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U.S. Department of the Treasury

PRESS RELEASES

TREASURY NEWS



Department of the Treasury

Washington, D.C.

Telephone 202-622-2960

FOR RELEASE AT 2:30 P.M.
December 3, 1993

CONTACT: Office of Financing
202/219-3350

TREASURY'S 52-WEEK BILL OFFERING

The Treasury will auction approximately \$16,000 million of 52-week Treasury bills to be issued December 16, 1993. This offering will provide about \$1,225 million of new cash for the Treasury, as the maturing 52-week bill is currently outstanding in the amount of \$14,783 million. In addition to the maturing 52-week bills, there are \$23,430 million of maturing 13-week and 26-week bills, as well as \$10,045 million of maturing 36-day and \$4,020 million of maturing 10-day cash management bills.

Federal Reserve Banks hold \$9,569 million of bills for their own accounts in the five maturing issues. These may be refunded at the weighted average discount rate of accepted competitive tenders.

Federal Reserve Banks hold \$4,268 million of the five maturing issues as agents for foreign and international monetary authorities. These may be refunded within the offering amount at the weighted average discount rate of accepted competitive tenders. Additional amounts may be issued for such accounts if the aggregate amount of new bids exceeds the aggregate amount of maturing bills. For purposes of determining such additional amounts, foreign and international monetary authorities are considered to hold \$440 million of the maturing 52-week issue.

Tenders for the bills will be received at Federal Reserve Banks and Branches and at the Bureau of the Public Debt, Washington, D. C. This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular (31 CFR Part 356, published as a final rule on January 5, 1993, and effective March 1, 1993) for the sale and issue by the Treasury to the public of marketable Treasury bills, notes, and bonds.

Details about the new security are given in the attached offering highlights.

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Attachment

**HIGHLIGHTS OF TREASURY OFFERING OF 52-WEEK BILLS
TO BE ISSUED DECEMBER 16, 1993**

December 3, 1993

Offering Amount \$16,000 million

Description of Offering:

Term and type of security 364-day bill
CUSIP number 912794 M2 7
Auction date December 9, 1993
Issue date December 16, 1993
Maturity date December 15, 1994
Original issue date December 16, 1993
Maturing amount. \$14,783 million
Minimum bid amount \$10,000
Multiples \$1,000

Submission of Bids:

Noncompetitive bids Accepted in full up to \$1,000,000
at the average discount rate of
accepted competitive bids.
Competitive bids (1) Must be expressed as a discount rate
with two decimals, e.g., 7.10%.
(2) Net long position for each bidder
must be reported when the sum of the
total bid amount, at all discount
rates, and the net long position are
\$2 billion or greater.
(3) Net long position must be reported
one half-hour prior to the closing
time for receipt of competitive bids.

**Maximum Recognized Bid
at a Single Yield** 35% of public offering

Maximum Award 35% of public offering

Receipt of Tenders:

Noncompetitive tenders Prior to 12:00 noon Eastern Standard
time on auction day.
Competitive tenders Prior to 1:00 p.m. Eastern Standard
time on auction day.

Payment Terms Full payment with tender or by charge
to a funds account at a Federal
Reserve bank on issue date.

AUCTION
RESULTS

PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239
FOR IMMEDIATE RELEASE CONTACT: Office of Financing
December 6, 1993 202-219-3350

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Tenders for \$13,518 million of 13-week bills to be issued December 9, 1993 and to mature March 10, 1994 were accepted today (CUSIP: 912794J47).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	<u>Discount Rate</u>	<u>Investment Rate</u>	<u>Price</u>
Low	3.10%	3.17%	99.216
High	3.12%	3.19%	99.211
Average	3.11%	3.18%	99.214

Tenders at the high discount rate were allotted 6%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	<u>Received</u>	<u>Accepted</u>
TOTALS	\$58,120,410	\$13,517,728
Type		
Competitive	\$53,111,892	\$8,509,210
Noncompetitive	<u>1,275,441</u>	<u>1,275,441</u>
Subtotal, Public	\$54,387,333	\$9,784,651
Federal Reserve	2,771,555	2,771,555
Foreign Official Institutions	<u>961,522</u>	<u>961,522</u>
TOTALS	\$58,120,410	\$13,517,728

An additional \$85,678 thousand of bills will be issued to foreign official institutions for new cash.

RESULTS

PUBLIC DEBT NEWS



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December 6, 1993 202-219-3350

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Tenders for \$13,407 million of 26-week bills to be issued December 9, 1993 and to mature June 9, 1994 were accepted today (CUSIP: 912794K94).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	<u>Discount Rate</u>	<u>Investment Rate</u>	<u>Price</u>
Low	3.26%	3.36%	98.352
High	3.27%	3.37%	98.347
Average	3.27%	3.37%	98.347

Tenders at the high discount rate were allotted 44%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	<u>Received</u>	<u>Accepted</u>
TOTALS	\$60,013,878	\$13,406,909
Type		
Competitive	\$55,146,371	\$8,539,402
Noncompetitive	<u>917,229</u>	<u>917,229</u>
Subtotal, Public	\$56,063,600	\$9,456,631
Federal Reserve	3,100,000	3,100,000
Foreign Official Institutions	<u>850,278</u>	<u>850,278</u>
TOTALS	\$60,013,878	\$13,406,909

An additional \$75,922 thousand of bills will be issued to foreign official institutions for new cash.

TREASURY NEWS



Department of the Treasury

Washington, D.C.

Telephone 202-622-2960

FOR IMMEDIATE RELEASE
Text as Prepared for Delivery
December 7, 1993

STATEMENT OF TREASURY SECRETARY LLOYD BENTSEN APPOINTMENT OF ELJAY BOWRON AS SECRET SERVICE DIRECTOR

It gives me great pleasure this afternoon to announce the appointment of Eljay Bowron as the new director of the Secret Service. The position has been vacant for two months since I asked John Magaw to help Treasury by becoming director of the Bureau of Alcohol, Tobacco and Firearms.

The Secret Service is a critically important component of the Treasury Department's law enforcement team. It was created after the Civil War, and it has played an increasingly important role in our criminal justice system. The men and women who work for the Secret Service -- both in the United States and abroad -- have established a respected tradition of professionalism.

Most Americans probably know of the agency because of its role in protecting our presidents, candidates and visiting foreign Heads of State. This is a crucial assignment, but the Secret Service has a much larger role than that. It investigates currency counterfeiting, credit card fraud, and fraud against our financial institutions. This aspect of the Secret Service's work takes on even more significance in an era when criminals are becoming more and more sophisticated and have access to the latest technology.

There is a tradition in the Secret Service of selecting directors from the career service, and the Clinton Administration is continuing that tradition today.

I'm delighted to announce that Assistant Director Bowron will serve as the 18th Director of the Secret Service. My staff and I reviewed the backgrounds of dozens of candidates and interviewed ten. I believe that Eljay Bowron is the right choice for this critical bureau in challenging times. He's intelligent and energetic, and he has nearly 20 years of seasoning at a number of challenging posts throughout the Secret Service. Eljay has committed his life to fighting crime on the streets and in the boardroom. He knows that more often than not financial crime hits people who can least afford it. He has real world experience and a hometown heart.

(MORE)

LB-541

One of the things that struck me when we interviewed Mr. Bowron was his commitment to strengthening the career development path for Secret Service agents. That's not surprising when you consider that his family and his wife's family have made careers in law enforcement. His father and brother both served as police officers in Detroit, Eljay began his career there, his father-in-law was a Detroit policeman, and his two brothers-in-law are also in law enforcement.

I have discussed the appointment with the President and he met with Mr. Bowron this morning at my request. The President and I are confident that this appointment will provide the Secret Service with the quality leadership it needs to perform one of the most challenging jobs in law enforcement.

Congratulations, and since you're turning 43 next month, let me wish you an early happy birthday.

TREASURY NEWS



Department of the Treasury

Washington, D.C.

Telephone 202-622-2960

February 21 1993

FOR IMMEDIATE RELEASE
December 7, 1993

Contact: Peter O'Brien
202-622-2960

TREASURY ANNOUNCES NEW SECRET SERVICE DIRECTOR

Treasury Secretary Lloyd Bentsen today announced the appointment of Eljay Bowron as the new Director of the United States Secret Service. Mr. Bowron succeeds former Director John Magaw, currently the Director of Treasury's Bureau of Alcohol, Tobacco & Firearms.

Prior to being named Director, Mr. Bowron was Assistant Director of the Secret Service for Protective Operations, responsible for the overall planning and implementation of the protective operations for the President, Vice President, and visiting heads of state. He has also served as the Special Agent in Charge of the Atlanta field office; Deputy Assistant Director, Office of Investigations; and Deputy Special Agent in Charge, Intelligence Division.

"Most Americans probably know of the Secret Service because of its role in protecting our presidents, candidates, and visiting foreign heads of state. This is a crucial assignment, but the Secret Service mission has a much larger role than that," Bentsen said. He noted that Eljay also will oversee the agency's efforts to investigate currency counterfeiting, credit card fraud, and fraud against financial institutions. "This aspect of the Secret Service's work takes on even more significance in an era when criminals are becoming more and more sophisticated and have access to the latest technology," Bentsen said.

Mr. Bowron grew up in Detroit and comes from a family of law enforcement officers. His father and brother served as Detroit police officers, as did he for 13 months early in his career. His appointment continues a long tradition in the Secret Service of selecting directors from the career service.

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LB-542

TREASURY NEWS



Department of the Treasury

Washington, D.C.

Telephone 202-622-2960

DEC 3 1993 • December 7, 1993

DIRECTOR ELJAY BOWRON UNITED STATES SECRET SERVICE

Mr. Bowron was appointed as the 18th Director of the U.S. Secret Service on December 7, 1993.

Mr. Bowron's career with the Secret Service began in July 1974. Prior to being named Director, he served as Assistant Director, Protective Operations, responsible for the overall planning and implementation of the protective operations for the President, Vice President, and visiting Heads of State.

Mr. Bowron held a number of other positions, including Special Agent in Charge of the Atlanta Field Office; Deputy Assistant Director, Office of Investigations; and Deputy Special Agent in Charge, Intelligence Division. Early in his career, he also worked in the Chicago and Houston field offices.

Mr. Bowron grew up in Detroit and comes from a family of law enforcement officers. His father and brother served as Detroit police officers, as did he for 13 months early in his career.

Mr. Bowron holds a B.S. in Criminal Justice from Michigan State University (1973). He was born on January 2, 1951, and is married with one son.

TREASURY NEWS



Department of the Treasury

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FOR RELEASE AT 2:30 P.M.
December 7, 1993

CONTACT: Office of Financing
202/219-3350

TREASURY'S WEEKLY BILL OFFERING

The Treasury will auction two series of Treasury bills totaling approximately \$26,000 million, to be issued December 16, 1993. This offering will result in a paydown for the Treasury of about \$11,500 million, as the maturing bills total \$37,495 million (including the 36-day cash management bills issued November 10, 1993, in the amount of \$10,045 million and the 10-day cash management bills issued December 6, 1993, in the amount of \$4,020 million). In addition to the maturing 13-week, 26-week, 36-day, and 10-day bills, there are \$14,783 million of maturing 52-week bills. The disposition of this latter amount was announced last week.

Federal Reserve Banks hold \$9,569 million of bills for their own accounts in the maturing issues. These may be refunded at the weighted average discount rate of accepted competitive tenders.

Federal Reserve Banks hold \$4,703 million of the maturing issues as agents for foreign and international monetary authorities. These may be refunded within the offering amount at the weighted average discount rate of accepted competitive tenders. Additional amounts may be issued for such accounts if the aggregate amount of new bids exceeds the aggregate amount of maturing bills. For purposes of determining such additional amounts, foreign and international monetary authorities are considered to hold \$4,263 million of the original 13-week and 26-week issues.

Tenders for the bills will be received at Federal Reserve Banks and Branches and at the Bureau of the Public Debt, Washington, D. C. This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular (31 CFR Part 356, published as a final rule on January 5, 1993, and effective March 1, 1993) for the sale and issue by the Treasury to the public of marketable Treasury bills, notes, and bonds.

Details about each of the new securities are given in the attached offering highlights.

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Attachment

**HIGHLIGHTS OF TREASURY OFFERINGS OF WEEKLY BILLS
TO BE ISSUED DECEMBER 16, 1993**

		December 7, 1993
<u>Offering Amount</u>	\$13,000 million	\$13,000 million
<u>Description of Offering:</u>		
Term and type of security	91-day bill	182-day bill
CUSIP number	912794 J5 4	912794 L2 8
Auction date	December 13, 1993	December 13, 1993
Issue date	December 16, 1993	December 16, 1993
Maturity date	March 17, 1994	June 16, 1994
Original issue date	September 16, 1993	December 16, 1993
Currently outstanding	\$11,389 million	- - -
Minimum bid amount	\$10,000	\$10,000
Multiples	\$ 1,000	\$ 1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

- | | |
|-------------------------------|--|
| Noncompetitive bids | Accepted in full up to \$1,000,000 at the average discount rate of accepted competitive bids |
| Competitive bids | (1) Must be expressed as a discount rate with two decimals, e.g., 7.10%. |
| | (2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is \$2 billion or greater. |
| | (3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders. |

**Maximum Recognized Bid
at a Single Yield**

35% of public offering

Maximum Award

35% of public offering

Receipt of Tenders:

- | | |
|----------------------------------|--|
| Noncompetitive tenders | Prior to 12:00 noon Eastern Standard time on auction day |
| Competitive tenders | Prior to 1:00 p.m. Eastern Standard time on auction day |

Payment Terms

Full payment with tender or by charge to a funds account at a Federal Reserve Bank on issue date

TREASURY NEWS



Department of the Treasury

Washington, D.C.

Telephone 202-622-2960

FOR IMMEDIATE RELEASE

Text as Prepared for Delivery

December 8, 1993

REMARKS OF TREASURY SECRETARY LLOYD BENTSEN CRA REGULATION ANNOUNCEMENT

We've developed another element in our program to improve access to credit for Americans. I want to briefly tell you about it and how it fits into the Clinton administration's initiatives for change.

We have developed proposed regulations to take the uncertainty out of the Community Reinvestment Act. The heavy lifting on this one has been done cooperatively by the Office of the Comptroller of the Currency, the Office of Thrift Supervision, the Fed, and the Federal Deposit Insurance Corporation. This effort has been led by Gene Ludwig of the OCC and Lawrence Lindsay of the Fed. Gene will be able to give you a great deal of detail on this in a moment.

In a nutshell, what we're proposing is to make it easier for lenders to show how they're complying with the Community Reinvestment Act. For those who aren't familiar with this area of banking law, the changes we're proposing are important because banks now will have very clear, quantitative standards by which their compliance with the law can be measured. And that gets very important to banks when it comes time to ask regulators to approve mergers, new branches and the like. Before our proposal, banks had no certainty what effect the steps they were taking toward community reinvestment would have on applications.

What we are trying to do is to make credit more readily available for small businesses, small farms, and in distressed areas of our country. The only thing that ought to matter on a loan application is whether you can pay it back, not where you live. There are businesses out there that are safe bets for loans. Those businesses are critical to creating jobs and sustaining the growth we're beginning to see. Above that, there are men and women out there with dreams that can be achieved. And we think this regulatory change will make that credit available, so we can see more jobs created and deserving Americans can see their dreams fulfilled.

(MORE)

LB-544

Back in March we were out on the lawn with the president talking about a very active agenda when it comes to getting the kinks out of financial services regulation and getting money flowing again to creditworthy borrowers -- making changes to make our economy work better. We've come a long way, and I think we can be proud of what we've accomplished and gotten started in less than a year.

We talked then about breaking the credit crunch. Substantial progress has been made on that front. We promised that we were going to start getting rid of the duplicative regulation of our financial institutions, and we have developed legislation to accomplish that. We said the Clinton Administration was going to get money flowing into Community Development Financial Institutions, and we are doing that. And we also promised by years' end to install some sanity in the standards of the Community Reinvestment Act, and this proposal does that.

TREASURY NEWS



Department of the Treasury

Washington, D.C.

Telephone 202-622-2960

FOR IMMEDIATE RELEASE
December 8, 1993

Contact: Michelle Smith
(202) 622-2960

BENTSEN, OTHERS TO BRIEF REPORTERS ON COMMUNITY REINVESTMENT ACT

Treasury Secretary Lloyd Bentsen, Assistant to the President for Economic Policy Robert Rubin and Comptroller of the Currency Eugene Ludwig will participate in a press briefing on the Community Reinvestment Act at 1:30 p.m., Wednesday, December 8, 1993 in the White House Press Briefing Room.

The briefing will be on the record and for camera. Press without White House press passes should call the White House Press Office at (202) 456-2100 for clearance.

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PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR RELEASE AT 3:00 PM
December 6, 1993

Contact: Peter Hollenbach
(202) 219-3302

PUBLIC DEBT ANNOUNCES ACTIVITY FOR SECURITIES IN THE STRIPS PROGRAM FOR NOVEMBER 1993

Treasury's Bureau of the Public Debt announced activity figures for the month of November 1993. of securities within the Separate Trading of Registered Interest and Principal of Securities program (STRIPS).

Dollar Amounts in Thousands

Principal Outstanding (Eligible Securities)	\$739,824,633
Held in Unstripped Form	\$536,911,327
Held in Stripped Form	\$202,913,306
Reconstituted in November	\$8,268,640

The accompanying table gives a breakdown of STRIPS activity by individual loan description. The balances in this table are subject to audit and subsequent revision. These monthly figures are included in Table VI of the Monthly Statement of the Public Debt, entitled "Holdings of Treasury Securities in Stripped Form."

Information about "Holdings of Treasury Securities in Stripped Form" is now available on the Department of Commerce's Economic Bulletin Board (EBB). The EBB, which can be accessed using personal computers, is an inexpensive service provided by the Department of Commerce. For more information concerning this service call 202-482-1986.

