable legislative action. The budget is now in surplus, though somewhat precariously. Fiscal and monetary policies are geared together and are exercising needed restraint. Gradualism is working, but it would be unrealistic to expect to be able to reverse strong inflationary pressures both quickly and responsibly. The prudent course is to continue the cautious application of restraint until there are clear signs that inflationary pressures are receding.

Under our political system, there is considerable continuity in broad elements of economic policy. A new Administration inherits problems and works at first within an existing framework. It then introduces its own new approaches and gradually leaves its imprint on economic events. This Administration is now in this second stage of introducing its own new approaches.

An example of a new initiative in the fiscal field is the Administration's revenue sharing proposal. We are proposing that a stated percentage of personal taxable income be turned back to the states and localities each year to use as they see fit. The fiscal year 1971 percentage of one-sixth of one percent would amount to about $500 million. The percentage would gradually rise to a permanent one percent by fiscal year 1976, yielding an estimated annual total of $5 billion to the states and localities.

The recent proposal to revamp the existing welfare system is further evidence of the determination of this Administration to break with the past and to undertake new approaches where they are required. Other innovations may be desirable in the domestic economic area as time passes. But the major domestic economic problem still is the current inflation. Lasting reduction of inflationary pressures must continue to be the prime current objective of fiscal and monetary policy.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

August 26, 1969

FOR IMMEDIATE RELEASE

TREASURY MOVING QUICKLY TO ASSIST HURRICANE CAMILLE VICTIMS

The Treasury announced today that, at the direction of Secretary David M. Kennedy, the Department is moving quickly to be of maximum assistance tc victims of Hurricane Camille.

At Treasury's request, a meeting of the Coordinating Committee on Bank Regulation has been called to devise and implement ways of assuring a flow of bank credit to businessmen, home-owners, and students.

Members of the Committee include representatives of agencies that regulate banks and savings and loan institutions: the Federal Reserve Board, Federal Deposit Insurance Corporation, the Comptroller of the Currency, and the Federal Home Loan Bank Board. They will meet at 10:00 a.m., Wednesday, at the FDIC.

Treasury offices, including the Internal Revenue Service, the Bureau of the Public Debt, the Office of the Treasurer of the United States, and the Comptroller of the Currency, have taken special measures to assure the fullest possible service to storm victims.

To help with the immediate financial needs of hurricane victims in Mississippi, Louisiana, and Virginia, Treasury's Acting Fiscal Assistant Secretary, Hampton A. Rabon, Jr., has instructed the Department's paying agents in the disaster areas to redeem U. S. Savings Bonds and Freedom Shares in hardship cases even if they have not been held the required 60 days and one year, respectively.

Where Savings Bonds and Freedom Shares have been lost or destroyed in the hurricane, Treasury will waive the normal six-month waiting period for replacement and will speed the issuance of duplicate securities.

The Department also will give preferential handling to claims for relief because of loss, theft or destruction of other registered Treasury securities, and to requests for replacement of destroyed Treasury securities in bearer form.

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The Office of the Treasurer of the United States, Mrs. Dorothy Andrews Elston, has assigned priority to the settlement of claims for the loss or destruction of Government checks covering annuities, salaries, or other payments, and to claims resulting from the damage or destruction of currency. Mrs. Elston has directed that special attention be given to cases involving hardship.

Comptroller of the Currency William B. Camp, as administrator of national banks, has pledged "all possible cooperation" to banks affected by the hurricane damage. Regulations governing bank operations will be interpreted sympathetically to help banks maintain whatever services they can offer, and to assist in restoration of full banking services as quickly as possible.

Commissioner of Internal Revenue Randolph W. Thrower reported actions by the Internal Revenue Service include:

-- Wide distribution of information on the deductibility of casualty losses under Federal tax laws.

-- Special assistance and counseling for individual taxpayers.

-- A ruling that contributions to the "We Care -- Hurricane Camille Relief Fund" will be tax deductible for the donors.

-- Notice to certain fiscal year taxpayers that they may deduct their losses if the hurricane occurred after the end of their tax year but before the due date of their tax returns.

-- Arrangements for special attention in the 1970 filing period to tax returns from the disaster areas, so that refunds may be speeded up.

-- Advice to taxpayers who file declarations of estimated tax that they may amend their declarations on or before September 15, 1969, to reflect any decrease in estimated tax as a result of casualty losses.

Treasury Under Secretary Charls E. Walker said that Treasury will also cooperate fully in the Government-wide campaign for contributions by Federal employees to the American Red Cross disaster relief fund. Mr. Walker has written to all Treasury employees urging them to help meet the need for "additional funds to assist victims in the widespread area affected by Hurricane Camille."

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TREASURY DEPARTMENT

WASHINGTON, D.C.

August 27,1969

FOR RELEASE A.M. NEWSPAPERS
FRIDAY, AUGUST 29, 1969

LOIS C. HOBSON APPOINTED TO TREASURY'S EMPLOYMENT POLICY OFFICE

The Treasury Department today announced the appointment of Lois Clark Hobson, effective September 8, as a staff assistant in the Office of Employment Policy Program.