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TAB B-4 HOLDINGS OF TREASURY SECURITIES IN STRIPPED FORM, NOVEMBER 30, 1993
(In thousands)

Loan Description	Maturity Date	Principal Amount Outstanding			Reconstructed This Month ¹
		Total	Portion Held in Unstripped Form	Portion Held in Stripped Form	
11-5/8% Note C-1994	11/15/94	\$6,658,554	\$5,090,554	\$1,568,000	\$88,000
11-1/4% Note A-1995	2/15/95	6,933,861	5,630,661	1,303,200	12,000
11-1/4% Note B-1995	5/15/95	7,127,086	4,390,446	2,736,640	170,720
10-1/2% Note C-1995	8/15/95	7,955,901	5,071,501	2,884,400	241,200
9-1/2% Note D-1995	11/15/95	7,318,550	3,763,750	3,554,800	8,800
8-7/8% Note A-1996	2/15/96	8,445,440	7,711,040	734,400	107,200
7-3/8% Note C-1996	5/15/96	20,085,643	19,319,243	766,400	36,800
7-1/4% Note D-1996	11/15/96	20,258,810	18,021,210	2,237,600	84,000
8-1/2% Note A-1997	5/15/97	9,921,237	8,808,437	1,112,800	79,200
8-5/8% Note B-1997	8/15/97	9,362,836	7,985,236	1,377,600	16,000
8-7/8% Note C-1997	11/15/97	9,808,329	7,449,929	2,358,400	0
8-1/8% Note A-1998	2/15/98	9,159,068	8,425,628	733,440	87,360
9% Note B-1998	5/15/98	9,165,387	6,701,387	2,464,000	0
9-1/4% Note C-1998	8/15/98	11,342,646	9,630,646	1,712,000	0
8-7/8% Note D-1998	11/15/98	9,902,875	7,275,675	2,627,200	54,400
8-7/8% Note A-1999	2/15/99	9,719,623	8,862,023	857,600	6,400
9-1/8% Note B-1999	5/15/99	10,047,103	7,085,503	2,961,600	48,000
8% Note C-1999	8/15/99	10,163,644	9,815,894	347,750	17,000
7-7/8% Note D-1999	11/15/99	10,773,960	8,954,760	1,819,200	0
8-1/2% Note A-2000	2/15/00	10,673,033	9,761,033	912,000	98,800
8-7/8% Note B-2000	5/15/00	10,496,230	6,822,630	3,673,600	24,000
8-3/4% Note C-2000	8/15/00	11,080,646	8,442,086	2,638,560	160,320
8-1/2% Note D-2000	11/15/00	11,519,882	9,284,482	2,235,200	169,600
7-3/4% Note A-2001	2/15/01	11,312,802	10,230,402	1,082,400	0
8% Note B-2001	5/15/01	12,398,083	10,543,858	1,854,225	0
7-7/8% Note C-2001	8/15/01	12,339,185	11,172,785	1,166,400	177,600
7-1/2% Note D-2001	11/15/01	24,226,102	23,503,462	722,640	57,600
7-1/2% Note A-2002	5/15/02	11,714,397	10,887,917	826,480	0
6-3/8% Note B-2002	8/15/02	23,859,015	23,547,015	312,000	0
8-1/4% Note A-2003	2/15/03	23,562,691	23,560,195	2,496	0
5-3/4% Note B-2003	8/15/03	28,011,239	27,903,239	108,000	89,600
11-5/8% Bond 2004	11/15/04	8,301,806	5,642,806	2,659,200	240,000
12% Bond 2005	5/15/05	4,260,758	3,005,758	1,255,000	95,000
10-3/4% Bond 2005	8/15/05	9,269,713	8,317,713	952,000	32,000
9-3/8% Bond 2008	2/15/06	4,755,916	4,755,276	640	0
11-3/4% Bond 2009-14	11/15/14	6,005,584	4,094,384	1,911,200	734,400
11-1/4% Bond 2015	2/15/15	12,867,799	7,002,839	5,664,960	1,062,080
10-5/8% Bond 2015	8/15/15	7,149,916	2,925,596	4,224,320	200,000
9-7/8% Bond 2015	11/15/15	6,899,859	3,666,259	3,233,600	332,800
9-1/4% Bond 2016	2/15/16	7,266,854	5,992,454	1,274,400	599,200
7-1/4% Bond 2016	5/15/16	18,823,551	18,306,751	516,800	1,600
7-1/2% Bond 2016	11/15/16	18,864,448	17,733,248	1,131,200	0
8-3/4% Bond 2017	5/15/17	18,194,169	3,578,649	14,615,520	62,880
8-7/8% Bond 2017	8/15/17	14,016,858	5,751,258	8,265,600	331,200
9-1/8% Bond 2018	5/15/18	8,708,639	1,977,439	6,731,200	52,800
9% Bond 2018	11/15/18	9,032,870	791,670	8,241,200	0
8-7/8% Bond 2019	2/15/19	19,250,798	3,161,198	16,089,600	145,600
8-1/8% Bond 2019	8/15/19	20,213,832	13,789,192	6,424,640	267,520
8-1/2% Bond 2020	2/15/20	10,228,868	3,358,468	6,870,400	218,400
8-3/4% Bond 2020	5/15/20	10,158,883	1,873,443	8,285,440	120,320
8-3/4% Bond 2020	8/15/20	21,418,606	3,175,086	18,243,520	368,000
7-7/8% Bond 2021	2/15/21	11,113,373	10,014,173	1,099,200	184,000
8-1/8% Bond 2021	5/15/21	11,958,888	3,987,048	7,971,840	24,000
8-1/8% Bond 2021	8/15/21	12,163,482	7,722,522	4,440,960	695,040
8% Bond 2021	11/15/21	32,798,394	13,752,319	19,046,075	462,400
7-1/4% Bond 2022	8/15/22	10,352,790	9,197,590	1,155,200	19,200
7-5/8% Bond 2022	11/15/22	10,699,626	9,058,026	1,641,600	171,200

TABLE VI—HOLDINGS OF TREASURY SECURITIES IN STRIPPED FORM, NOVEMBER 30, 1988—Continued

(In thousands)

Loan Description	Maturity Date	Principal Amount Outstanding			Reconstituted This Month ¹
		Total	Portion Held in Unstripped Form	Portion Held in Stripped Form	
7 1/8% Bond 2023	2/15/23	18,374,361	18,142,361	232,000	14,400
6 1/4% Bond 2023	8/15/23	11,530,334	11,485,374	44,960	-0-
Total		739,824,633	536,911,327	202,913,306	8,268,640

¹Effective May 1, 1987, securities held in stripped form were eligible for reconstitution to their unstripped form.

Note: On the 4th workday of each month Table VI will be available after 3:00 pm eastern time on the Commerce Department's Economic Bulletin Board (EBB). The telephone number for more information about EBB is (202) 482-1986. The balances in this table are subject to audit and subsequent adjustments.

TREASURY NEWS



Department of the Treasury

Washington, D.C.

Telephone 202-622-2960

DEC 9 93000794

FOR IMMEDIATE RELEASE

Text as Prepared for Delivery

December 8, 1993

REMARKS OF TREASURY SECRETARY LLOYD BENTSEN CRA REGULATION ANNOUNCEMENT

We've developed another element in our program to improve access to credit for Americans. I want to briefly tell you about it and how it fits into the Clinton administration's initiatives for change.

We have developed proposed regulations to take the uncertainty out of the Community Reinvestment Act. The heavy lifting on this one has been done cooperatively by the Office of the Comptroller of the Currency, the Office of Thrift Supervision, the Fed, and the Federal Deposit Insurance Corporation. This effort has been led by Gene Ludwig of the OCC and Lawrence Lindsay of the Fed. Gene will be able to give you a great deal of detail on this in a moment.

In a nutshell, what we're proposing is to make it easier for lenders to show how they're complying with the Community Reinvestment Act. For those who aren't familiar with this area of banking law, the changes we're proposing are important because banks now will have very clear, quantitative standards by which their compliance with the law can be measured. And that gets very important to banks when it comes time to ask regulators to approve mergers, new branches and the like. Before our proposal, banks had no certainty what effect the steps they were taking toward community reinvestment would have on applications.

What we are trying to do is to make credit more readily available for small businesses, small farms, and in distressed areas of our country. The only thing that ought to matter on a loan application is whether you can pay it back, not where you live. There are businesses out there that are safe bets for loans. Those businesses are critical to creating jobs and sustaining the growth we're beginning to see. Above that, there are men and women out there with dreams that can be achieved. And we think this regulatory change will make that credit available, so we can see more jobs created and deserving Americans can see their dreams fulfilled.

(MORE)

LB-544

Back in March we were out on the lawn with the president talking about a very active agenda when it comes to getting the kinks out of financial services regulation and getting money flowing again to creditworthy borrowers -- making changes to make our economy work better. We've come a long way, and I think we can be proud of what we've accomplished and gotten started in less than a year.

We talked then about breaking the credit crunch. Substantial progress has been made on that front. We promised that we were going to start getting rid of the duplicative regulation of our financial institutions, and we have developed legislation to accomplish that. We said the Clinton Administration was going to get money flowing into Community Development Financial Institutions, and we are doing that. And we also promised by year's end to install some sanity in the standards of the Community Reinvestment Act, and this proposal does that.

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DEPT. OF TREASURY

OCC Proposal on the Community Reinvestment Act

The attached document contains a draft preamble and the draft language of a joint proposed regulation implementing the Community Reinvestment Act that has been approved by the Office of the Comptroller of the Currency. The preamble and corresponding regulations have not yet been approved by all of the other Federal financial supervisory agencies, but approval by all the agencies is expected by Friday, December 10, 1993.

December 8, 1993

DEPARTMENT OF THE TREASURY
Office of the Comptroller of the Currency
12 CFR part 25
[Docket No.]
RIN 1557-AB32
FEDERAL RESERVE SYSTEM
12 CFR part 228
[Docket No.]
RIN 6210-
FEDERAL DEPOSIT INSURANCE
CORPORATION
12 CFR part 345
RIN 3064-AB32
DEPARTMENT OF THE TREASURY
Office of Thrift Supervision
12 CFR part 563e
RIN 1550-AA69

Community Reinvestment Act Regulations

AGENCIES: Office of the Comptroller of the Currency, Treasury (OCC); Board of Governors of the Federal Reserve System (Board); Federal Deposit Insurance Corporation (FDIC); Office of Thrift Supervision, Treasury (OTS).

ACTION: Joint notice of proposed rulemaking.

SUMMARY: The Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision (the Federal financial supervisory agencies) are proposing to revise their regulations concerning the Community Reinvestment Act (CRA). The purpose of the CRA regulations is to implement the continuing and affirmative obligation of regulated financial institutions to help meet the credit needs of their communities, including low- and moderate-income areas, consistent with safe and sound operations and to provide guidance on how the agencies assess the performance of institutions in meeting that obligation.

The proposed new regulations are designed to provide clearer guidance to financial institutions on the nature and extent of their CRA obligation and the methods by which the obligation will be assessed and enforced. The proposed procedures are designed to emphasize performance rather than process, to promote consistency in assessments, to permit more effective enforcement against institutions with poor performance, and to reduce unnecessary compliance burden while stimulating improved performance.

DATES: Comments must be received by [60 days after date of publication in the Federal Register].

ADDRESSES:

OCC: Comments should be directed to: Communications Division, Office of the Comptroller of the Currency, 250 E Street, SW, Washington, DC 20219, Attention: Docket No. 93- . Comments will be available for public inspection and photocopying at the same location.

BOARD: Comments should be directed to: William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW, Washington, DC 20551. Comments addressed to Mr. Wiles may also be delivered to Room B-2222 of the Eccles Building between 8:45 a.m. and 5:15 p.m. weekdays, or to the guard station in the Eccles Building courtyard on 20th Street, NW (between Constitution Avenue and C Street) at any time. Comments may be inspected in Room MP-500 of the Martin Building between 9:00 a.m. and 5:00 p.m. weekdays, except as provided in 12 CFR 261.8 of the Board's rules regarding the availability of information.

FDIC: Comments should be directed to: Hoyle L. Robinson, Executive Secretary, FDIC, 550 17th Street, NW, Washington, DC 20429. They may be hand delivered to Room 402, 1176 F Street, NW, Washington, DC between 8:30 a.m. and 4:30 p.m. on business days. They may be sent by facsimile transmission to 202-898-3838. Comments will be available for public inspection at the FDIC Reading Room #7118 at 550 17th Street, NW, Washington, DC between 9:00 a.m. and 4:30 p.m. on business days.

OTS: Comments should be directed to: Director, Information Services Division, Public Affairs, Office of Thrift Supervision, 1700 G Street, NW, Washington, DC 20552, Attention: Docket No. 93- . These submissions may be hand delivered to 1700 G Street, NW from 9:00 a.m. to 5:00 p.m. on business days; they may be sent by facsimile transmission to FAX number (202) 906-7755. Submissions must be received by 5:00 p.m. on the day they are due in order to be considered by the OTS. Late-filed, misaddressed, or misidentified submissions will not be considered in this rulemaking. Comments will be available for public inspection at 1700 G Street, NW, from 1:00 p.m. until 4:00 p.m. on business days. Visitors will be escorted to and from the Public Reading Room at established intervals.

FOR FURTHER INFORMATION CONTACT:

OCC: Stephen M. Cross, Deputy Comptroller for Compliance, (202) 874-5216; and Matthew Roberts, Special Counsel, Chief Counsel's Office (202) 874-5200.

BOARD: Glenn E. Loney, Associate Director, Division of Consumer and Community Affairs, (202) 452-3585, or Scott G. Alvarez, Associate General Counsel, Legal Division, (202) 452-3583.

FDIC: Bobbie Jean Norris, Deputy Director Office of Consumer Affairs, (202) 898-6760; Valerie Thomas, Review Examiner (Compliance), Division of Supervision, (202) 898-7155; Ann Loikow, Counsel, (202) 898-3796; and Sandy Comenetz, Counsel, (202) 898-3582, Regulation and Legislation Section, Legal Division.

OTS: Timothy R. Burniston, Deputy Assistant Director for Policy, (202) 906-5629; Theresa A. Stark, Program Analyst, Specialized Programs, (202) 906-7054; Lewis A. Segall, Senior Attorney, Legal Policy Division, Chief Counsel's Office, (202) 906-6648.

SUPPLEMENTARY INFORMATION:

Introduction

The Federal financial supervisory agencies are jointly proposing new regulations to implement the CRA. The proposed regulations would replace the existing regulations in their entirety.

The CRA is designed to promote affirmative and ongoing efforts by regulated financial institutions to help meet the credit needs of their entire communities, including low- and moderate-income areas, consistent with safe and sound operations. Despite the CRA's notable successes, bank and thrift industry, community, consumer and other groups maintain that its full potential has not been realized, in large part, because compliance efforts have focused on process at the expense of performance.

In accordance with a request by the President, the Federal financial supervisory agencies have undertaken a comprehensive effort to reform their evaluation standards and examination procedures. The proposed regulations implement one part of this reform effort by substituting for the current process-based assessment factors a new evaluation system that would rate institutions based on their actual performance in meeting community credit needs. In particular, the new system would evaluate the degree to which an institution is providing (1) loans, (2) branches and other services, and (3) investments to low- and moderate-income areas. The proposed regulations also clarify how an institution's CRA performance would be considered in the corporate application process and seek to make the regulations more enforceable.

In addition to this rulemaking, the agencies will work together to improve examiner training and to increase interagency coordination regarding application of standards, performance of examinations, assignment of ratings, and use of enforcement tools. The agencies will also work together to improve public access to data collected pursuant to the Home Mortgage Disclosure Act (HMDA) and the proposed regulations. These efforts should produce a CRA assessment process that is less burdensome for many institutions and yields more results for the local communities the law is intended to benefit.

Background

In 1977, the Congress enacted the CRA to encourage banks and thrifts to help meet the credit needs of low- and moderate-income communities. In the CRA, the Congress found that regulated financial institutions are required to demonstrate that their deposit facilities serve the convenience and needs of the communities in which they are chartered to do business, and that the convenience and needs of communities include the need for credit as well as deposit services.

The CRA requires each of the four Federal financial supervisory agencies to use its authority when examining regulated banks and thrifts to encourage institutions to help meet the credit needs of the communities in which they do business, consistent with safe and sound banking practices. Recently, the CRA has come to play an increasingly important role in improving access to credit among under-

served communities — both rural and urban — across this country. Under the impetus of the CRA, many banks and thrifts have opened new branches, provided expanded services, and made substantial commitments to increase lending to all segments of society. It is estimated that tens of billions of dollars have flowed to low- and moderate-income areas as a result of the CRA.

Despite these successes, the CRA examination and enforcement system has been criticized. Financial institutions have complained that policy guidance from the supervisory agencies on the CRA is unclear and that examination standards are applied inconsistently. Financial institutions have also complained that the CRA examination process encourages them to generate excessive paperwork at the expense of providing loans, services, and investments. In surveys of compliance costs, the institutions have often identified the CRA as the most burdensome of consumer protection and community reinvestment statutes.

Community, consumer, and other groups have agreed with the industry that there are inconsistencies in CRA evaluations and that current examinations overemphasize process and underemphasize performance. Community and consumer groups have also criticized the regulatory agencies for failing to penalize banks and thrifts aggressively for poor performance.

Believing that the CRA examination and enforcement process can be improved, the President requested in July that the Federal financial supervisory agencies reform the CRA examination and enforcement system. The President asked the agencies to consult with the banking and thrift industries, Congressional leaders, and leaders of community-based organizations across the country to develop new CRA regulations and examination procedures that "replace paperwork and uncertainty with greater performance, clarity, and objectivity."

Specifically, the President asked that the agencies refocus the CRA examination system on more objective, performance-based assessment standards that minimize compliance burden while stimulating improved performance. He also asked that the agencies develop a well-trained corps of examiners who specialize in CRA examinations. The President asked that in undertaking this effort, the regulators seek to promote consistency and even-handedness, to improve public CRA performance evaluations, and to institute more effective sanctions against institutions with consistently poor performance.

Public Hearings

To implement the President's initiative, the four agencies held a series of seven public hearings across the country. At those hearings, the agencies heard from over 250 witnesses. Nearly 50 others submitted written statements. Individuals, small business men and women, representatives of banks and thrifts and their trade associations, state and local government officials, members of local community-based organizations, and leaders of national community and consumer advocacy groups presented their views. While the oral and written statements submitted by the over 300 witnesses encompassed a variety of views, some common themes emerged.

Most commenters — bankers, state and local government officials, and leaders of community-based organizations — endorsed a more performance-based CRA evaluation system. Most witnesses, however, also rejected a formulaic approach that would be applied on a national basis. They emphasized that examinations should focus on lending, particularly to low- and moderate-income individuals, minorities, small farms, small businesses, and affordable housing and economic development organizations. However, they stressed that the facts and data about an institution's lending record should be evaluated in light of its business strategy, its financial condition, and the credit needs of the community in which it operates. A need to make the evaluations more geographically specific for those institutions that operate in multiple locations was also noted.

A number of respondents, both from the financial service industry and community-based organizations, expressed interest in the idea of financial institutions developing strategic plans for CRA performance in conjunction with the representatives of the communities within which they operate. Some wanted the regulatory agencies to make enforceable agreements between financial institutions and community groups a central focus of the CRA process. Others suggested that the agreements should be between the institutions and the supervisory agencies.

Many of those same respondents criticized the agencies for a lack of consistency in examinations and urged the agencies to develop cooperative training programs for their examiners. All groups stressed the need to improve the training of examiners responsible for CRA evaluations. While most witnesses focused on training for examiners who conduct CRA examinations, a number of the respondents also urged CRA training for commercial examiners so that they can develop a better understanding of community development lending.

Many community-based organizations and local government officials commented on the need for data to be collected on small business and consumer loans similar to that collected for housing loans under the Home Mortgage Disclosure Act. Those witnesses urged that the geographic distribution of those loans be monitored, and many also suggested that data on the race or ethnicity of the borrower be collected as well. They contended that the lack of this data was a serious impediment to the public's and the regulatory agencies' ability to evaluate an institution's performance in these significant areas. However, other witnesses, particularly those representing smaller lenders, complained about current reporting burdens — citing the Home Mortgage Disclosure Act reporting requirements — and urged that no additional reporting of loans be mandated.

Many smaller financial institutions and some community groups also stated that the present system was too focused on punishing institutions that fail to perform, and the emphasis instead should be on rewards for institutions truly meeting a wide range of community lending and service needs. Witnesses identified a need to recognize that investments in intermediary community development organizations are beneficial for society and should be considered as strengths in evaluating an institution's CRA performance, even though the

benefits of the investment may not flow back to the specific service community delineated by the institution. While there was an emphasis on rewards, respondents outside the banking community were overwhelmingly against the adoption of a "safe harbor" for financial institutions from CRA protests on the basis of ratings assigned by the regulatory agencies.

Many small institution respondents also noted the burden imposed by the present regulations. They felt that a different level of documentation and different approaches to reviewing their performance were appropriate. Small bankers stressed the high costs in terms of both time and money required to meet the perceived documentation requirements of the present approach. In many cases they stated that these burdens were actually impeding their institutions' ability to meet credit and service needs.

Finally, a number of respondents from the financial services industry and community-based organizations proposed that non-chartered financial service providers, such as insurance companies, finance companies, and other similar types of credit providers be subject to community reinvestment requirements similar to the CRA.

We have attempted to address many of these concerns within the proposed regulations. Without resorting to fixed formulas, the proposed regulations set forth a different, more objective and more enforceable approach to evaluating performance under the Act. The new regulations would maintain the present regulations' emphasis on evaluating each institution's record in light of its business strategy and community. The new regulations would require additional data reporting for consumer, small business, and home mortgage loans, with provisions for disclosing that information to the public in a timely manner. To provide incentives for strong performance, the new regulations would clarify how CRA performance would be considered in the application process. However, the regulations would not contain a "safe harbor" provision. Under the new assessment system, further incentives would be provided to institutions that show strong performance by reducing the frequency of examinations. Finally, the regulations would provide a different evaluation framework for small institutions.

The proposed regulations

In general: In order to promote consistency, to reduce compliance burden and to improve performance, the proposed regulations eliminate the current regulations' twelve assessment factors and substitute a performance-based evaluation system. Under the proposed system, financial institutions would not be assessed on their efforts to meet community credit needs. Such assessments have given rise to unnecessary documentation that has reduced the effectiveness and undermined the credibility of current evaluations. Similarly, the agencies would not evaluate the methods used by an institution to assess credit needs. However, to perform under the proposed performance-based standards, institutions would have to provide loans, investments, and services for which there is a market. Therefore, they would have an incentive to perform needs assessments in their communities.

In assessing an institution's CRA performance, the agencies would recognize that the institution is expected to help meet

the credit needs of its entire community. In examinations, however, particular attention would be paid to the institution's record of helping to meet the credit needs in low- and moderate-income areas.

Institutions would be evaluated based on their lending, service, and investment performance. Generally, independent institutions with at least \$250 million in assets and members of holding companies with that level of banking and thrift assets would be evaluated based on some combination of lending, service, and investment tests. As a predicate for evaluation under the tests, institutions would have to report to the agencies and make available to the public data on the geographic distribution of their loan applications, denials, originations and purchases. Small banks and thrifts could elect to be evaluated under a streamlined method that would not require them to report this data. Every institution would have the option to choose assessment based on a pre-approved strategic plan that had been subjected to review and comment by community-based organizations and the rest of the public. However, the plan option would not relieve an institution of its data reporting obligations.

The lending test applicable to large institutions would consider the extent to which the institution is making loans in low- and moderate-income portions of its service areas. The test would also give an institution credit for other community development loans and partnerships with community groups to promote credit availability. The service test would consider the extent to which the institution is making branches accessible to low- and moderate-income areas in its service areas and is providing other services that promote credit availability. The investment test would consider investments in community and economic development activities and would also take into account grants to support community and economic development activities, donations or sales on favorable terms of branches to women- or minority-owned institutions, and investment partnerships with community organizations.

The three tests would not apply uniformly to all institutions. As a general rule, institutions would be evaluated on the basis of the product lines offered to their customers in the normal course of business. The lending test would apply to retail institutions, and the investment test would apply to wholesale and limited-purpose institutions. A retail institution would be evaluated under the investment test but its performance would only count to boost its lending test rating. All institutions would be evaluated under the service test, but wholesale and limited-purpose institutions would be evaluated under a different standard than retail institutions.

An institution evaluated under a given test would receive one of five ratings of its performance under that test: Outstanding, High Satisfactory, Low Satisfactory, Needs to Improve, or Substantial Noncompliance. The agencies have proposed five ratings rather than four ratings for each test to measure as accurately as possible variations in performance among institutions. The agencies propose to have only four composite ratings, however, because the four ratings are required by the statute.

Small institutions that choose not to report loan data would be

evaluated under a streamlined measure of lending performance that would focus on their loan-to-deposit ratio, the degree to which they make their loans in their service area, their loan mix (across product lines and income levels of borrowers), their fair lending record, and their record of community complaints. Institutions that are currently subject to reporting under the Home Mortgage Disclosure Act (HMDA) would also be evaluated on the reasonableness of the distribution of the loans they have reported. The investment and service records of small institutions would be considered to boost their ratings based on the lending measure.

The regulations would not require institutions to offer specific loan products, to make specific loans or investments or to make loans or investments that are expected to result in losses or are otherwise inconsistent with safe and sound banking practices. However, the regulations would require demonstrated performance by institutions in lending, service, and investments that benefit low- and moderate-income areas and individuals. Institutions would be permitted and encouraged to develop and apply flexible underwriting standards that are consistent with safe and sound operations for loans that benefit low- and moderate-income individuals and areas.

Under the proposal, wholesale and limited purpose institutions are defined as insured depository institutions that are in the business of extending credit to the public but that do not make a significant amount of reportable loans. This would include banks that make primarily large commercial loans, as well as credit card banks, and similar institutions.

The proposed regulations would not apply to institutions that engage solely in the correspondent banking business, trust company business, or the business of acting as a clearing agent. The agencies have previously indicated that these institutions are not governed by the CRA because these institutions generally do not perform commercial or retail banking services and do not generally extend credit to the public for their own account.

Community reinvestment obligation and enforcement: The agencies propose to state in the regulations that financial institutions have a continuing and affirmative obligation to help meet the credit needs of their communities, including low- and moderate-income areas, consistent with safe and sound operations, and that a purpose of the regulations is to implement this obligation. An institution that received a composite rating of Substantial Noncompliance would be subject to enforcement actions under 12 U.S.C. 1818.

The agencies propose these provisions as a method of improving the effectiveness and fairness of CRA. If the consequences for inadequate performance are restricted to the application process, then institutions not contemplating applications may have little incentive to comply. Community reinvestment is an obligation of all institutions, whether or not they are contemplating an application. In the absence of agency enforcement actions, communities in which institutions that do not anticipate filing applications are chartered may not receive the community reinvestment that the statute intends. The availability of formal enforcement actions would

strengthen the agencies' ability to encourage institutions to meet their community reinvestment obligation.

The lending test: The lending test would evaluate primarily whether a retail institution is making loans in low- and moderate-income areas as well as in other areas. The test would examine both direct lending by the institution and, if the institution elected, its proportionate share of indirect lending made through lending consortia in which the institution participates, subsidiaries of the institution, funded non-chartered affiliates of the institution, and women- or minority-owned institutions, low-income credit unions, and other lenders in which the institution has made lawful investments. The test would also take into account loans made by an institution to community development organizations and intermediaries.

Under the lending test, an institution would be evaluated on the basis of its performance in making reportable loans in comparison to other lenders subject to CRA in its service area. An institution would also be evaluated independently of how others are performing. The agencies would evaluate the institution's performance relative to other CRA lenders by comparing the institution's share (market share) of reported housing, small business, and consumer loans in low- and moderate-income areas in its service area with its share of such loans in the other parts of its service area. The agencies would evaluate the institution's performance independent of other CRA lenders' performances by examining the ratio of such loans made by the institution in low- and moderate-income areas in its service area to such loans made throughout its service area or by examining the geographic distribution of such loans across the low- and moderate-income areas in the institution's service area. By doing so, the agencies would assure that, in order to achieve a good rating under this test, either the institution has a good distribution of loans in the low- and moderate-income areas in its service areas or has a significant amount of loans to such areas.

The agencies believe that this formulation would allow an institution to target its community development lending to particular areas if doing so is critical to serving as a catalyst to community development lending throughout its service area. The agencies are aware that, in some cases, a concentrated lending effort is more useful and effective than a dispersed effort across a broader geographic area. However, the agencies have attempted to make clear that this standard would not permit institutions unreasonably to exclude low- and moderate-income areas from their lending.

The proposal indicates that the agencies will make all lending test calculations using both volume of loans made and number of loans made. In addition, in evaluating an institution's performance relative to other CRA lenders, the agencies will calculate market shares separately for small business, home mortgage, and consumer lending and weigh the calculations for those categories in reaching an overall judgment of an institution's market share performance. These decisions reflect the belief that, in different communities, one loan type may be more critical than others, and that, for different loan types, one form of measurement (either the number of loans or dollar volume) may be more useful and instructive than

another. This proposal would give the agencies the flexibility to make the relevant calculations, weigh the results in reaching an assessment of an institution's performance, and discuss them in the public evaluation in the manner deemed most informative.

At the election of an institution, the agencies would consider indirect loans attributable to the institution under the lending test. Indirect loans would be defined as loans made by third parties, such as lending consortia, subsidiaries of the institution or non-chartered affiliates that it assists in funding, and women- or minority-owned institutions, low-income credit unions, and other lenders that lend to low- and moderate-income individuals or areas and in which the institution has made lawful investments. If an institution reported its attributable indirect loans and chose to have them attributed to it, the agencies would attribute the indirect loans in proportion to the institution's investment taking into account both the total lending by the third party and the lending done by the third party in the institution's service area. The proposal intends that the institution receive credit for a proportionate share of the total loans made by the third party based on the institution's investment, funding or participation. However, in claiming this credit, the loans should not be counted twice and the institution must take a representative geographic distribution of the loans in its service area or areas.

The proposal makes a distinction between the ability of an institution to claim credit under the lending test for indirect loans by its subsidiaries and funded non-chartered affiliates and its ability to claim credit for indirect loans made by other lenders. The institution could claim credit for the lending of subsidiaries or non-chartered affiliates, under the same rules regarding proportionate shares, whether it invests in the entity or makes a loan to it. For other third party lenders, the institution would be required to have made an investment in the entity in order to claim credit under the lending test for its loans. The purpose of this distinction is to recognize the unique relationship between the institution and its subsidiaries and affiliates, and to enhance the ability of institutions and their parent corporations to structure their community development lending flexibly.

The agencies could adjust an institution's rating based on the described factors upward, and, in exceptional cases, downward. Upward adjustment might be warranted if an institution made a substantial amount of loans requiring innovative underwriting or loans for which there is special need, such as loans for multifamily housing construction and rehabilitation, loans to start-up or very small businesses, loans to community development organizations or facilities and loans to very low-income individuals and areas. While the agencies would expect such lending to be made within the confines of safety and soundness, it is understood that lending in low- and moderate-income areas can sometimes require a unique approach to establishing that the loan can be safely underwritten. It is the agencies' purpose to recognize the unique quality of these loans and the special expertise and effort they require on the part of the lender by making clear that such loans will be given particular consideration by the agencies in arriving at a rating under the lending test. Particular consideration will also be given to loans made to community development lending institutions.

An institution could also receive an upward adjustment to its lending rating based on the operation of a program under which the institution would reevaluate applications that, based on an initial evaluation, the institution planned to deny. To the extent that an institution operates such a "second look" program in which applications are reviewed by community organizations, the institution must request applicants to waive any privacy rights under state or federal law in order to share their applications with those organizations. The institutions should also make sure that the participating organizations take appropriate steps to protect applicants' confidentiality.

In exceptional cases, an institution's rating might be adjusted downward. For example, an adjustment might be warranted if the quantitative measures inaccurately portrayed the institution's actual lending to low- or moderate-income geographies or individuals.

Based on these measures, an institution's lending effort would be assigned a preliminary rating of outstanding, high satisfactory, low satisfactory, needs to improve, or substantial noncompliance. Preliminary ratings would be presumptive and could be rebutted by the institution if, for example, it believed the presumptive rating did not accurately or adequately reflect its lending record because of particular economic or demographic characteristics.

Investments and other factors: Wholesale and limited-purpose institutions would normally be evaluated under the investment test instead of the lending test. Retail institutions would be evaluated under the investment test, but investment performance would not be used to lower the overall rating of a retail institution. However, all institutions would be encouraged to engage in investment activities.

The focus of the investment test would be the ultimate impact of the institution's investment rather than the investment *per se*. Therefore, qualified investments would not be credited under the test unless they had a demonstrable impact, *e.g.* in providing loans or community development projects that benefit low- and moderate-income individuals and areas.

Institutions would be evaluated under the investment test based on the amount of assets compared to their risk-based capital that they have devoted to qualified investments for which they have not already received credit under the lending test. If an institution made a qualified investment that generated some attributable indirect loans but also created non-loan benefits for low- and moderate-income areas or individuals, the institution could receive credit under the lending test for the indirect loans and credit under the investment test for that part of the investment that was not considered as indirect lending.

Qualified investments would include lawful investments that benefit low- and moderate-income geographies or individuals in an institution's service area: in support of local affordable housing and community, economic, or small business development; in community development financial institutions, community development corporations, community development projects, small business investment corporations (including minority small business investment corporations), and minority- and women-owned financial institutions and

other community development financial intermediaries; in consortia or other structures serving low- and moderate-income individuals and areas; and in state and local government agency housing bonds or state and local government revenue bonds specifically aimed at helping low- and moderate-income areas and individuals. The CRA does not grant institutions any investment authority, so investments must comply with other statutory and regulatory limitations and requirements.

Eligible grants would be considered qualifying investments. Donation or sale on favorable terms of branches to minority- or women-owned institutions would also count as qualifying investments. Loans by wholesale and limited purpose banks that would constitute qualified investments were they in the form of investments will be treated as qualified investments for the purposes of the Investment Test. For purposes of the investment test, wholesale and limited-purpose institutions would be deemed to have nationwide service areas.

The agencies could adjust an institution's rating under the investment test to take into account whether the institution's investments are particularly innovative or meet a special need and whether the institution's activities in connection with the investments are particularly complex or intensive or involve innovative partnerships with community-based organizations. Examples of such activities include helping to establish a new entity to conduct community development activities or providing significant service or assistance in support of a qualified investment. The agencies could also adjust an institution's rating if the institution has made a large amount of investments that would be qualified investments except that they fail to benefit the bank's service area. Downward adjustments would only be justified in exceptional cases.

Based on these measures, an institution's investment effort would be assigned a preliminary rating of outstanding, high satisfactory, low satisfactory, needs to improve, or substantial noncompliance. Preliminary ratings would be presumptive and could be rebutted by the institution.

The service test: In the CRA, Congress found that regulated financial institutions are required by law to demonstrate that they serve the convenience and needs of their communities and that "the convenience and needs of communities include the need for credit services as well as deposit services." See 12 U.S.C. 2901. The CRA focuses, however, on an institution's effort to help meet the credit needs of its community or communities.

Branch availability in a community is critical to the availability of credit, as well as deposit, services. The loan origination process (including initial contacts, pre-application counseling, application completion and application filing) often occurs at branches. Moreover, accessible branches are critical to the development of the full-service banking relationships that facilitate participation in the credit system.

Therefore, the service test would evaluate a retail institution primarily on the basis of the percentage of its branches that are located in or that are readily accessible to low- and moderate-income areas. Generally, in a densely-populated area, a branch would be considered readily accessible if it

was in easy walking distance. In a less populated area, a branch would generally be considered readily accessible if it was in easy or normal driving distance. The percentage of branches that an institution would be expected to have in or readily accessible to low- and moderate-income areas in each service area would depend, in part, on the number of such areas in the service area.

The agencies could adjust a retail institution's service record upward or downward to reflect more accurately its branch service to low- or moderate-income geographies or individuals, but downward adjustments would be made only in exceptional cases.

In determining the appropriateness and degree of any adjustment, the agencies might consider the institution's record of opening and closing branches, whether branches wherever located are actually serving low- and moderate-income individuals, any significant differences in the quality, quantity or types of services offered to low- or moderate-income individuals or geographies, and similar factors.

The agencies could also adjust a retail institution's rating upward to reflect a strong record of providing or supporting other services that promote credit availability for low- and moderate-income individuals and areas. Particular weight in this consideration would be given to credit and home-ownership counseling, small and minority-owned business counseling, low-cost check-cashing, and low-cost deposit services.

Appropriate consideration would be given to the limitations faced by institutions with a small number of branches. No institution would be required to expand the size of its branching network or to operate branches at a loss. Because they generally do not have branch systems, wholesale and limited-purpose institutions would be evaluated based on their support for services that promote credit availability rather than their provision of branches.

Based on these measures, an institution's service performance would be assigned a preliminary rating of outstanding, high satisfactory, low satisfactory, needs to improve, or substantial noncompliance. Preliminary ratings would be presumptive and could be rebutted by the institution.

Composite ratings: As required by the statute, there would be four possible composite ratings: outstanding, satisfactory, needs to improve, and substantial noncompliance. For retail institutions, the institution's rating under the lending test would form the basis for its composite rating. For wholesale or limited-purpose institutions, the institution's rating under the investment test would serve as the basis for the composite rating. For retail institutions, the rating would then be increased by two levels in the case of outstanding investment performance or by one level in the case of high satisfactory investment performance. For all institutions, the rating would be increased by one level in the case of outstanding service and decreased by one level in the case of substantial non-compliance in service.

The rating would be converted to the statutorily-required four level rating system, with high satisfactory and low satisfactory

both scored as satisfactory. An institution that would otherwise receive a needs to improve rating would be rated in substantial noncompliance if the institution received no better than a needs to improve rating on both of its last two examinations. Finally, the rating would be adjusted, if necessary, to take into account illegal lending discrimination by the institution to arrive at a final composite rating.

Lending discrimination: A financial institution is not serving its entire community adequately if it is discriminating illegally. Therefore, there would be a rebuttable presumption that an institution would receive a composite rating of less than satisfactory if the institution committed an isolated act of illegal discrimination of which it has knowledge that it has not corrected fully or is not in the process of correcting fully or engaged in a pattern or practice of illegal discrimination that it has not corrected fully. The presumption could be rebutted in the case of technical or *de minimis* violations, for example, if an institution violates the Equal Credit Opportunity Act by offering a preferential credit program for individuals over age 55 (rather than limiting the program to individuals over age 62 as the law requires).

Multiple service areas: An institution's CRA rating should reflect its performance in all the local communities in which it does business. If an institution operates in more than one service area, the agencies would evaluate all the institution's loan data and would conduct full lending and service tests in a sample of the service areas in which the institution operates. The agencies would then assign separate composite ratings for each area. The institution's overall rating would reflect the performance of the institution in all service areas studied.

Small institution assessment option: The CRA requires the agencies to assess an institution's record of meeting the credit needs of its entire community, but does not specify the methods by which the assessments are to be made. The agencies believe that the Congress gave the agencies broad discretion to determine the appropriate methods for CRA assessments. The Congress recognized that assessment methods must be appropriate for communities and institutions of different sizes, conditions, needs and attributes.

Many small institutions and their representatives have urged that the agencies exercise their discretion to exempt small institutions from CRA assessments. However, the agencies do not believe that an exemption is permitted by the statute. Moreover, the agencies believe that an exemption would be unwise because it could result in neglect of the credit needs of communities that are served by exempted institutions.

The agencies believe, however, that they may exercise their discretion to create different assessment methods to take into account differences among classes of financial institutions. The agencies further believe that a different assessment method may be warranted to provide appropriate treatment of small banks and thrifts. The proposed regulations therefore generally offer small banks and thrifts the option of choosing evaluation under a streamlined assessment method. Concomitantly, the regulations would not impose upon small institutions the data collection requirements that are necessary for the general assessment method applied to other institutions. This difference in method may be appropriate

because the disproportionate burden that would be otherwise imposed on small institutions does not appear to be necessary to achieve the purposes of the regulations. Collection and reporting by small banks and thrifts of data on the geographic distribution of their loans may impose a burden on those institutions disproportionate to larger institutions. In addition, small banks and thrifts often serve geographically compact communities, so the benefits of geographic coding and reporting of loans by such institutions are generally minimal.

Finally, the streamlined examination process proposed by the agencies is designed to measure accurately whether small banks and thrifts are, in fact, serving the needs of their entire communities. In this regard, the agencies stress that the examinations for small banks and thrifts will not be implemented as *de facto* exemptions. Examinations will not be formalities or simple reviews in which examiners quickly determine whether institutions have met the items on a "check list." Meaningful examinations, including reviews of the loan files of small institutions, will be conducted, but the burden of the examinations will be shifted largely from the banks being examined to the examiners.

Small banks and thrifts would be defined as independent institutions with assets of less than \$250 million or institutions with less than \$250 million in assets that are members of holding companies the total banking and thrift assets of which are less than \$250 million.

The primary basis for a small institution's rating would be an evaluation of its lending record. An institution would be presumed to receive a satisfactory rating if it has a reasonable loan-to-deposit ratio, makes the majority of its loans locally, has a good loan mix (makes a variety of loans to the extent permitted by law and regulation and lends across income levels), has no legitimate, bona-fide complaints from community members, has not committed an isolated act of illegal discrimination of which it has knowledge that it has not corrected fully or is not in the process of correcting fully, and has not engaged in a pattern or practice of illegal discrimination that it has not corrected fully. In addition, if an institution is required to report loans under the HMDA, the institution would also be required to have a reasonable geographic distribution of reported loans.

A small institution that meets each of the standards for a satisfactory rating and exceeds some or all of those standards could receive an overall rating of outstanding. In assessing whether a small institution's CRA record is outstanding, the relevant agency would consider the extent to which the institution's loan-to-deposit ratio, its lending to its service area, and its loan mix exceed the standards for a satisfactory rating. In addition, at the option of the institution, the agency would evaluate the institution's record of making qualified investments and its record of providing branches, remote service facilities (RSFs), automated teller machines (ATMs), and other services that enhance credit availability or in other ways meet the convenience and needs of low- and moderate-income persons in its service area.

If a small institution failed to meet or exceed all of the standards for a satisfactory rating, the relevant agency would conduct a more extensive examination of the institution's

loan-to-deposit record, its record of lending to its local community, and its loan mix. The agency would also contact members of the community, particularly in response to complaints about the institution, and review the findings of its most recent fair lending examination. In addition, at the option of the institution, the agency would assess the institution's record of making qualified investments and its record of providing branches, RSFs, ATMs, and other services that enhance credit availability or in other ways meet the convenience and needs of low- and moderate-income persons in its service area.

If a small institution operates in more than one service area, the relevant agency would evaluate the institution's performance in all of those service areas.

Plan assessment option: Any institution, as an alternative to being rated under the lending, service, and investment tests or the assessment method for small institutions, could elect to submit for agency approval a CRA plan with measurable goals against which its subsequent performance would be assessed. This plan would be required to be publicly disclosed and subject to public comment before approval. If the agency approved the plan, it would assess the institution's performance to determine if the institution met or exceeded the plan goals. If the institution failed to meet or exceed the preponderance of the measurable goals set forth in the plan, the institution's performance would be evaluated under the applicable tests or standards described above. Assessment under a plan would not relieve an institution from its obligation to report data on the geographic distribution of its loans.