In this capacity Mrs. Hobson will assist in the development of policies, programs and procedures relating to equal employment opportunities within the Treasury Department.

Before joining the Treasury Department Mrs. Hobson was an Administrative Assistant in the Detroit Public School System, Detroit, Michigan, where she was involved in the development, implementation and coordination of federal projects. From 1966 to 1967 she was a Community Services Assistant, Mayor's Committee For Human Resources Development, City of Detroit.

Mrs. Hobson, 31, is a native of St. Louis, Missouri where she attended public schools. She received a bachelor of arts degree from New Jersey State College, Union, New Jersey in 1960. She later took graduate courses at the University of Detroit and Wayne State University and in 1968 she received a master of arts degree from the University of Michigan.

Mrs. Hobson has served on numerous civic and educational committees in the Detroit area. She has a daughter by a former marriage, Donna Lynne Hobson, 5.

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TREASURY DEPARTMENT 349

WASHINGTON, D.C.
August 28, 1969

FOR IMMEDIATE RELEASE

TREASURY TO SPEED DISBURSEMENTS FOR DAMAGED GULF COAST AREAS

The Treasury acted today to insure prompt delivery of monthly Federal checks to retired persons, veterans and other regular recipients in the areas of Mississippi and Louisiana damaged by Hurricane Camille.

Sidney S. Sokol, Commissioner of the Bureau of Accounts, said that Treasury will speed up processing of checks scheduled for delivery in those areas the first week of September. Mr. Sokol said Treasury will release the checks to the postal service at least two days earlier than usual. This should assure delivery of checks to the payees on the regular payment dates by emergency Post Offices in the disaster areas.

Treasury's action is designed to prevent any delay in the receipt of checks by more than 17,000 persons located in the hurricane-damaged areas of Mississippi and Louisiana who receive monthly checks for such payments as social security, veterans benefits, and civil service and railroad retirement.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

August 29, 1969

FOR IMMEDIATE RELEASE

TREASURY TO GIVE "ON THE SPOT" SERVICE ON HURRICANE CAMILLE DISASTER LOANS

The Treasury announced today plans for "on the spot," immediate disbursement of Federal checks to Gulf Coast victims of Hurricane Camille who obtain disaster loans from the Small Business Administration.

Sidney S. Sokol, Commissioner of Accounts, said that an emergency Treasury disbursing office will begin operations in Gulfport, Mississippi, on Wednesday, September 3. The office will be located in space provided by the Small Business Administration in its disaster loan headquarters, Hancock Bank Building, 2500 14th Street.

Mr. Sokol said that Treasury's Chief Disbursing Officer, Lester W. Plumly, developed the cooperative arrangement with the Small Business Administration to assure quick payment to hurricane victims obtaining SBA home and business rehabilitation loans. Treasury personnel will work side by side with SBA loan specialists, and will issue checks to the storm victims within a few minutes after SBA has approved their loan authorizations.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR RELEASE 6:30 P.M.,
Friday, August 29, 1969.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated June 5, 1969, and the other series to be dated September 4, 1969, which were offered on August 25, 1969, were opened at the Federal Reserve Banks today. Tenders were invited for $1,600,000,000, or thereabouts, of 91-day bills and for $1,200,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury Bills maturing December 4, 1969		182-day Treasury Bills maturing March 5, 1970	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	98.244 a/	6.947%	96.405	7.111%
Low	98.222	7.034%	96.360	7.200%
Average	98.227	7.014% 1/	96.377	7.166% 1/

a/ Excepting one tender of $100,000
9% of the amount of 91-day bills bid for at the low price was accepted
22% of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 29,754,000	$ 18,108,000	$ 8,825,000	$ 8,825,000
New York	1,964,124,000	1,065,597,000	1,645,717,000	872,212,000
Philadelphia	35,638,000	20,390,000	19,879,000	9,879,000
Cleveland	29,223,000	27,732,000	30,985,000	30,408,000
Richmond	25,163,000	25,163,000	17,710,000	17,710,000
Atlanta	41,835,000	29,178,000	30,432,000	23,432,000
Chicago	267,474,000	235,783,000	129,793,000	94,535,000
St. Louis	43,947,000	28,507,000	26,697,000	19,107,000
Minneapolis	26,569,000	25,569,000	18,741,000	17,241,000
Kansas City	26,632,000	23,026,000	22,545,000	22,091,000
Dallas	27,167,000	15,667,000	22,029,000	12,639,000
San Francisco	164,195,000	85,304,000	130,192,000	72,012,000
TOTALS	$2,681,721,000	$1,600,024,000 b/	$2,103,545,000	$1,200,091,000 c/

b/ Includes $314,854,000 noncompetitive tenders accepted at the average price of 98.227
c/ Includes $176,110,000 noncompetitive tenders accepted at the average price of 96.377
1/ These rates are on a bank discount basis. The equivalent coupon issue yields are 7.24% for the 91-day bills, and 7.54% for the 182-day bills.