Definition of service area: The geographic areas surrounding each office or group of offices in which a retail institution (including a small institution) makes most of its direct loans would be used to define its service areas. A rebuttable presumption would exist that an institution's service area is acceptable if it is broad enough to include low- and moderate-income areas, and does not arbitrarily exclude low- and moderate-income areas. For example, service areas defined by the institution to include the areas around branches in which it makes a substantial portion of its loans and all other areas equidistant from the branches would normally be acceptable. Institutions would not be evaluated on the method they use to delineate their service areas. Wholesale and limited-purpose institutions would not have to define service areas.

A retail institution would generally have multiple service areas if it serves significant areas across state or metropolitan boundaries. An institution could have multiple service areas within one metropolitan area, and service areas need not necessarily be coterminous with metropolitan statistical area or state boundaries. However, a service area generally could not include more than one metropolitan statistical area and should not include both a metropolitan statistical area and a rural area.

Data collection and reporting: In addition to data already collected under the HMDA and the agencies' fair housing data collection requirements, institutions that do not elect or are not eligible for the small institution streamlined

assessment method would be required to collect and report to the agencies data on the geographic distribution of their home mortgage, consumer, small business (including small farm) loan written applications, application denials, originations and purchases. In the case of a retail institution that elected to count its attributable indirect loans for its lending test, data would have to include reports on attributable indirect loans (including loans made outside low- or moderate-income areas). Data on small business loans would be reported in four categories based on the sales volume of the business. Data on the race and gender of borrowers would not be required to be collected and reported, except to the extent such data are required by current law. Data would have to be reported in summary form (see Appendix A) and would have to be submitted to the agencies by January 31 of the calendar year following the calendar year for which the data were collected. These data would be used by the agencies to make the calculations under the lending test and would be made available to the public.

Home mortgage loans would be defined to include all mortgage loans reportable under HMDA and its implementing regulations. These include closed-end purchase and improvement loans (including refinancings) for single family, 1-4 family, and multifamily housing. Institutions already covered by HMDA would not be required to collect any additional information on their home mortgage loans but would be required to submit home mortgage data in summary form by the January 31 deadline. Institutions not now covered by HMDA would have to collect and report the summary home mortgage data required by the proposed CRA regulations but would not have to report home mortgage data in the detail required by HMDA. Reporting of open-end home equity lines of credit is not required under HMDA and would not be required under the proposed regulations, because the burdens of collection and reporting appear to outweigh the associated benefits.

Consumer loans are defined to include all closed-end loans, secured and unsecured, extended to a natural person primarily for personal, family, or household purposes, except for credit card loans and motorized vehicle loans and those loans included in the definition of home mortgage loans. Consumer loans also would not include open-end credit lines.

The agencies have not proposed to require collection and reporting of data on open-end credit lines, credit card loans, and motorized vehicle loans because the burdens associated with collection and reporting of the data appear to outweigh the associated benefits. The legislative history of the Community Reinvestment Act reveals that Congress was primarily concerned with the availability of home mortgage loans and small business loans. In addition, collection of data on revolving credit (including credit card loans) and automobile loans is particularly burdensome given the nature of those loans.

Documentation and disclosure: Every institution would have to make available for public inspection a file with all signed, written comments from the public that it has received for the past 2 years, its performance data for that period, maps of its service areas and lists of the census tracts or block numbering

areas that make up each service area, and a copy of the public section of its most recent CRA Performance Evaluation. If an institution elected assessment under the plan option, it would be required to include in the public file a copy of its plan. Copies of information in the public file would be required to be made available at cost to members of the public on request. The public file would be required to be maintained at the institution's main office. Materials relating to a given service area would also be required to be maintained at each branch in that service area. Every institution would have to post in the public lobby of every branch a notice of its CRA obligation and the public's ability to comment on and review data concerning that performance.

Publication of examination schedule and public comment:

The proposed regulation provides that the agencies will publish a list of the institutions which are scheduled to undergo CRA examinations in the next calendar quarter. The list would be published at least 30 days in advance of the quarter and would contain the names of the institutions that have been scheduled for a CRA examination in that quarter. Members of the public would be invited to submit comments to the appropriate agency regarding the CRA performance of any institution whose name appears on the list. If received prior to the start of an examination, those comments would be taken into consideration during the examination in addition to any comments already in the institution's public CRA file. As the precise timing of any particular examination, including the length of time any particular examination takes to complete, cannot always be accurately judged, members of the public would be urged to submit their comments as soon as possible after the list of institutions is published. Additionally, the agencies would urge all interested members of the public to file comments with institutions regarding their CRA performance on an ongoing basis and not to wait until any particular institution has been scheduled for a CRA examination to file comments either with the institution itself or the appropriate agency. This is especially important as from time to time it might be necessary or advisable for the agencies to conduct a CRA examination of an institution which had not been previously scheduled to receive an examination that quarter. In short, the fact that an institution's name does not appear on the published list would in no way preclude the agencies from conducting a CRA examination.

Applications: The CRA requires the agencies to consider the CRA performance record of an insured depository institution in considering applications by the institution for a deposit facility. Applications for a deposit facility include applications to charter a bank or Federal savings association, to obtain federal deposit insurance, to establish or relocate a branch office or ATM, and to acquire another insured depository institution or its assets. The agencies propose in the regulation to explain how CRA ratings achieved through performance-based examinations will be considered in these applications.

Under the proposal, the CRA examination rating would continue to be an important and often controlling factor in assessing the CRA aspect of an application, including where appropriate the convenience and needs factor. The CRA examination rating is not conclusive, however, and the

proposal recognizes that other information related to CRA performance and the convenience and needs of communities, including information collected through public comment and through periodic and special reports, is also relevant and must be considered.

As proposed, an "outstanding" rating generally would result in a finding that the CRA aspect of the application is consistent with approval of the application and would receive extra weight in reviewing the application. A "satisfactory" rating generally would result in a finding that the CRA aspect of the application is consistent with approval of the application. A "needs to improve" rating generally would be an adverse factor in the CRA aspect of the application, and absent demonstrated improvement in the bank's CRA performance or other countervailing factors, generally would result in denial or conditional approval of the application. A "substantial noncompliance" rating generally would be so adverse a finding on the CRA aspect of the application as to result in denial of the application.

In addition to consideration of CRA performance in the application process and use of their general enforcement powers, the agencies plan to use the frequency of CRA examinations to provide incentives for strong performance. Institutions with outstanding ratings will generally be examined less frequently than the average institution, and institutions with less than satisfactory ratings will generally be examined more frequently. Of course, other factors, such as an institution's financial condition, will also affect the frequency of examinations. The agencies believe that linking examination frequency to performance makes sense not only because it provides an incentive for strong performance but also because it reflects a sensible allocation of the agencies' limited examination resources.

Transition

Under the proposed regulations, the data collection and reporting requirements will go into effect July 1, 1994 for all institutions that are required under the regulations to collect and report data. Data collected from July 1, 1994 through December 31, 1994 would be required to be reported to the agencies no later than January 31, 1995. Thereafter, institutions would be required to collect the data on an annual basis and to report the data no later than January 31 of the following year.

Evaluations based upon the new assessment standards could begin by April 1, 1995, by which time sufficient data will have been collected and analyzed to accommodate the quantitative analyses contemplated by the regulations. However, the agencies anticipate that financial institutions may need time to adjust to the new approach. Therefore, from April 1, 1995 to July 1, 1995, an institution could elect to be evaluated under the standards that were in place under the old system rather than the new standards. After July 1, 1995, the new standards would be mandatory except that, until April 1, 1996, an institution showing good cause could request evaluation under the old standards. An institution could also elect to be evaluated under a strategic plan during the transition period. However, as would be the case whenever an institution elects evaluation under the plan option, the institution would have to submit the strategic plan

at least 3 months prior to the plan's proposed effective date. The purpose of this requirement is to allow the agencies sufficient lead time to review, assess, and determine whether to approve the plan.

Finally, the agencies are concerned that some institutions may have difficulty adapting to the new assessment standards and that such institutions may, despite clear efforts to the contrary, find that their first CRA rating under the new standards is substantially below their most recent rating under the old system. The proposed regulations provide a reasonable accommodation for institutions that find themselves in that situation. If an institution's first rating under the new standards is more than one category below the institution's last rating under the old standards, the agencies would not disapprove any corporate application nor take any other enforcement action against the institution based on that lower rating if the agencies determined that the drop in the institution's rating occurred despite the institution's good faith efforts to perform at least satisfactorily under the new standards.

Review

The agencies recognize that the proposed regulations represent a dramatic change in existing practices and that cautious administration is therefore required. Consultation by financial institutions with the agencies on compliance with the new standards and procedures will be encouraged, as will liberal use of agency appeals processes. The supervisory agencies will engage in an internal review of the effectiveness of the new regulations. The agencies contemplate reconsideration of the regulations to improve their effectiveness within the next several years. The agencies intend for the proposed regulations to require demonstrated performance but to impose as little unnecessary compliance burden as possible, and the agencies will review the regulations to determine whether they are advancing these goals.

Other Efforts

In addition to this rulemaking, the agencies will work together to improve examiner training and to increase interagency coordination regarding application of standards, performance of examinations, assignment of ratings, and use of enforcement tools. The agencies will work together to make examinations as short in duration as possible, to minimize unnecessary compliance burden, and to ensure consistency and reliability in the rating process.

The agencies will also work together to improve public access to data collected pursuant to HMDA and the proposed regulations. To that end, the agencies will strive to make the summary data reported under the proposed CRA regulations available to the public as soon as possible. The Federal Reserve Board will also strive to make HMDA data available by May 30 of the year following the year for which the data are submitted.

CRA Loan Data Format

The agencies are proposing a common CRA Loan Data Format, included in each regulation as appendix A. That common format appears at the end of this preamble, but would be published with each agency's regulation if this proposal is adopted as a final rule.

Specific areas for public comment

Comment is invited on all aspects of the proposal. In addition to general comments, the agencies request comments on the following particular issues:

- 1) Are the lending, service, and investment tests meaningful and workable? Is the appropriate weight given to each of the three tests in determining the composite rating? Should numbers or ratios be substituted for the descriptive quantitative terms used in the various rating levels under the three tests? If so, what should they be?
- 2) Should "indirect loans", or loans made by entities in which a bank or thrift has made an investment, be included in the lending test as proposed? Is the treatment of "indirect loans" meaningful, workable, and effective?
- 3) Should the quantitative measures used in the lending, service, and investment tests be expanded to include a broader array of performance measures? If so, what would those additional measures include?
- 4) Should banks and thrifts be permitted to elect to be evaluated on the basis of their performance relative to an approved CRA plan? Is the regulation sufficiently clear about the bases upon which agencies would approve a proposed plan?
- 5) Are the provisions of the regulations on the circumstances under which the agencies would use their enforcement authority to promote compliance with the community reinvestment obligation of regulated banks and thrifts appropriate? Is the community reinvestment obligation appropriately stated?
- 6) Should the performance of affiliates be considered in CRA examinations of a regulated bank or thrift? Should the performance of affiliates be considered in decisions on corporate applications filed by a bank or thrift?
- 7) Does the formulation of the regulation strike an appropriate balance between the need of institutions for certainty in the evaluation system and the need for the flexibility to reflect individual institutions' service capabilities and the credit needs of particular locales? Will this proposal result in a clearer, more objective evaluation scheme? If sufficient certainty and objectivity are not achieved, what adjustments should be made?
- 8) Are the data collection provisions under the proposed regulation warranted and are the appropriate data collection elements called for? What adjustments should be made to the data collection provisions? What costs will be imposed and what benefits derived from the data collection provisions?
- 9) How would the proposed changes affect the amount of time that financial institutions spend on CRA compliance? If you operate a financial institution, how much time do you now devote to compliance and how much time do you anticipate the proposed regulations would require that you devote? (Please indicate the size of your institution when answering.) How might compliance costs be reduced consistent with the regulatory and statutory objectives?
- 10) What analytical or computational problems, if any, result from the fact that this proposal requires calculation of relevant ratios under the lending test using only the loans made by institutions that would be required by the proposal to report their lending, rather than loans made by all lenders in the relevant markets? How should the

- 11) regulation be adjusted to deal with any such problems? Are there other approaches to changing the CRA regulations that would be more beneficial and cost effective, and that would achieve the goals of this reform effort? If so, what alternative approach should be considered and what would its elements be?

[Text of common proposed appendix A to part
CRA LOAN DATA FORMAT follows here]

Paperwork Reduction Act

OCC: The collections of information contained in this notice of proposed rulemaking have been submitted to the Office of Management and Budget for review in accordance with the Paperwork Reduction Act of 1980 (44 U.S.C. 3504(h)). Comments on the collections of information should be sent to the Comptroller of the Currency, Legislative, Regulatory, and International Activities, Attention: 1557-0160, 250 E. Street, SW, Washington, D.C. 20219, with a copy to the Office of Management and Budget, Paperwork Reduction Project (1557-0160), Washington, D.C. 20503.

The collections of information in this proposed regulation are in 12 CFR 25.11, 25.12, 25.13, and 25.14. This information is required to evidence national bank efforts in satisfying their continuing and affirmative obligation to help meet the credit needs of their communities, including low- and moderate-income areas.

This information will be used to assess national bank performance in satisfying the credit needs of their communities and in evaluating certain corporate applications. The likely respondents/recordkeepers are for-profit institutions including small businesses.

The estimated annual burden per respondent/recordkeeper varies from six to 90 hours, depending on individual circumstances, with an estimated average of 18 hours. There will be an estimated 532 respondents averaging two hours and 3,450 recordkeepers averaging 16 hours.

Regulatory Flexibility Act

OCC: It is hereby certified that this proposed rule, if adopted as a final rule, will not have a significant economic impact on a substantial number of small banks. Accordingly, a regulatory flexibility analysis is not required. This proposal would enable most small banks to avoid the data collection requirements in part 25 and will encourage greater small business lending by banks of all sizes.

Executive Order 12866

OCC: This document has been submitted to the Office of Management and Budget for review. The proposal would clarify existing requirements and would exempt small banks from many of the requirements in part 25. Further, the proposal will encourage greater small business lending by banks of all sizes.

List of Subjects

12 CFR part 25
Community development, Credit, Investments, National banks, Reporting and recordkeeping requirements.

AUTHORITY AND ISSUANCE:

For the reasons set out in the preamble, the Federal financial regulatory agencies propose to amend Title 12 of the Code of Federal Regulations as follows:

OFFICE OF THE COMPTROLLER OF THE CURRENCY

12 CFR Chapter I

For the reasons set out in the preamble, the Office of Comptroller of the Currency proposes to revise 12 CFR chapter I as set forth below:

PART 25 — COMMUNITY REINVESTMENT ACT REGULATIONS

1. Part 25 is revised to read as follows:

PART 25 — COMMUNITY REINVESTMENT ACT REGULATIONS

Sec.

25.1 Authority and OMB control number.

25.2 Community reinvestment obligation.

25.3 Purposes.

25.4 Scope.

25.5 Definitions.

25.6 Assessment standards - summary.

25.7 Lending Test.

25.8 Investment Test.

25.9 Service Test.

25.10 Composite ratings.

25.11 Alternative assessment methods.

25.12 Service area - delineation.

25.13 Loan data - collection, reporting, and disclosure.

25.14 Public file and disclosure.

25.15 Public notice by banks.

25.16 Publication of planned examination schedule.

25.17 Effect of ratings - corporate applications.

25.18 Transition rules.

APPENDIX A TO PART 25 — CRA LOAN DATA FORMAT

AUTHORITY: 12 U.S.C. 21, 22, 26, 27, 30, 36, 93a, 161, 215, 215a, 481, 1814, 1816, 1818, 1828(c), and 2901 through 2907.

§ 25.1 Authority and OMB control number.

(a) *Authority.* The authority for this part is 12 U.S.C. 21, 22, 26, 27, 30, 36, 93a, 161, 215, 215a, 481, 1814, 1816, 1818, 1828(c), and 2901 through 2907.

(b) *OMB control number.* The collection of information requirements contained in this part were approved by the Office of Management and Budget under OMB control number 1557-0159.

§ 25.2 Community Reinvestment obligation.

National banks have a continuing and affirmative obligation to help meet the credit needs of their communities, including low- and moderate-income areas, consistent with safe and sound operations.

§ 25.3 Purposes.

The purposes of this part are to implement the community reinvestment obligation of national banks; to explain how the Office of the Comptroller of the Currency (OCC) assesses the performance of national banks in satisfying the community reinvestment obligation; and to describe how that performance is taken into account in certain corporate applications.

§ 25.4 Scope.

(a) *General.* This part applies to all insured national banks

that are in the business of extending credit to the public, including wholesale and limited-purpose banks.

(b) *Banks not engaged in lending activities.* This part does not apply to banks that engage solely in the correspondent banking business, trust company business, or the business of acting as a clearing agent. Such institutions, although they are chartered as banks, do not perform commercial or retail banking services and do not extend credit to the public for their own account.

(c) *Federal branches and agencies.* As provided in § 28.102 of this chapter, this part does not apply to Federal agencies, limited Federal branches, and uninsured Federal branches. However, this part does apply to insured Federal branches. References in this part to "head office" mean, in the case of insured Federal branches of foreign banks, the principal branch within the United States. The "service area" of an insured Federal branch refers to the community or communities located within the United States served by the branch as described in § 25.12. The phrase "office or group of offices" refers to insured branches located within the United States.

§ 25.5 Definitions.

For purposes of this part, the following definitions apply:

(a) *Automated Teller Machines (ATMs)* means immobile, automated, unstaffed banking facilities at which deposits are received, checks paid, or money lent.

(b) *Branches* means staffed banking facilities (shared or unshared) with a fixed site at which deposits are received or checks paid or money lent, including mini-branches in grocery stores or branches operated in conjunction with any other local businesses, churches, or other non-profit organizations.

(c) *Consumer loans* means closed-end loans extended to a natural person primarily for personal, family, or household purposes, but does not include home mortgage loans as defined in § 25.5(e), credit card loans, or motor vehicle loans.

(d) *Geographies* means census tracts or block numbering areas.

(e) *Home mortgage loans* means closed-end loans that are mortgage loans as defined in section 303(1) of the Home Mortgage Disclosure Act (HMDA) (12 U.S.C. 2802(1)), and implementing regulations.

(f) *Illegal discrimination* means discrimination on a prohibited basis as set forth in the Equal Credit Opportunity Act, 15 U.S.C. 1691 through 1691f, or the Fair Housing Act, 42 U.S.C. 3601 through 3619.

(g) *Indirect loans* means loans made indirectly by a bank through participation in a lending consortium in which lenders pool their resources, by subsidiaries of the bank, by non-chartered affiliates funded by the bank, or by lawful

investments in or with community development and affordable housing lenders, women-owned or minority-owned financial institutions, low-income credit unions, and others that lend to low- and moderate-income geographies and individuals.

(h) *Loans or investments benefiting low- and moderate-income geographies or persons* means loans or investments where the proceeds are provided to, invested in, used by or otherwise directly benefit —

(1) Persons that reside in low- or moderate-income geographies or have low or moderate incomes;

(2) Businesses located in low- or moderate-income geographies or employing mostly persons residing in such geographies;

(3) Non-profit organizations located in low- or moderate-income geographies or providing services mainly to persons residing in such geographies; or

(4) Construction or renovation of facilities located in low- or moderate-income geographies or providing services mainly to persons residing in such geographies.

(i) *Low- and moderate-income geographies* means geographies where the median family income is less than 80% of the median family income for the Metropolitan Statistical Area (MSA) or (in the case of geographies outside a MSA) less than 80% of the non-metropolitan state-wide median family income for the state in which the geography is located.

(1) *Low-income geographies* means geographies where the median family income is less than 50% of the median family income for the Metropolitan Statistical Area (MSA) or (in the case of geographies outside a MSA) less than 50% of the non-metropolitan state-wide median family income for the state in which the geography is located.

(2) *Moderate-income geographies* means geographies where the median family income is more than 50% and less than 80% of the median family income for the Metropolitan Statistical Area (MSA) or (in the case of geographies outside a MSA) more than 50% and less than 80% of the non-metropolitan state-wide median family income for the state in which the geography is located.

(j) *Reportable loans* means home mortgage loans, consumer loans, and loans to small businesses and small farms.

(k) *Retail banks* means insured banks that are in the business of extending credit to the public and that make a significant amount of reportable loans.

(l) *Small banks* means—

(1) Independent banks with total assets of less than \$250 million; or

(2) Banks with total assets of less than \$250 million that are subsidiaries of a holding company with total banking and thrift assets of less than \$250 million.

(m) *Small businesses* means private for-profit organizations that had for the calendar or fiscal year preceding the making of the loan—

(1) average annual gross receipts of \$10 million for a concern providing services; or

(2) up to 500 employees for a manufacturing concern.

(n) *Small farms* means private organizations engaged in farming operations with average annual gross receipts of less than \$500,000 for the calendar or fiscal year preceding the making of the loan.

(o) *Wholesale and limited-purpose banks* means insured banks that are in the business of extending credit to the public but make no significant amount of reportable loans.

§ 25.6 Assessment standards - summary.

(a) Except for banks assessed under the special standards of § 25.11, the OCC assesses a bank's CRA performance as described in this section. The OCC reviews, among other things, the bank's CRA public file and any signed, written comments about the bank's CRA performance submitted to the bank or the OCC. In assessing a bank's CRA performance, the OCC considers whether the bank is helping to meet the credit needs of its entire community. In examinations, however, the OCC pays particular attention to the bank's record of helping to meet the credit needs in low- and moderate-income geographies. That record is primarily evaluated using three measures: the Lending Test (described in § 25.7), the Investment Test (described in § 25.8) and the Service Test (described in § 25.9). Based on these separate assessments, the OCC assigns the bank one of four overall composite ratings as described in § 25.10. The four composite ratings are Outstanding, Satisfactory, Needs to Improve, and Substantial Noncompliance.

(b) The composite ratings reflect the extent of compliance or noncompliance with the community reinvestment obligation described in § 25.2. A bank that receives a composite rating of Substantial Noncompliance shall be subject to enforcement actions pursuant to 12 U.S.C. 1818.

(c) This regulation and the CRA do not require any bank to make loans or investments that are expected to result in losses or are otherwise inconsistent with safe and sound operations. However, banks are permitted and encouraged to develop and apply flexible underwriting standards (that are consistent with safe and sound operations) for loans that benefit low- and moderate-income geographies or individuals.

§ 25.7 Lending Test.

(a) *Summary.* The Lending Test evaluates primarily whether a retail bank is making loans in low- and moderate-income geographies as well as to wealthier geographies. The test examines direct lending by the bank itself and, if the bank elects, indirect lending to the extent permitted by this part.

(b) *Standards.* The OCC rates a bank's lending performance in a service area under the following rebuttable presumptions.

(1) *Outstanding.* Subject to rebuttal, the OCC presumes a bank is lending in an outstanding fashion if —

(i) The bank's market share of reportable loans in low- and moderate-income geographies in its service area significantly exceeds its market share of reportable loans in the remainder of its service area; and

(ii) Either:

(A) It has made a significant amount of reportable loans in the vast majority of the low- and moderate-income geographies in its service area; or

(B) Its reportable loans to low- and moderate-income

geographies in its service area represent a substantial percentage of its reportable loans in its service area (provided that the bank does not unreasonably exclude low- and moderate-income geographies from its lending).

(2) *High Satisfactory.* Subject to rebuttal, the OCC presumes an institution is lending in a high satisfactory fashion if —

(i) The bank's market share of reportable loans in low- and moderate-income geographies in its service area is at least roughly comparable to its market share of reportable loans in the remainder of its service area; and

(ii) Either:

(A) It has made a significant amount of reportable loans in most of the low- and moderate-income geographies in its service area; or

(B) Its reportable loans to low- and moderate-income geographies in its service area represent a very significant percentage of its reportable loans in its service area (provided that the bank does not unreasonably exclude low- and moderate-income geographies from its lending).

(3) *Low Satisfactory.* Subject to rebuttal, the OCC presumes a bank is lending in a low satisfactory fashion if —

(i) The bank's market share of reportable loans in low- and moderate-income geographies in its service area is at least roughly comparable to its market share of reportable loans in the remainder of its service area; and

(ii) Either:

(A) It has made a significant amount of reportable loans in many of the low- and moderate-income geographies in its service area; or

(B) Its reportable loans to low- and moderate-income geographies in its service area represent a significant percentage of its reportable loans in its service area (provided that the bank does not unreasonably exclude low- and moderate-income geographies from its lending).

(4) *Needs to Improve.* Subject to rebuttal, the OCC presumes a bank needs to improve its record under the Lending Test if—

(i) The bank's market share of reportable loans in low- and moderate-income geographies in its service area is less than, and not roughly comparable to, its market share of reportable loans in the remainder of its service area; or

(ii) It has made reportable loans in only a few of the low- and moderate-income geographies in its service area, and reportable loans to low- and moderate-income geographies in its service area represent an insignificant percentage of its reportable loans in its service area.

(5) *Substantial Noncompliance.* Subject to rebuttal, the OCC presumes a bank is in substantial noncompliance with the Lending Test if —

(i) The bank's market share of reportable loans in low- and moderate-income geographies in its service area is significantly less than its market share of reportable loans in the remainder of its service area; and

(ii) It has made very few, if any, reportable loans in the low- and moderate- income geographies in its service area.

(c) *Method of Computation.*

(1) *General.* For purposes of the Lending Test, the OCC, rather than the bank, is responsible for making the computations. The OCC bases such computations upon the

bank's reported loan data required under § 25.13 and the aggregate reported loan data supplied by the Federal financial supervisory agencies. In making lending test computations, the OCC measures market share, amount of loans, and percentage using both volume of loans and number of loans.

(2) *Market Share.* The OCC computes market share for volume and number of loans for each type of reportable loans: home mortgage loans, consumer loans, and small business and farm loans. The OCC awards an overall market share performance rating after weighing each lending category based on such factors as the needs of the community being served, the bank's capabilities and business plans, and the degree to which the bank's performance with respect to one of the loan categories, in fact, balances or compensates for its performance under another category.

(d) *Adjustments.*

(1) The OCC may increase a bank's lending rating if the bank participates in a program for giving further reviews to loan applications that would otherwise be denied. More credit will be given for such a program if it is done in conjunction with a community organization in such a way that the organization either participates in the review or offers applications from low- and moderate-income individuals that the bank will consider for credit. The OCC may also increase the rating if the bank has made a substantial amount of loans requiring creative or innovative underwriting (while maintaining a safe and sound quality) or loans for which there is particular need, such as loans for multifamily housing construction and rehabilitation, loans to start-ups, very small businesses or community development organizations or facilities and loans to very low-income individuals and areas. The OCC will also consider favorably in reaching a rating loans made to third parties, such as community development organizations and intermediaries, that make loans or facilitate lending in low- and moderate-income geographies, even if the loans by the bank are not reportable under this part, are not made to third parties in the bank's service area, or are made to third parties that serve service areas other than the bank's.

(2) In exceptional cases, the OCC may reduce a rating achieved under this section if it concludes that the quantitative measures in this section fail to reflect the bank's actual record of lending to low- or moderate-income individuals or geographies.

(e) *Indirect Lending.*

(1) If the bank elects, the OCC will attribute to a bank its reported attributable indirect loans.

(2) In the usual case, the indirect loans attributable to a bank equal the bank's percentage share (based on the level of the bank's investment or participation) of each loan made through the entity in which the bank has invested or participated.

(3) At the option of all investing or participating institutions, an alternative method of attributing loans among the investing or participating institutions may be established. In no case, however:

(i) May the indirect loans attributed to any bank exceed its percentage share of the total loans (measured in both number and volume) made directly by the lending entity in which the institutions invested or participated;

(ii) May the investors or participants claim, in the aggregate, indirect loans (measured in both number and volume) in excess of the loans actually made in any geography by the lending entity in which they invested or participated; or

(iii) May any bank be assigned a disproportionate share of all loans (measured in both number and volume) made in low- and moderate-income geographies by a lending entity in which the institutions invested or participated.

(4) If a bank elects, indirect loans attributed to a bank under this paragraph may be included in "reportable loans" for purposes of the Lending Test if a bank reports them under § 25.13.

(f) *Application to wholesale and limited-purpose banks.* The Lending Test of this section does not apply to wholesale or limited-purpose banks. In evaluating the record of wholesale and limited-purpose banks in satisfying their community reinvestment obligation, the OCC uses the Investment Test in § 25.8 instead of the standards of paragraph (b) of this section. For purposes of assigning a composite rating as described in § 25.10, the OCC substitutes a wholesale or limited-purpose bank's rating under the Investment Test for a rating under the Lending Test.

(g) *Rebutting presumptions.* A bank can rebut a presumptive rating under this section by clearly establishing to the satisfaction of the OCC that the quantitative measures in this section do not accurately present its lending performance because, among other reasons —

(1) The quantitative measures of this section do not reflect the bank's significant amount of loans benefiting low- and moderate-income geographies or persons;

(2) Other quantitative measures of the bank's lending performance demonstrate a higher level than that reflected by the measures under this section;

(3) Peculiarities in the demographics of the bank's service area exist that significantly distort the quantitative measures of this section;

(4) Economic or legal limitations peculiar to the bank or its service area or unusual general economic conditions have affected its performance and ought to be considered; or

(5) The bank's performance as measured by the market share component of the Lending Test does not reflect its overall lending performance because of the extraordinarily high level of performance, in the aggregate, by lenders in the bank's service area.

§ 25.8 Investment Test.

(a) *Summary.* The Investment Test evaluates banks on the amount of their investments benefiting low- and moderate-income geographies or persons.

(b) *Standards.* The OCC rates a bank's investment performance under the following rebuttable presumptions:

(1) *Outstanding.* Subject to rebuttal, the OCC presumes a bank is providing qualified investments in an outstanding fashion if the bank has made such investments in an amount that is substantial as compared to its capital.

(2) *High Satisfactory.* Subject to rebuttal, the OCC presumes a bank is providing qualified investments in a high satisfactory fashion if the bank has made such investments in an amount that is very significant as compared to its capital.

(3) *Low Satisfactory.* Subject to rebuttal, the OCC presumes a bank is providing qualified investments in a low satisfactory fashion if the bank has made such investments in an amount that is significant as compared to its capital.

(4) *Needs to Improve.* Subject to rebuttal, the OCC

presumes a bank needs to improve its record of providing qualified investments if the bank has made such investments in an amount that is insignificant as compared to its capital.

(5) **Substantial Noncompliance.** Subject to rebuttal, the OCC presumes a bank is in substantial noncompliance with the Investment Test if the bank has devoted very little, if any, capital to qualified investments.

(c) **Qualified investments.** Qualified investments are lawful investments that demonstrably benefit low- and moderate-income geographies or persons in the bank's service area. Qualified investments may include investments:

- (1) In support of affordable housing, small business, consumer, and other economic development initiatives;
- (2) In community development banks, community development corporations, community development projects, small business investment corporations, minority small business investment corporations and minority- and women-owned financial institutions and other community development financial intermediaries;
- (3) In consortia or other structures serving low- and moderate-income individuals and neighborhoods and poor rural areas;
- (4) In state and local government agency housing bonds or state and local government revenue bonds specifically aimed at helping low- and moderate-income communities and individuals.

(d) **Capital.** For purposes of the Investment Test, the OCC will evaluate the amount of qualified investments against the amount of the bank's risk-based capital.

(e) **Benefit to service area.** In order to be eligible as a qualified investment under paragraph (c) of this section, the activity or entity supported by an investment need not solely benefit the bank's service area. However, the activity or entity supported by the investment must significantly benefit low- and moderate-income geographies or persons in the bank's service area.

(f) **Exclusion of indirect loans.** Investments that a bank has elected to report as indirect lending under the Lending Test are not counted as qualified investments under this Test.

(g) **Grants.** Grants that would constitute qualified investments were they in the form of investments will be treated as qualified investments for purposes of the Investment Test. A bank may also donate, sell on favorable terms, or make available on a rent-free basis any branch which is located in a predominately minority neighborhood to a minority depository institution or women's depository institution as defined in 12 U.S.C. 2907.

(h) **Application to wholesale and limited purpose banks.** For purposes of determining qualified investments under paragraph (c) of this section, the service area of wholesale and limited purpose banks is defined to include all low- and moderate-income geographies or persons within the United States and its territories. Loans by wholesale and limited purpose banks that would constitute qualified investments were they in the form of investments will be treated as qualified investments for the purposes of the Investment Test.

(i) **Adjustments to Investment Test.** The OCC may adjust a bank's rating under the Investment Test. Adjustments may increase or, in exceptional cases, decrease the rating. In making these adjustments the OCC considers whether:

- (1) The bank's qualified investments are particularly innovative or meet a special need, or if the bank's activities in connection with its qualified investments have been particularly complex, innovative or intensive for a bank of its size, or involve innovative partnerships with community organizations (examples include helping to establish an entity to conduct community development activities or providing significant service or assistance in support of a qualified investment); or
- (2) The bank has made a large amount of investments that would be qualified investments but for the fact that they fail to benefit the bank's service area as required by paragraph (e) of this section, provided the bank has not neglected investments that benefit its service area.

§ 25.9 Service Test.

(a) **Summary.** The Service Test evaluates the accessibility of a retail bank's branches and the extent to which any bank provides other services that enhance credit availability. The Service Test does not require a bank to expand the size of its branching network or to operate facilities at a loss. Appropriate consideration is given to the limitations faced by banks with a small number of branches. The OCC evaluates retail banks with multiple branches under the Service Test primarily on the extent to which they offer branches. The OCC evaluates wholesale and limited-purpose banks on the extent to which they provide other services that enhance credit availability.

(b) **Standards for retail banks.** The OCC rates a retail bank's service performance in a service area under the following rebuttable presumptions.

(1) **Outstanding.** Subject to rebuttal, the OCC presumes a bank is providing service in an outstanding fashion if a substantial percentage of the bank's branches are located in or readily accessible to low- and moderate-income geographies in its service area.

(2) **High Satisfactory.** Subject to rebuttal, the OCC presumes a bank is providing service in a high satisfactory fashion if a very significant percentage of the bank's branches are located in or readily accessible to low- and moderate-income geographies in its service area.

(3) **Low Satisfactory.** Subject to rebuttal, the OCC presumes a bank is providing service in a low satisfactory fashion if a significant percentage of the bank's branches are located in or readily accessible to low- and moderate-income geographies in its service area.

(4) **Needs to Improve.** Subject to rebuttal, the OCC presumes a bank needs to improve its record of providing service if an insignificant percentage of the bank's branches are located in or readily accessible to low- and moderate-income geographies in its service area.

(5) **Substantial Noncompliance.** Subject to rebuttal, the OCC presumes a bank is in substantial noncompliance with the Service Test if very few, if any, of the bank's branches are located in or readily accessible to low- and moderate-income geographies in its service area.

(c) *Adjustments for retail banks.* If necessary, the OCC adjusts a retail bank's rating to reflect more accurately the service provided to low- and moderate-income geographies and individuals.

(1) *Adjustment to reflect more accurately branch service.* The OCC may adjust a bank's record upward or downward to reflect more accurately its branch service to low- or moderate-income geographies or individuals. Downward adjustments will occur only in exceptional cases. In determining the appropriateness and degree of any adjustment, the OCC may consider the bank's record of opening and closing branches. The OCC may also consider whether branches in or readily accessible to low- and moderate-income geographies actually serve low- and moderate-income individuals and whether branches not located in or readily accessible to such geographies are nonetheless serving low- and moderate-income individuals. The OCC may also take into account significant differences in the quantity, quality or types of services offered to low- or moderate-income individuals or geographies and similar considerations.

(2) *Adjustment to reflect other services that promote credit availability.* The OCC may adjust a bank's rating upward to reflect a strong record of offering or supporting services that promote credit availability for low- and moderate-income geographies or individuals. These services include credit counseling, low-cost check cashing, "lifeline" checking accounts, financial planning, home ownership counseling, loan packaging assisting small and minority businesses, partnerships with community-based organizations to promote credit-related services, extensive provision of ATMs or other non-branch delivery systems that are particularly accessible and convenient to low- and moderate-income geographies or individuals, and similar programs.

(d) *Application to wholesale and limited-purpose banks.* The OCC rates a wholesale or limited-purpose bank's service performance under the following rebuttable presumptions:

(1) *Outstanding.* Subject to rebuttal, the OCC presumes a bank is providing service in an outstanding fashion if it is providing a substantial amount of the services described in paragraph (c)(2) of this section or providing substantial support for organizations that furnish such services.

(2) *High Satisfactory.* Subject to rebuttal, the OCC presumes a bank is providing service in a high satisfactory fashion if it is providing a very significant amount of the services described in paragraph (c)(2) of this section or providing very significant support for organizations that furnish such services.

(3) *Low Satisfactory.* Subject to rebuttal, the OCC presumes a bank is providing service in a low satisfactory fashion if it is providing a significant amount of the services described in paragraph (c)(2) of this section or providing significant support for organizations that furnish such services.

(4) *Needs to Improve.* Subject to rebuttal, the OCC presumes a bank needs to improve its record of providing service if it is providing an insignificant amount of the services described in paragraph (c)(2) of this section or providing insignificant support for organizations that furnish such services.

(5) *Substantial Noncompliance.* Subject to rebuttal, the OCC presumes a bank is in substantial noncompliance with the

Service Test if it provides very few, if any, services described in paragraph (c)(2) of this section or very little, if any, support for organizations that furnish such services.

(e) *Rebutting presumptions.* A bank can rebut a presumptive rating under this section by clearly establishing to the satisfaction of the OCC that the quantitative measures in this section do not accurately represent its service performance because, among other reasons—

(1) The quantitative measures of this section do not reflect the bank's significant degree of services that promote credit availability to low- and moderate-income geographies or persons;

(2) Peculiarities in the demographics of the bank's service area exist that significantly distort the quantitative measures of this section; or

(3) Limitations imposed by the bank's financial condition, economic or legal limitations on branch operation or location, or similar circumstances have affected its performance and ought to be considered.

§ 25.10 Composite ratings.

(a) *Composite rating standards.* OCC assigns composite ratings as follows:

(1) *Base rating.* For retail banks, the bank's rating under the Lending Test forms the basis for its composite rating. For wholesale or limited-purpose banks, the bank's rating under the Investment Test serves as the basis for the composite rating. The base rating under this paragraph is adjusted as described in paragraphs (a)(2) and (a)(3).

(2) *Effect of Investment Rating.* For retail banks, the base rating is increased by two levels if the bank has an outstanding rating in the Investment Test or by one level if the bank has a high satisfactory rating in the Investment Test.

(3) *Effect of Service Rating.* The base rating is increased by one level if the bank has an outstanding rating in the Service Test and is decreased by one level if the bank has a rating of substantial non-compliance in the Service Test.

(4) *Final composite rating.* Subject to paragraph (b) of this section, the OCC converts the rating resulting from paragraphs (a)(1) through (a)(3) of this section into a final composite rating as described in this paragraph. High satisfactory and low satisfactory ratings are both scored as satisfactory in the final composite rating. A bank that would otherwise receive a composite rating of needs to improve will receive a final composite rating of substantial noncompliance if the bank received no better than a needs to improve rating on both of its last two examinations.

(b) *Effect of discrimination.* Evidence that a bank has engaged in illegal discrimination may affect the bank's CRA rating. Notwithstanding paragraph (a) of this section and subject to rebuttal, the OCC assigns a bank a final composite rating lower than satisfactory if the bank has—

(1) Engaged in a pattern or practice of illegal discrimination that it has not corrected fully; or

(2) Committed an isolated act of illegal discrimination of which it has knowledge and that it has not corrected fully or is not in the process of correcting fully.

(c) *Multiple service areas.* Where a bank operates in more

than one service area, the OCC conducts Lending, Investment and Service tests in a sample of all of the service areas in which a bank operates. The OCC assigns separate composite CRA ratings to the bank's performance in each of the service areas studied. A list of the service areas in which the bank's CPA performance was examined, along with the rating assigned to the bank's CRA record in each of the service areas, shall be included in the bank's public performance evaluation. The overall rating for the bank reflects the performance of the bank in the service areas studied.

§ 25.11 Alternative assessment methods.

(a) *Small bank assessment standards.* A small bank (as defined in § 25.5(l)) may choose to have the OCC assess its CRA performance under this section rather than the general standards described in §§ 25.6 through 25.10.

(1) The OCC presumes a small bank's overall CRA performance is satisfactory if the bank:

- (i) Has a reasonable loan-to-deposit ratio (a ratio of 60 percent, adjusted for seasonal variation, is presumed to be reasonable) given its size, its financial condition, and the credit needs in its service area;
- (ii) Makes the majority of its loans in its service area;
- (iii) Has a good loan mix (*i.e.*, makes, to the extent permitted by law and regulation, a variety of loans to customers across economic levels);
- (iv) Has no legitimate, bona-fide complaints from community members;
- (v) Has not engaged in a pattern or practice of illegal discrimination that it has not corrected fully; and has not committed isolated acts of illegal discrimination, of which it has knowledge, that it has not corrected fully or is not in the process of correcting fully; and
- (vi) In the case of a bank already subject to reporting home mortgage lending data under HMDA, has a reasonable geographic distribution of such loans;

(2) A small bank that meets each of the standards for a satisfactory rating under this paragraph and exceeds some or all of those standards may warrant consideration for an overall rating of outstanding. In assessing whether a small bank's CRA record is outstanding, the OCC will consider the extent to which the bank's loan-to-deposit ratio, its lending to its service area, and its loan mix exceed the standards for a satisfactory rating. In addition, at the option of the bank, the OCC will evaluate:

- (i) Its record of making qualified investments (as described in § 25.8(c)); and
 - (ii) Its record of providing branches, ATMs, and other services that enhance credit availability or in other ways meet the convenience and needs of low- and moderate-income persons in its service area.
- (3) A small bank that fails to meet or exceed all of the standards for a satisfactory rating under this paragraph is not presumed to be performing in a less than satisfactory manner. Rather, for those banks, the OCC conducts a more extensive examination of the bank's loan-to-deposit record, its record of lending to its local community, and its loan mix. The OCC will also contact members of the community, particularly in response to complaints about the bank, and review the findings of its most recent fair lending examination. In addition, at the option of the bank, the OCC will assess:

- (i) Its record of making qualified investments (as described in § 25.8(c)); and

(ii) Its record of providing branches, ATMs, and other services that enhance credit availability or in other ways serve the convenience and needs of low- and moderate-income persons in its service area.

(4) *Multiple service areas.* If a small bank operates in more than one service area, the OCC evaluates the bank's performance in all of those service areas.

(b) Strategic plan assessment.

(1) As an alternative to being rated after the fact under the lending, service and investment tests or the small bank assessment method, a bank may submit to the OCC for approval a strategic plan detailing how the bank proposes to meet its CRA obligation.

(i) The plan must be submitted at least three months prior to the proposed effective date of the plan so that the OCC has sufficient time to review the plan and to determine whether to approve it.

(ii) A bank submitting a proposed plan for approval must publish notice in a newspaper of general circulation in each of its service areas stating that a plan has been submitted to the OCC for review, that copies of the plan are available for review at offices of the bank, and that comments on the proposed plan may be sent to the OCC in accord with §§ 5.10 and 5.11 of this chapter.

(iii) The OCC assesses every plan under the standards of this part and will not approve a plan unless it provides measurable goals against which subsequent performance can be evaluated and the proposed performance is at least overall satisfactory under the standards of this part.

(iv) No plan may have a term that exceeds two years. Further, during the term of a plan, the bank may petition the OCC to approve an amendment to the plan on grounds that a material change in circumstances has made the plan no longer appropriate.

(2) The OCC will assess the performance of a bank operating under an approved plan to determine if the bank has met or exceeded the plan goals. However, if the bank fails to meet or exceed the preponderance of the measurable goals set forth in the plan, its performance will be evaluated under the lending, service and investment tests or the small bank assessment method, as applicable.

§ 25.12 Service Area - delineation.

(a) The effective lending territory of a retail bank defines the bank's service area. The effective lending territory is that area around each office or group of offices where the preponderance of direct reportable loans made through the office or offices are located.

(b) Subject to rebuttal, a bank's service area is presumed to be acceptable if the area is broad enough to include low- and moderate-income geographies and does not arbitrarily exclude low- and moderate-income geographies.

(c) A bank can show that its service area is acceptable despite its failure to satisfy the criteria of paragraph (b) of this section by clearly demonstrating to the satisfaction of the OCC that the criteria of paragraph (b) of this section are inappropriate because, for example, there are no low- or moderate-income geographies within any reasonable distance given the size and financial condition of the bank.

(d) The OCC can reject as unacceptable a service area meeting the criteria of paragraph (b) of this section if the OCC finds that the service area does not accurately reflect the true effective lending territory of the bank or reflects past redlining or illegal discrimination by the bank.

(e) A bank shall delineate more than one service area when the geographies it serves extend substantially across state boundaries or extend substantially across boundaries of a Metropolitan Statistical Area.

(f) A bank whose business predominantly consists of serving persons who are active duty or retired military personnel or their dependents and who are located outside its local community or communities may delineate a "military community" for those customers as a service area.

(g) A wholesale or limited-purpose bank need not delineate a service area.

(h) A bank shall compile and maintain a list of all the geographies within its service area or areas and a map of each service area showing the geographies contained therein.

§ 25.13 Loan data - collection, reporting, and disclosure.

(a) Every bank, except small banks electing the small bank assessment method, shall collect and maintain the following data on its government insured and other reportable loans: number of written applications, number of application denials, number and amount of approvals, number and amount of loans purchased, and number and amount of indirect loans the bank elects to have evaluated using the lending test. All information is to be provided by the geography where the loan is located.

(1) A bank choosing to be rated under the strategic plan assessment described in § 25.11(b) is not relieved from its obligation to report the data as required by this section.

(2) The information required under this section shall be collected:

(i) Beginning July 1, 1994, for the remaining six months of 1994. A summary of the bank's data for the six months shall be submitted to OCC by January 31, 1995.

(ii) Beginning January 1, 1995, on an annual basis, a summary of the bank's data collected under this section shall be submitted to OCC by January 31 of the following year. The summary data shall be submitted in the format prescribed herein (See Appendix A).

(3) Small business loan data shall be collected, reported, and disclosed in the summary format described in § 25.13(a) for the following categories: small businesses with average annual gross receipts of less than \$250,000, those with average annual gross receipts of \$250,000 or more and less than \$1 million; those with average annual gross receipts of \$1 million or more and less than \$10 million; and manufacturing businesses with average annual gross receipts of \$10 million or more and less than 500 employees.

(4) Home mortgage loan data shall be collected, reported, and disclosed in the summary format described in § 25.13(a) for the following categories: 1-4 family home purchase, 1-4 family home improvement, 1-4 family refinancings, and multi-family loans. (b) The OCC will make summary data collected pursuant to this section available to the public and to the banks. The data will be used by the OCC to apply the

Lending Test under § 25.7.

(c) For purposes of this section, a loan is located in a geography as follows:

(1) Consumer loans are located in the geography where the borrower resides.

(2) Loans secured by real estate are located in the geography where the relevant real estate is located.

(3) Small business loans are located in the geography where the headquarters or principal office of the business is located.

(4) Small farm loans are located in the geography where the farm property is located.

(d) A bank is not required to report under this section indirect loans unless the bank elects to have the indirect loans attributed to it as described in § 25.7(e) for purposes of the Lending Test. If a bank elects to report its indirect loans, it shall report all attributable indirect loans outside low- or moderate-income geographies as well as loans inside such geographies.

§ 25.14 Public file and disclosure.

(a) Banks shall maintain files that are readily available for public inspection containing the information required by this section.

(b) Each bank shall include in its public file the following information —

(1) All signed, written comments received from the public for the current year and past two calendar years that specifically relate to the bank's performance in helping to meet the credit needs of its community or communities, and any response to the comments by the bank;

(2) A copy of the public section of bank's most recent CRA Performance Evaluation prepared by the OCC. The bank shall place this copy in the public file within 30 business days after its receipt from the OCC; and

(3) A list of the bank's service areas and the geographies within each service area and a map of each service area showing the geographies contained therein.

(c) A bank that is not a small bank shall include in its public file the lending data the bank has reported to the OCC under § 25.13 for the current and past two calendar years.

(d) A small bank shall include in its public file the bank's Loan-to-Deposit ratio computed at the end of the most recent calendar year.

(e) A bank that has been approved to be assessed under a strategic plan as described in § 25.11(b) shall include in its public file a copy of that plan.

(f) Each bank that received a less than satisfactory rating during its most recent examination shall include in its public file a description of its current efforts to improve its performance in helping to meet community credit needs.

(g) A bank shall maintain its public file or required portions of the file at the following offices—

(1) Head offices shall have a copy of the complete public file; and

(2) Branches shall have copies of all materials in the public

file relating to the service area in which the branch is located.

(h) A bank shall provide copies of the information in the public file to members of the public upon request. A bank may charge a reasonable fee not to exceed the cost of reproduction and mailing (if applicable).

§ 25.15 Public notice by banks.

A bank shall provide, in the public lobby of its head office and each branch, the public notice set forth below. Bracketed material shall be used only by banks having more than one service area. The last two sentences shall be included only if the bank is a subsidiary of a holding company and the last sentence only if the company is not prevented by statute from acquiring additional banks.

COMMUNITY REINVESTMENT ACT NOTICE

Under the Federal Community Reinvestment Act (CRA), the Comptroller of the Currency evaluates and enforces our compliance with our obligation to help meet the credit needs of this community consistent with safe and sound operations. The Comptroller also takes our CRA performance into account when the Comptroller decides on certain applications submitted by us. Your involvement is encouraged. You should know that:

You may look at and obtain in this office information on our performance in this community. This information includes a file of all signed, written comments received by us, any responses we have made to the comments, evaluations by the Comptroller of our CRA performance, and data on the loans we have made in this community during the past two years. [Current CRA information on our performance in other communities served by us is available at our head office, located at _____.]

You may send signed, written comments about our CRA performance in helping to meet community credit needs to (title and address of bank official) and to the Deputy Comptroller (address). Your letter, together with any response by us, may be made public.

You may ask the Comptroller to look at any comments received by the Deputy Comptroller. You also may request from the Deputy Comptroller an announcement of our applications covered by the CRA filed with the Comptroller. We are a subsidiary of (name of holding company), a bank holding company. You may request from the Federal Reserve Bank of (city, address) an announcement of applications covered by the CRA filed by bank holding companies.

§ 25.16 Publication of planned examination schedule.

The OCC will publish at least 30 days in advance of the beginning of each calendar quarter a list of the banks that are scheduled for CRA examinations in that quarter. Any member of the public may submit comments to the OCC regarding the CRA performance of any bank whose name appears on the list.

§ 25.17 Effect of ratings - corporate applications.

(a) The OCC takes into account the applicant's record of performance in considering applications for—

- (1) Establishment of a domestic branch, ATM, or other facility with the ability to accept deposits;
- (2) Relocation of the main office, a branch office or ATM;
- (3) Merger or consolidation with or the acquisition of assets or assumption of liabilities of a federally-insured depository institution; and
- (4) Conversion of a federally-insured depository institution to a national bank charter.

(b) An applicant for a national bank charter (other than a federally-insured depository institution) shall submit a description of its proposed CRA performance when the application is made. In considering the application, the OCC takes into account the bank's proposed CRA performance.

(c) In considering CRA performance in a corporate application, the OCC will take into account any views expressed by State or other Federal financial supervisory agencies or other interested parties, which are submitted in accordance with the OCC's procedures set forth in part 5 of this chapter or § 25.16.

(d) In the OCC's consideration of the bank's CRA record in a corporate application, the CRA rating assigned to a bank is an important, and often controlling, factor. However, the rating is not conclusive evidence of performance. Absent other evidence on performance, CRA ratings generally affect corporate applications as follows:

- (1) An "outstanding" rating generally will result in a finding that the CRA aspect of the application is consistent with approval of the application and will receive extra weight in reviewing the application.
- (2) A "satisfactory" rating generally will result in a finding that the CRA aspect of the application is consistent with approval of the application.
- (3) A "needs to improve" rating generally will be an adverse factor in the CRA aspect of the application, and absent demonstrated improvement in the bank's CRA performance or other countervailing factors, generally will result in denial or conditional approval of the application.
- (4) A "substantial noncompliance" rating generally will be so adverse a finding on the CRA aspect of the application as to result in denial of the application.

§ 25.18 Transition rules.

(a) *Data collection.* The data collection and reporting requirements of § 25.13 will go into effect July 1, 1994. Data collected from July 1, 1994 to year end must be reported to the OCC no later than January 31, 1995. Thereafter banks will collect data on an annual basis and the data shall be reported no later than January 31 of the following year.

(b) *Assessment standards.* Evaluation under the new standards is mandatory after July 1, 1995, except that, until April 1, 1996, for good cause, an institution may request the OCC to evaluate it under the standards in place prior to [insert effective date of regulation]. During the time period from April 1, 1995 until July 1, 1995, a bank may, at its option, choose to be evaluated under the new standards or under the standards in place prior to [insert effective date of regulation].

(c) *Strategic plan.* If a bank elects to be evaluated under an approved strategic plan during the transition period, a bank may submit a strategic plan anytime after [insert effective date of regulation].

(d) *Corporate applications.* If the first rating a bank receives under the new standards (whether that rating is given during the transition period or after the new standards become effective) is more than one rating category below the last rating the bank received prior to [insert effective date of the regulation], the OCC will not disapprove any corporate application or take any other enforcement action against the bank based on that lower rating if the OCC has determined that the drop in the bank's rating occurred despite the bank's good faith efforts to perform at least satisfactorily under the new standards.

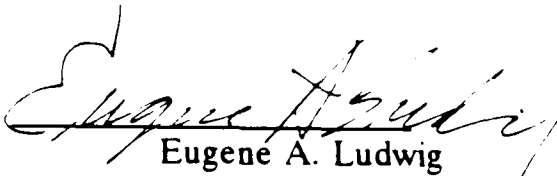
2. Appendix A to part 25 is added as set forth at the end of the common preamble.

Date

Eugene A. Ludwig
Comptroller of the Currency

[This signature page relates to the OCC's portion of Joint notice of proposed rulemaking titled "Community Reinvestment Act Regulations."]

12/8/93
Date


Eugene A. Ludwig
Comptroller of the Currency



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NEWS RELEASE

Dec 5 3 00 07 96

Comptroller of the Currency
Administrator of National Banks

NR 93-128

Washington, DC 20219

For: Release After White House News Conference Contact: (202) 874-4700

Date: December 8, 1993

CRA REFORM PROPOSAL WOULD INCREASE LOW-INCOME LENDING AND REDUCE REGULATORY BURDEN ON BANKS

A new regulatory proposal would encourage banks to provide credit, services, and investments to America's low- and moderate-income communities, while reducing the regulatory burden on financial institutions. The proposal carries out President Clinton's initiative to reemphasize the original goal of the Community Reinvestment Act (CRA) by making credit and financial opportunities available to all people in all communities throughout urban and rural America.

Comptroller of the Currency Eugene A. Ludwig today released a copy of the new proposed regulation for public comment. The other federal financial institution supervisory agencies (the Federal Deposit Insurance Corporation, the Federal Reserve Board, and the Office of Thrift Supervision) are expected to announce similar proposals later this week.

"The proposed reform package we are unveiling today follows the President's directive and fulfills the promise of the law," said Comptroller Ludwig at a White House news conference. "It would channel billions of dollars in new credit into America's distressed communities, while at the same time reducing unnecessary burdens on the banks. It would make the law work."

The proposed CRA rule emphasizes performance over documentation. The following three evaluation standards, or **tests**, would replace the current 12 assessment factors for CRA review and rating:

- The **lending test** would evaluate direct lending, and if the institution chose, indirect lending through loan pools, lending consortia, subsidiaries, funded non-chartered affiliates, or other lenders in which the institution had invested.
- The **service test** would evaluate the provision of branches accessible to low- and moderate-income areas, and the provision of services that promote credit availability.

- more -

- The investment test would take into account investment in organizations or initiatives that foster community development, small and minority-owned business development, or affordable housing lending.

Banks would not be required to meet all three tests to get satisfactory ratings. Retail banks would be evaluated primarily on their lending, although their services and investment records would also be assessed. Wholesale and limited purpose banks would be evaluated primarily on their investment in organizations and initiatives that promote credit availability or funding for affordable housing, community development and small and minority-owned business development.

Small independent banks with under \$250 million in assets, or members of a holding company structure with less than \$250 million in assets, would be eligible for streamlined examinations. Larger banks would be required to report additional data to regulators on the geographic distribution of their small business and some consumer loans. New data reporting requirements would not apply to small institutions.

A bank would also have the option of submitting to its regulator a CRA plan for approval and then be evaluated under that plan. The plan would have to be publicly available and have measurable goals. The regulator would consult with community groups to determine whether the plan responded to community credit needs.

The Comptroller said that the proposed changes would improve the consistency of CRA examination and enforcement. Banks would continue to make CRA ratings public, and the public would have an opportunity to comment on CRA performance.

The proposed changes would be phased in, and banks could elect to be evaluated under either the old or new standards until July 1995.

"This reform package reflects -- not just the thinking of regulators -- but the best thinking of the American people," said Mr. Ludwig. "It represents the result -- not just of technical analysis -- but of participatory government. It stands -- not as a policy imposed from above -- but as a consensus -- and a compromise -- forged among those who will live with its results."

The proposed rule will be published in the Federal Register. The public will have 60 days to comment on the proposal from the date of publication.

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NEWS RELEASE

Comptroller of the Currency
Administrator of National Banks

NR 93-129

Washington, DC 20219

For: Release After White House News Conference

Contact: (202) 874-4700

Date: DECEMBER 8, 1993

Statement by

Eugene A. Ludwig
Comptroller of the Currency

December 8, 1993

Thank you.

Fifteen years ago, Congress passed the Community Reinvestment Act to ensure that banks and thrifts served the financial needs of their entire communities, and, in particular, to help economically empower persons of low and moderate income. But the CRA has never achieved the full promise Congress had intended.

During the Presidential campaign last year, Governor Clinton, responding to the complaints of bankers and community leaders, vowed to reform the CRA to make the law work by emphasizing performance over paperwork.

Following up on his campaign pledge, the President last July challenged the federal banking regulators to breathe new life and new purpose into the law. He told us to rethink the entire system of regulation through which we put the CRA into effect to make the law work.

The proposed reform package we are unveiling today follows the President's directive and fulfills the promise of the law. It would channel billions of dollars in new credit into America's distressed communities, while at the same time reducing unnecessary burdens on the banks. It would make the law work.

This reform package is the product of five months of consultation and deliberation. Before we made a single decision on proposing reform, we turned to the people to ask what the people thought, what the people needed. We walked through South Central Los Angeles and a predominantly minority neighborhood in New York City to see with our own eyes and to listen with our own ears to what should be done. We talked with representatives of the Navajo nation, to bankers large and small, to poor people in rural North Carolina.

What we saw and what we heard shaped the reform package we announce today. By replacing paperwork requirements with performance tests, this package would stimulate bank lending, investment and service in low and moderate income communities.

This proposal is not about formulas. Community groups and bankers emphasized the need for flexibility. So this proposal recognizes the diversity of banks and the markets they serve. It reduces the examination burden, particularly on small banks, without reducing their obligation to serve their communities. And it recognizes that regular public participation is critical if we are to achieve the goals of the law.

This reform package reflects -- not just the thinking of regulators -- but the best thinking of the American people. It represents the result -- not just of technical analysis -- but of participatory government. It stands -- not as a policy imposed from above -- but as a consensus -- and a compromise -- forged among those who will live with its results.

Tomorrow, the board of the Federal Deposit Insurance Corporation will consider issuing the proposal for public comment, and the Federal Reserve Board will take up the issue on Friday. We anticipate that both regulatory agencies will act positively.

We have confidence that the proposal goes a long way toward building the framework for CRA reform. Nonetheless, as we go forward we will continue to listen to the voice of the people -- citizens, community groups and bankers -- and will continue to shape the reform package in response to what we hear.

I will now review with you the attached summary of the program.

###

For Release After White House Press Conference
December 8, 1993

COMMUNITY REINVESTMENT ACT REFORM PROPOSAL

FACT SHEET

- Proposed changes to the Community Reinvestment Act (CRA) provide clearer and more objective evaluation standards, eliminate unnecessary documentation requirements, and improve the consistency of CRA examinations and enforcement efforts. The new rule emphasizes performance over documentation.
- The 12 current CRA assessment factors would be replaced with three tests: a lending test, a service test, and an investment test. Banks and thrifts would be evaluated based on the products and services offered in their normal course of business. They would not have to meet all three tests to get a satisfactory rating.
- Banks and thrifts would no longer be assessed on their method of community delineation. Service areas would be defined by the geographic area (or areas) around branch and main offices where the institution makes the bulk of its loans.
- New CRA rules would distinguish between large and small institutions. Independent banks and thrifts with assets under \$250 million, or members of a holding company with total banking and thrift assets of under \$250 million, would be eligible for streamlined examinations. They would, however, be fully responsible for meeting the requirements of CRA.
- Large banks and thrifts would be required to report data to regulators on the geographic distribution of their small business loans and consumer loans.
- Wholesale and limited-purpose banks would be evaluated based on their investment in or other support of organizations that promote credit availability to low- and moderate-income individuals or geographic areas, and organizations and initiatives that foster community development, small and minority-owned business development and funding for affordable housing.
- A bank or thrift would have the option of developing a CRA strategic plan, to be approved by the regulators, under which it would be evaluated.
- Banks and thrifts would continue to make their CRA ratings public, and the public would have an opportunity to comment on CRA performance.
- Under the proposed rule, large banks and thrifts would begin reporting loan data January 31, 1995. The new evaluation standards would become mandatory July 1, 1995.

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For Release After White House News Conference
December 8, 1993

COMMUNITY REINVESTMENT ACT REFORM PROPOSAL

SUMMARY

Overview

In July 1993, the Office of the Comptroller of the Currency (OCC), Office of Thrift Supervision (OTS), Federal Deposit Insurance Corporation (FDIC) and Federal Reserve Board, acting at the request of President Clinton, began a comprehensive review and overhaul of the interagency regulation for the Community Reinvestment Act (CRA). The President's charge was explicit: reform the CRA regulation to emphasize performance over documentation, and refocus the regulation on making credit and financial services available to all communities, including underserved areas throughout urban and rural America.

The four federal financial supervisory agencies, working with community organizations, representatives of local government, and the banking and thrift industries, were committed to developing clearer and more objective standards for CRA compliance, eliminating unnecessary documentation requirements, and improving consistency in CRA examinations and enforcement. The proposed changes to the CRA regulations address and implement these goals.

Currently, CRA assessments of financial institutions are based on 12 separate factors. Regulatory agencies and examiners within the agencies have interpreted and judged these factors differently, resulting in inconsistent CRA ratings. The President's reform initiative called for distinct assessment standards based on measurable performance in three specific areas: lending, service, and investment.

Under the proposed rule, not every institution would be subject assessment in each of these three areas. In general, a bank or thrift would be evaluated based on its record of serving its entire community, including low- and moderate-income neighborhoods, with the products and services offered in its normal course of business. Retail banks would be evaluated primarily on their lending performance. Wholesale and limited purpose banks that do not engage in significant retail lending would be evaluated primarily on their investments.

Three Evaluation Tests

The first test, a lending test, would evaluate direct lending by the institution itself, and if the institution elects, indirect lending through loan pools, lending consortia, subsidiaries and funded non-chartered affiliates, and community development or affordable housing lenders in which the bank has made investments. The bank or thrift would be evaluated primarily on whether it was making loans in low- and moderate-income geographies. The lending test would compare the institution's market share of loans in low- and moderate-income geographies to its market share of loans in its entire service area.

The lending test would also evaluate the percentage of a bank or thrift's outstanding loans to low- and moderate-income geographies or individuals, or the percentage of low- and moderate-income geographies in which the institution has made a significant number of loans. Lenders would receive extra credit for making complex or innovative loans that serve pressing community development needs loans without undermining safety and soundness. Based on these measures, an institution would receive a preliminary lending rating which it may rebut.

The second test, the service test, would evaluate the provision of branches accessible to low- and moderate-income areas and the provision of services that promote the availability of credit. Special accomplishments or programs that provide greater access to credit, capital or services would also receive consideration. Services such as low-cost check cashing, "lifeline accounts" and credit counseling could improve a retail institution's rating under the service test and would form the basis for evaluating a wholesale or limited purpose institution.

Third, the investment test would evaluate an institution's record of qualified investment in organizations and initiatives that foster community development, small and minority-owned business development, or affordable housing lending, including state and local government agency housing or revenue bonds.

Service Area Designation

Under existing CRA rules, covered financial institutions delineate their local communities geographically on a map, using methods that do not unreasonably exclude low- or moderate-income areas. Bank examiners review the reasonableness of the basis for these delineations.

Under the reform proposal, banks and thrifts would not be evaluated on the method they use to delineate their service areas. The geographic area around each office or group of offices in which the institution makes the bulk of its loans would be used to define its service area. Institutions that provide services substantially across state lines or metropolitan areas would have separate service area delineations for those markets.

Streamlined Examination Procedures

The proposed CRA rule provides streamlined CRA examination procedures for small institutions. These institutions would still be responsible for helping to meet the credit needs of their entire communities. The streamlined examinations would take into account an institution's loan-to-deposit ratio, whether it makes most of its loans locally, its loan mix -- including the distribution of loans across income levels -- and its record of community complaints and lending discrimination. Small institutions are defined as independent banks and thrifts with total assets of under \$250 million, or members of a holding company with total banking and thrift assets of less than \$250 million.

Strategic Plan Assessment

A bank or thrift would have the option of submitting to its regulator a CRA plan for approval and then being evaluated under that plan. The plan would have to be publicly available and have measurable goals. Regulators would consult with community groups to determine whether the plan was responsive to community credit needs. If an institution failed to meet or exceed the preponderance of goals set forth in the plan, its performance would be evaluated under the lending and service tests.

Regulatory Burden and Data Collection Requirements

The proposed rule would make significant reductions in regulatory burden. Banks and thrifts would no longer have to prepare CRA statements, review these statements annually and note those reviews in the minutes of the board of directors, justify the basis for their community delineations, ascertain community credit needs and explain their methods of doing so, and maintain documentation supporting marketing efforts.

Large banks and thrifts would be required to report additional data on the geographic distribution of their small business and some consumer loans, and summary data collected by the regulators will be made available to the public.

Data collected for all institutions under the Home Mortgage Disclosure Act (HMDA) would still be made available to the public by the Federal Reserve Board. CRA performance evaluations for all covered institutions would be redesigned consistent with the new evaluation standards but would continue to be made public by the institutions and their regulators.

CRA Enforcement

The OCC, the OTS, the FDIC and the Federal Reserve would continue to consider CRA performance and any complaints in evaluating corporate applications. The regulators would encourage public comment on CRA performance. In addition, banks and thrifts that receive a rating of Substantial Noncompliance would be subject to formal enforcement actions.

Transition Period

Although the proposal calls for revised data collection and reporting procedures to go into effect after a short adjustment period, evaluation under the new CRA standards would not become mandatory until July 1995. During the interim period, banks and thrifts could elect to be evaluated under either the current CRA regulation or the new CRA provisions.

COMMUNITY REINVESTMENT ACT REFORM PROPOSAL

Major Issues

1. **What will be the underlying basis for CRA performance evaluations under the reform proposal?**

In assessing an institution's CRA performance, regulators recognize that the institution is expected to help meet the credit needs of its *entire* community. In examinations, however, particular attention will be paid to the institution's record of helping to meet the credit needs in *low- and moderate-income census tracts or rural areas (collectively referred to as low- and moderate-income geographies in the regulation) and of low- and moderate-income individuals*. That record will be evaluated primarily using three measures -- a lending test, a service test, and an investment test. An institution's fair lending record will also be considered.

2. **Do banks and thrifts need to engage in all three CRA activities -- lending, investment, and service -- in order to earn a satisfactory or better CRA rating?**

No. As a general rule, banks and thrifts will be evaluated on the basis of the product lines offered to their customers in the normal course of business.

The lending test will apply to all retail banks and thrifts and will evaluate direct lending by the institution itself and, if the institution elects, indirect lending through loan pools; lending consortia; bank subsidiaries and funded non-charter affiliates; and other entities, in whom the bank or thrift has made investments, that lend in low- and moderate-income individuals or geographies.

The service test evaluates the accessibility of a retail bank's branches and the extent to which the bank provides other facilities and services that enhance credit availability. The service test does not require any bank to expand its branch network or to operate its facilities at a loss. It considers non-traditional branches, including mini-branches in grocery stores or branches operated in conjunction with other banks, other local businesses, churches, or other non-profit organizations. Wholesale and limited purpose institutions will be evaluated on the extent to which they provide other services that enhance credit availability.

The investment test evaluates banks on the amount of their investments that benefit low- and moderate-income geographies or persons. The investment test will constitute the principal test in evaluating the CRA performance of wholesale and limited-purpose institutions (instead of the lending test). The investment test will apply to provide extra

5. Will the loans have to be made directly by the bank or thrift to be considered in the institution's performance evaluation?

No. An institution may elect to count under the lending test loans made through a loan pool, a lending consortium, by subsidiaries or funded non-charter affiliates, or through community development and affordable housing lenders, women-owned or minority-owned financial institutions, low-income credit unions, and others that lend directly to the low- and moderate-income community.

Regulators will attribute to the institution its percentage (based on the level of the bank or thrift's investment or participation) of each loan in a loan pool, a loan consortium, subsidiary, funded non-charter affiliate or community lending organization in which the bank has invested or participated. Lending by the consortia or the community development lender need not be restricted to the institution's service area for it to be considered as helping to meet the institution's CRA responsibilities.

6. What criteria will be used to evaluate an institution's performance under the lending test?

■ **Outstanding**

Subject to rebuttal, the regulator will rate a bank or thrift's lending performance outstanding if:

- The institution's market share of reported loans in low- and moderate-income geographies in its service area *significantly exceeds* its market share of reported loans in other geographies in its service area; and
- Either it has made a significant amount of loans in the *vast majority* of the low- and moderate-income geographies in its service area
- Or its loans to low- and moderate-income geographies in its service area represent a *substantial* percentage of its loans in its service area.

■ **High Satisfactory**

Subject to rebuttal, the regulator will rate a bank or thrift's lending performance high satisfactory fashion if:

- The institution's market share of reportable loans in low- and moderate-income geographies in its service area is at least *roughly comparable* to its market share of reported loans in other geographies in its service area; and

- The institution's market share of reportable loans in low- and moderate-income geographies in its service area is *significantly less than* its market share of reported loans in its entire service area; and
- It made *very few, if any*, loans in the low-and moderate-income geographies in its service area.

7. Will regulators take other information into account in assessing a bank or thrift's performance under the lending test?

Yes. The regulator may increase a presumptive rating if the bank or thrift participates in a program for giving second reviews to loan applications, particularly if done in conjunction with community organizations who participate in the review or offer applications from low- and moderate-income individuals that the bank will consider for credit. Regulators may also increase a presumptive rating if the institution makes a substantial amount of loans that require creative or innovative underwriting (while maintaining a safe and sound quality) or loans for which there is a particular need. Regulators will also consider favorably loans to third parties, such a community development organizations and intermediaries that make or facilitate lending in low- and moderate-income geographies.

In exceptional cases, the regulator may reduce a presumptive rating if it concludes that the quantitative measures fail to reflect the institution's actual record of lending to low- and moderate-income individuals or geographies.

8. What factors will be considered under the service test?

In order to keep the test relatively straightforward and to reflect the law's expectation that banks and thrifts be encouraged to help meet the credit needs of their communities, the service test for retail institutions will emphasize branch location in or readily accessible to low- and moderate-income geographies in the institution's service area.

Provision of services such as accessible ATMs, credit counseling, low-cost check cashing, "lifeline" checking accounts, and other programs will be considered favorably, but generally will not be required. If a bank or thrift offers or provides support for these or other services designed to facilitate access to the institution in low- and moderate-income communities, those programs will enhance the institution's service record.

Wholesale and limited purpose institutions will be evaluated on the extent to which they provide other services that enhance credit availability.

9. What criteria will be used to evaluate an institution's record under the service test?

For retail banks, the service test addresses the availability of branches throughout an

geographies or individuals, and similar programs.

A regulator may adjust a bank's record upward or downward to reflect more accurately its branch service to low- or moderate-income geographies or individuals. In determining the appropriateness and degree of any adjustment the regulator may consider the institution's record of opening and closing branches. The regulator might also consider whether branches in or readily-accessible to low- or moderate-income geographies serve low- and moderate-income individuals. Regulators may also take into account significant differences in the quantity, quality, or types of services offered to low- and moderate-income individuals or geographies and similar considerations.

A bank or thrift could rebut a presumption raised by the quantitative measures by demonstrating that they present an inaccurate picture of its service of low- and moderate-income geographies and individuals because of peculiarities in the demographics of its service area, limitations imposed by its financial condition, economic limitations on branch operation, or similar considerations.

11. Can wholesale banks and limited-purpose banks be evaluated under the service test?

Yes. Wholesale and limited-purpose banks would be evaluated based on the extent to which they offer services to promote credit availability, or provide support to organizations that offer such services, in low- and moderate-income geographies or to low- and moderate-income individuals.

12. What factors will be considered under the investment test?

Wholesale and limited-purpose institutions will normally be evaluated under the investment test instead of the lending test. Retail institutions will be evaluated under the investment test (in addition to the lending and service tests), but investment performance cannot reduce their composite rating.

Institutions will be evaluated based on the amount of capital they have devoted to qualified investments not already considered under the lending test. Qualified investments include investments: in support of local affordable housing and community, economic, or small business development; in community development banks, community development corporations, community development projects, small business investment corporations (including minority small business investment corporations), and minority- and women-owned financial institutions and other community development financial intermediaries; in consortia or other structures serving low- and moderate-income individuals and areas; and in state and local government agency housing bonds or state and local government revenue bonds specifically aimed at helping low- and moderate-income geographies and individuals.

The focus of the investment test is the ultimate impact of the bank or thrift's investment

For retail institutions, the base rating may be increased by up to two levels (on the five rating scale) in the case of outstanding investment performance or by one level in the case of high satisfactory investment performance. This base rating may be increased by one level in the case of outstanding service and decreased by one level in the case of substantial non-compliance in service.

The rating will then be converted to the statutorily-required four level rating system, with high satisfactory and low satisfactory both scored as satisfactory. An institution that would otherwise receive a needs to improve rating will be rated in substantial noncompliance if the institution received no better than a needs to improve rating on both of its last two examinations.

Finally, the rating will be adjusted, if necessary, to take into account illegal lending discrimination by the institution to arrive at a final composite rating.

15. How will a reason to believe that an institution has engaged in illegal lending discrimination affect its CRA rating?

There will be a rebuttable presumption that to receive a composite rating of satisfactory or better a bank or thrift has not:

- Engaged in a pattern or practice of discrimination that it has not fully corrected; and
- Committed an isolated act of illegal discrimination of which it has knowledge that it has not corrected fully or is not in the process of correcting fully.

16. Will extenuating circumstances (little or no loan demand, an innovative product that did not or is taking time to catch on, etc.) be taken into account in assessing CRA ratings?

Yes, in at least two ways. First, the tests are set up as rebuttable presumptions. Therefore a bank or thrift will have the opportunity to rebut the presumptive case by citing extraordinary circumstances. Second, the tests generally take into account any special circumstances related to the financial condition of the institution, its product lines, and the environment within which it is operating.

17. Will banks and thrifts still be required to assess the credit needs of their communities?

To perform under the quantitative measures, banks and thrifts will have to offer products for which there is a market. Therefore, they have an incentive to perform needs assessments in their communities. Under the proposal, however, the regulators will not

- Has no legitimate, bona-fide complaints from community members;
- Has not engaged in a pattern or practice of illegal lending discrimination that it has not fully corrected; or committed isolated acts of discrimination, of which it has knowledge, that it has not corrected fully or is not in the process of correcting fully; and
- For a bank or thrift already subject to reporting home mortgage lending data under HMDA, has a reasonable geographic distribution of HMDA loans;

A small bank or thrift that meets each of the standards for a satisfactory rating and exceeds some or all of those standards may warrant consideration for an overall rating of outstanding. In assessing whether a small bank's CRA record is outstanding, its regulator will consider the extent to which the bank's loan to deposit ratio, its lending to its service area, and its loan mix exceed the standards for a satisfactory rating. In addition, at the option of the bank, the OCC will evaluate:

- Its record of making qualified investments, especially those in its local service area; and
- Its record of providing branches, ATMs, and other services that enhance credit availability or in other ways serve the convenience and needs of low- and moderate-income persons in its service area.

21. Can a small bank or thrift receive a less than satisfactory rating using the streamlined procedures?

Yes. A small bank or thrift that fails to meet or exceed all of the standards for a satisfactory rating under the small bank examination is not presumed to be performing in a less than satisfactory manner, however. Rather, for those institutions, the regulator conducts a more extensive examination of the bank or thrift's loan to deposit record, its record of lending to its local community, and its loan mix. The regulator will also contact members of the community, particularly in response to complaints about the bank, and review the findings of its most recent fair lending examination. In addition, at the option of the bank or thrift, its regulator will assess:

- Its record of making qualified affordable housing and community development investments, especially those in its local service area; and
- Its record of providing branches, ATMs, and other services that enhance credit availability or in other ways meet the convenience and needs of low- and moderate-income persons in its service area.

22. How will enforcement of the CRA be strengthened?

- Home purchase (1-4 family);
- Home improvement (1-4 family);
- Refinancings (1-4 family);
- Multifamily (home purchase, home improvement, refinancings)

Where possible, data collected on home mortgages will be consistent with data collected under the Home Mortgage Disclosure Act.

26. Will all consumer loans be included in the consumer loan category?

No. Credit card loans and auto and other vehicular loans will not be included in the consumer loan category.

27. When will the data be collected?

The information will be collected beginning July 1, 1994, for the remaining six months of 1994. The data for the six months will be submitted to a lending institution's primary regulator by January 31, 1995.

Beginning January 1, 1995, on an annual basis, a summary of a bank or thrift's data collected under this regulation will be submitted to its primary regulator by January 31, of the following year. The summary data will be submitted in a format that will be prescribed in an appendix to the regulation.

28. Will banks and thrifts be required to report data on indirect loans?

A bank or a thrift will not be required to report indirect loans unless the institution elects to have the indirect loans attributed for purposes of the lending test. If a bank or thrift elects to report its indirect loans, it will report all attributable indirect loans outside low- or moderate-income geographies as well as loans inside such geographies.

29. Will CRA performance evaluations continue to be made public?

Yes. The format will be revised to ensure that the evaluations include all data relevant in reaching a conclusion about an institution's CRA performance.

30. How will the regulators conduct examinations involving affiliated banks or thrifts?

Multiple Branches operating under a Single Charter

- The primary regulator will conduct complete lending and service tests in a sample of the service areas in which a bank operates.

Benefits of Proposed CRA Regulation

1. Provides clearer guidance to financial institutions.

- *It eliminates the 12 qualitative assessment factors.*
- *It stresses quantitative measures of performance -- lending, service, and investment performance -- not effort, public relations, or documentation.*
- *It eliminates subjective evaluations of minutes, meetings, and marketing efforts.*
- *It permits assessment relative to an approved CRA plan.*
- *It clarifies the effect of CRA performance on corporate applications.*

2. Encourages public participation.

- *It requires regulators to publish examination schedules in advance.*
- *It solicits public comment prior to examinations, not just during the corporate application process.*
- *It solicits public comment on CRA plans prior to regulatory approval.*

3. Reduces unnecessary compliance burdens and rewards improved performance.

- *It provides for streamlined, but rigorous, small institution examinations.*
- *It shifts examination burdens from the institution to the examiner.*
- *It relieves wholesale and limited-purpose institutions from requirements to define a local service area.*

4. Provides necessary flexibility for examinations of diverse institutions.

- *It distinguishes between large and small retail institutions and among retail, wholesale, and limited-purpose institutions.*
- *It bases an institution's rating on the product lines it offers.*
- *It sets up five performance levels under each test.*
- *It permits lenders to be evaluated on lending subsidiaries, funded affiliates, and other entities in which the institution has invested.*
- *It recognizes innovative/complex products or those meeting pressing credit needs.*

CRA ASSESSMENTS ARE NOW BASED ON THESE TWELVE FACTORS:

1. **Activities conducted by a bank or thrift to ascertain the credit needs of its community, including the extent of efforts to communicate with members of its community regarding the credit services it provides;**
2. **The extent of the bank or thrift's marketing and special credit related programs to make members of the community aware of the credit services offered;**
3. **The extent of participation by the bank or thrift's board of directors in formulating policies to implement CRA, and reviewing CRA performance;**
4. **Existence of any practices intended to discourage credit applications from any segment of the community, particularly low- and moderate-income neighborhoods;**
5. **The geographic distribution of the bank or thrift's credit extensions, credit applications and credit denials;**
6. **Evidence of prohibited discriminatory or other illegal credit practices;**
7. **The bank or thrift's record of opening and closing offices in low- and moderate-income areas, and of providing equivalent services in all areas;**
8. **Participation or investment in local community development and redevelopment projects or programs;**
9. **The bank or thrift's origination or purchase of loans, including residential mortgage loans, housing rehabilitation loans, home improvement loans and small business or small farm loans within its community;**
10. **The bank or thrift's participation in governmentally insured, guaranteed or subsidized loan programs for housing, small businesses or small farms;**
11. **The bank or thrift's ability to meet community credit needs based on its financial condition, size, legal impediments, local economic conditions, and other factors; and,**
12. **Other factors that reasonably have bearing on the bank or thrift's efforts to meet the credit needs of its entire community.**

THE WHITE HOUSE

WASHINGTON

July 15, 1993

MEMORANDUM FOR:

THE HONORABLE EUGENE ALLAN LUDWIG
COMPTROLLER OF THE CURRENCY

THE HONORABLE ANDREW C. HOVE
ACTING CHAIRPERSON
FEDERAL DEPOSIT INSURANCE CORPORATION

THE HONORABLE ALAN GREENSPAN
CHAIR, BOARD OF GOVERNORS
FEDERAL RESERVE SYSTEM

THE HONORABLE JONATHAN FIECHTER
ACTING DIRECTOR
OFFICE OF THRIFT SUPERVISION

The Community Reinvestment Act ("CRA"), enacted in 1977, requires banks and thrifts to help meet the credit needs of the communities in which they do business. In recent years, the statute has come to play an increasingly important role in making credit opportunities available to underserved communities both urban and rural, across America.

Despite its successes, I believe the CRA's full potential remains unrealized. Its implementation has focused too much on documentation and process, and not enough on actual performance. Banks complain about excessive paperwork and inconsistent implementation of the law. Community groups complain that their communities remain unserved, and the CRA evaluations often fail to reflect actual community reinvestment activities.

We can do better. By giving our banks and thrifts clearer guidance as to how the regulatory agencies will evaluate CRA performance, we can eliminate much meaningless documentation and improve consistency in CRA enforcement. By focusing that guidance on the provision of real investment and services, we can increase support to communities that need it.



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Office of the Comptroller of the Currency

The Office of the Comptroller of the Currency (OCC) was established in 1863 as a bureau of the Department of Treasury. The OCC is headed by the Comptroller who is appointed by the President, with the advice and consent of the Senate, for a 5-year term.

The OCC is the regulator and supervisor of the national banking system. There are currently approximately 3600 national banks, with about \$2 trillion in assets, representing about 60 percent of the total assets of U.S. commercial banks.

The OCC:

- examines national banks in order to promote safety and soundness by requiring that national banks adhere to sound management principles and comply with the law, including the Community Reinvestment Act;
- takes actions against national banks that do not conform to laws and regulations or which engage in unsound banking practices;
- issues rules and regulations that implement federal law governing national banks; and
- approves or denies applications for new national bank charters, branches, capital or other changes in corporate or banking structure.

The Comptroller serves on the boards of the Federal Deposit Insurance Corporation and the Resolution Trust Corporation and is a director of the Neighborhood Reinvestment Corporation.

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Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

BIOGRAPHICAL INFORMATION

Eugene A. Ludwig

Comptroller of the Currency

Eugene A. Ludwig took the oath of office on April 5, 1993 as the 27th Comptroller of the Currency.

The Office of the Comptroller of the Currency (OCC) supervises nearly 3600 federally chartered commercial banks. The banks supervised by the OCC account for approximately 60 percent of the assets of the commercial banking system.

By statute, the Comptroller serves a concurrent term as a Director of the Federal Deposit Insurance Corporation and the Neighborhood Reinvestment Corporation. The Comptroller also serves as a member of the Federal Financial Institutions Examination Council.

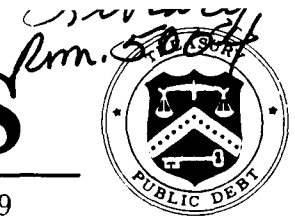
Mr. Ludwig joined the OCC from the law firm of Covington and Burling in Washington, where he was a partner beginning in 1981. He specialized in intellectual property law, banking and international trade. He has written numerous articles on banking and finance for scholarly journals and trade publications, and served as a guest lecturer at Yale and Harvard Law Schools and Georgetown University's International Law Institute.

Mr. Ludwig grew up in York, Pennsylvania, where he attended York Suburban High School. He earned a B.A. magna cum laude from Haverford College in Pennsylvania. He received a Keasbey scholarship to attend Oxford University, where he studied politics, philosophy and economics and earned a B.A. and M.A. He holds an LL.B. from Yale University, where he served as editor of the Yale Law Journal and chairman of Yale Legislative Services.

April 1993

CTION
RESULTS

PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239
FOR IMMEDIATE RELEASE CONTACT: Office of Financing
December 9, 1993 202-219-3350

RESULTS OF TREASURY'S AUCTION OF 52-WEEK BILLS

Tenders for \$16,098 million of 52-week bills to be issued December 16, 1993 and to mature December 15, 1994 were accepted today (CUSIP: 912794M27).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	<u>Discount</u> <u>Rate</u>	<u>Investment</u> <u>Rate</u>	<u>Price</u>
Low	3.45%	3.59%	96.512
High	3.47%	3.61%	96.491
Average	3.47%	3.61%	96.491

Tenders at the high discount rate were allotted 47%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	<u>Received</u>	<u>Accepted</u>
TOTALS	\$50,892,555	\$16,098,140
Type		
Competitive	\$46,406,105	\$11,611,690
Noncompetitive	346,750	346,750
Subtotal, Public	\$46,752,855	\$11,958,440
Federal Reserve	3,700,000	3,700,000
Foreign Official		
Institutions	439,700	439,700
TOTALS	\$50,892,555	\$16,098,140

An additional \$132,300 thousand of bills will be issued to foreign official institutions for new cash.

TREASURY NEWS



Department of the Treasury

Washington, D.C.

Telephone 202-622-2960

DEC 13 33 00 11 00

DEPT. OF THE TREASURY

FOR IMMEDIATE RELEASE

Text as Prepared for Delivery

December 9, 1993

REMARKS OF TREASURY SECRETARY LLOYD BENTSEN

Good afternoon. We've only had a short time at the Treasury Department to examine this study. We want to go through it carefully. However, I want to say that our first look at it was encouraging.

It is encouraging because making projections on a new program on this scale is a challenge. We have plenty of experience in government making estimates of programs, but with this one we're looking years into the future with a number of variables.

A number of agencies in the government have worked on the program. The experts at the Health Care Task Force were very cautious in preparing their estimates. The Health Care Finance Administration worked very carefully on the numbers. Our economists and estimators at the Treasury Department have looked at them with a magnifying glass. And the five largest accounting firms and some very talented actuaries have checked on our methodology.

The fact that this study reaches the same general conclusions as we do reaffirms my confidence in the estimating job we've done.

We're finding that we agree on a number of points about the finances of health care reform. We agree that our plan is paid for. And we agree that there will be deficit reduction. We don't come up with the same deficit number, but we both believe it will bring down the deficit. And, I would point out that the estimates in this study of the subsidies required under the plan are lower than the ones the administration reached, which shows how cautious we were in developing our figures.

Americans deserve comprehensive health care reform that covers everyone. And they expect the truth about what it will cost. We have an affordable plan that will do just that.



PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239
FOR IMMEDIATE RELEASE
December 13, 1993

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Tenders for \$13,074 million of 13-week bills to be issued December 16, 1993 and to mature March 17, 1994 were accepted today (CUSIP: 912794J54).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	<u>Discount</u> <u>Rate</u>	<u>Investment</u> <u>Rate</u>	<u>Price</u>
Low	3.05%	3.12%	99.229
High	3.06%	3.12%	99.227
Average	3.06%	3.12%	99.227

Tenders at the high discount rate were allotted 22%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	<u>Received</u>	<u>Accepted</u>
TOTALS	\$55,775,696	\$13,073,996
Type		
Competitive	\$50,315,524	\$7,613,824
Noncompetitive	<u>1,118,192</u>	<u>1,118,192</u>
Subtotal, Public	\$51,433,716	\$8,732,016
Federal Reserve	2,869,280	2,869,280
Foreign Official		
Institutions	<u>1,472,700</u>	<u>1,472,700</u>
TOTALS	\$55,775,696	\$13,073,996



PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239
FOR IMMEDIATE RELEASE
December 13, 1993

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Tenders for \$13,080 million of 26-week bills to be issued December 16, 1993 and to mature June 16, 1994 were accepted today (CUSIP: 912794L28).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	<u>Discount</u> Rate	<u>Investment</u> Rate	<u>Price</u>
Low	3.24%	3.34%	98.362
High	3.26%	3.36%	98.352
Average	3.26%	3.36%	98.352

Tenders at the high discount rate were allotted 76%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	<u>Received</u>	<u>Accepted</u>
TOTALS	\$48,878,949	\$13,080,408
Type		
Competitive	\$44,140,730	\$8,342,189
Noncompetitive	<u>861,519</u>	<u>861,519</u>
Subtotal, Public	\$45,002,249	\$9,203,708
Federal Reserve	3,000,000	3,000,000
Foreign Official		
Institutions	<u>876,700</u>	<u>876,700</u>
TOTALS	\$48,878,949	\$13,080,408

TREASURY NEWS



Department of the Treasury

Washington, D.C.

Telephone 202-622-2960

EMBARGOED UNTIL 11:30 A.M.
December 14, 1993

STATEMENT OF
MAURICE B. FOLEY
DEPUTY TAX LEGISLATIVE COUNSEL (TAX LEGISLATION)
DEPARTMENT OF THE TREASURY
BEFORE THE
SUBCOMMITTEE ON SELECT REVENUE MEASURES
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES

Mr. Chairman and Members of the Subcommittee:

I am pleased to have this opportunity to discuss the provisions in the Health Security Act regarding the tax treatment of nonprofit health care organizations. Before describing these provisions and the rationale behind them, I would like to summarize the tax treatment of nonprofit health care organizations under current law.

I. CURRENT LAW

Tax-exempt hospitals. In a 1956 revenue ruling, the Internal Revenue Service (IRS) held that a hospital did not qualify for tax exemption as a charitable organization described in section 501(c)(3) of the Internal Revenue Code (the Code) unless the hospital, to the extent of its financial ability, provided care to those unable to pay the cost of the care. Rev. Rul. 56-185, 1956-1 C.B. 202. This ruling was based on the view that section 501(c)(3) of the Code used the term "charitable" in the popular sense of providing relief to the poor. Regulations issued in 1959, however, provide that section 501(c)(3) of the Code uses the term "charitable" in its broader common law sense. Under the common law concept, charity is not limited to the relief of the poor. In particular, the promotion of health is a separate charitable purpose under common law.

Based on the 1959 regulations and on the expanding role of governmental and private health insurance, the IRS issued Revenue Ruling 69-545, 1969-2 C.B. 117, which is the source of the "community benefit" test that governs the qualification of hospitals for tax exemption today. Revenue Ruling 69-545 modified the earlier 1956 ruling to remove the requirement that a tax-exempt hospital provide charity care to the extent of its financial ability. Revenue Ruling 69-545 addressed the qualification for exemption of a hypothetical hospital that operated an emergency room open to all persons and provided inpatient care to all those persons in the community able to pay the cost of the care, either directly or through third party reimbursement. The hospital was controlled by a board of trustees composed of independent civic leaders. The hospital

maintained an open medical staff, with privileges available to all qualified physicians. Based on these facts, the IRS held that the hypothetical hospital qualified for tax exemption under section 501(c)(3) of the Code because it "promot[ed] the health of a class of persons broad enough to benefit the community" and was operated to serve a public rather than private interest.

Health maintenance organizations. A nonprofit health maintenance organization (HMO) that provides health services predominantly at its own facilities through the use of its own staff may qualify as a tax-exempt charitable organization under the same standards that govern nonprofit hospitals. Sound Health Association v. Commissioner, 71 T.C. 158 (1978). By contrast, an HMO that does not provide health care services itself may be denied exemption as a charitable organization under section 501(c)(3) of the Code. Geisinger Health Plan v. Commissioner, 985 F.2d 1210 (3d Cir. 1993). A non-provider HMO may qualify for exemption, however, as a social welfare organization described in section 501(c)(4) of the Code. Section 501(c)(4) of the Code exempts from tax civic leagues or organizations not operated for profit but operated exclusively for the promotion of social welfare.

Section 501(m) of the Code disqualifies an organization from exemption under section 501(c)(3) or 501(c)(4) of the Code if it provides "commercial-type insurance" as a substantial part of its activities. The definition of commercial-type insurance does not include incidental health insurance of a type customarily provided by an HMO.

Section 501(m) of the Code was enacted in 1986 in part to disqualify Blue Cross/Blue Shield organizations from tax exemption. Thus, Blue Cross/Blue Shield organizations are generally treated as taxable property/casualty insurance companies. With the enactment of section 501(m) of the Code, however, Congress enacted two special rules that provide favorable treatment to Blue Cross/Blue Shield organizations. Section 833 of the Code provides that these organizations are (1) entitled to a special tax deduction, equal to the amount by which 25 percent of their health claims exceeds their adjusted surplus, and (2) exempt from a requirement that property/casualty insurers include in taxable income 20 percent of the change in their unearned premium reserves.

Current law provides special rules for calculating the taxable income of insurance companies. These rules allow a taxable insurance company to deduct estimates of claims that are incurred but not reported. The insurance rules override the general rule that expenses are not deductible until the occurrence of all events necessary to fix and determine the taxpayer's liability. It is unclear whether HMOs that are subject to tax may use the special rules applicable to insurance

companies in computing their tax liabilities.

II. ADMINISTRATION PROPOSALS

1. Nonprofit Health Care Providers

Under the Health Security Act, hospitals and other nonprofit health care providers will continue to be eligible for tax exemption, as they have since the very beginning of our income tax system. Although the Act does not deny tax exemption to nonprofit health care providers, it does add a new requirement that a provider must meet, in addition to the community benefit test of current law, to qualify for tax exemption under section 501(c)(3) of the Code. To meet this new requirement, the provider must assess the health needs of its community at least annually and develop a plan to meet those needs. The provider will have to conduct this needs assessment and plan development process with the participation of community representatives. The needs assessment and plan development requirement does not apply only to hospitals and HMOs. It is intended to apply to any organization that seeks to qualify as a tax-exempt charitable organization by reason of its provision of health care treatment to patients, including, for example, clinics, nursing homes and home health agencies.

Nonprofit hospitals and other health care providers should earn tax exemption by providing services that meet the needs of their communities. The community benefit test of current law provides some assurance that tax exemption is granted only to deserving nonprofit providers. The needs assessment and plan development requirement included in the Act will provide further assurance that tax-exempt providers are responsive to needs of their communities and therefore are worthy of tax exemption.

The needs assessment and plan development process contemplated by the Act may be best understood by reference to a hypothetical example. This example illustrates one process that would meet the new requirement. A health care provider need not follow the particular procedures described in the example, however, to meet the requirement. Other procedures that allow a provider's community a meaningful opportunity to participate in the development of the provider's programs would also meet the requirement.

Hospital A is a private, nonprofit hospital located in a large, urban area. The Board of Trustees of Hospital A adopted a mission statement that declares the hospital's commitment to implement and conduct a community benefit program. Hospital A's Chief Executive Officer (CEO) is responsible for the overall management of the community benefit program. The CEO directs the hospital's Planning and Community Relations Departments to study the health

needs of the locality served by the Hospital.

The Planning Department obtains statistics on morbidity and mortality. The Community Relations Department establishes a Community Advisory Board, which includes representatives of several community organizations. Among the organizations represented are the county health department, several local charitable organizations, the Chamber of Commerce, a senior citizens' organization, the local public schools, a number of religious organizations, and a few large employers who operate facilities within Hospital A's service area. Personnel from the Community Relations and Planning Departments meet with the Community Advisory Board to discuss the area's health needs.

The Planning Department then prepares a draft report that describes the most significant health needs of the community. The report, for example, refers to the large population of homeless persons in the community who have inadequate access to health care services. The report also discusses increasing rates of pregnancy among drug-addicted teenagers. The Community Advisory Board meets to discuss the draft report on community health needs. The Planning Department takes into account the comments of the Community Advisory Board in preparing a final report.

The Planning Department, in consultation with the Community Advisory Board, considers various means of addressing the community health needs identified in the report. The Planning Department works with the hospital's Finance and Budget Departments to estimate the costs of these various programs. Then, representatives from these three departments meet with the Community Advisory Board to select new programs to be implemented to address the community's health needs. These programs are selected on the basis of the urgency of the need, the cost of the program, the financial resources of the hospital, and the potential contributions to the program by other community organizations. Those programs selected are identified in a draft community benefit plan.

The draft community benefit plan includes a counselling program for drug-addicted teenage mothers, to be run in cooperation with public school counsellors, social workers, and a local job placement agency. The plan also includes an outreach program to address the needs of the homeless. Hospital A will participate in this program with the housing authority of the local government and several local charitable organizations. The program will provide opportunities for shelter, as well as transportation to food service facilities and a health clinic to be operated by Hospital A. The clinic will provide preventive care

treatment, including nutritional counselling. The draft plan includes objectives for each program to measure its progress over time. The plan is then finalized with the approval of the CEO and the Board of Trustees.

The Community Relations Department reports to the Community Advisory Board periodically regarding Hospital A's implementation of its community benefit plan.

The needs assessment and plan development requirement is intended to be flexible. Flexibility is an important criterion in considering the standards for tax exemption of nonprofit health care providers because of the wide variety of these organizations, the diverse needs of the communities in which they operate, and the changes in the marketplace expected to result from the adoption of the President's health care reform plan. In particular, the tax laws should not impede the ability of health care providers to engage in community outreach, providing the type of preventive and community-based services that will help control health care costs while meeting community needs. The needs assessment and plan development requirement was designed to accommodate the wide variety of organizations and health care needs in today's market and the changes expected in the future. By contrast, more detailed, specific standards might fail to take into account all of the facts and circumstances that might bear on an organization's qualification for tax exemption.

Many programs being conducted by health care providers today illustrate the variety of health needs of different communities, and the unique means by which providers are meeting those needs. For example, a group of health care providers in Chicago has established a program to meet the needs of that city's population of Russian Jewish immigrants. Special clinics have been established to meet the health needs of these persons. The program also includes outreach activities to address language and cultural differences. Other communities may have different groups with specific needs. For example, a New Jersey hospital located in an area with a large elderly population has established a center for geriatric health. The center offers a wide range of services, including adult day care for frail and impaired seniors. The center also arranges laundry and other services to enable seniors to live independently at home.

These are just a few examples of the many ways in which health care providers may respond to the unique needs of their communities. The needs assessment and plan development requirement included in the Act, together with the community benefit test of current law, will provide assurance that tax-exempt providers meet the needs of their communities. These standards will also allow the variety of community needs and appropriate responses to those needs to be taken into account in determining a provider's qualification for tax exemption.

The hallmark in determining whether the needs assessment and plan development requirement is met will be whether the community has been provided a meaningful opportunity to participate in the development of the provider's programs. The identity of the relevant community and appropriate persons to represent the community will depend on the facts of each case. For example, the community served by a provider of specialized care would not be defined on the basis of location, but would include all persons in need of that type of care.

Because of the wide variety of community needs and the measures appropriate to meet those needs, the community representatives will be in the best position to judge the adequacy of a plan developed to meet community needs. Thus, the IRS will not be required to judge the adequacy of a plan. To meet the needs assessment and plan development requirement, the provider will have to take into account any concerns expressed by the community representatives regarding the adequacy of the plan. The provider will have to include in the plan measures to meet these concerns, or have a reasoned explanation for a failure to include these measures. Meaningful involvement by the community in developing the plan will help ensure that the plan responds to community needs.

A failure by a provider to implement a plan developed to meet community needs may call into question whether the community has been meaningfully involved in determining the provider's programs, and, therefore, whether the needs assessment and plan development requirement has been met. Similarly, a failure to report to the community on the implementation of the plan, or otherwise provide community representatives the ability to monitor implementation, may call into question whether the provider has afforded the community the meaningful involvement contemplated by the new requirement. However, a provider that does not fully implement every element of a plan will not necessarily jeopardize its tax exemption.

Current law does not require the provision of a particular amount of charity care as a condition of tax exemption. Because the President's health care reform plan will provide health coverage to all Americans, the Act also does not include provisions relating specifically to charity care. As noted above, the needs assessment and plan development requirement included in the Act, in combination with the community benefit test of current law, will provide a more flexible means of ensuring that tax-exempt health care providers continue to meet the health needs of their communities.

The achievement of universal coverage, and resulting elimination of the need for charity care, does not mean that the activities of nonprofit health care providers will be indistinguishable from those of for-profit providers. For-profit

providers seek to maximize their profits for the benefit of their owners. Thus, for-profit providers may have little incentive to engage in activities other than treating fee-paying patients. By contrast, nonprofit providers do not face the same "bottom line" pressure. Therefore, nonprofit providers generally provide services to the community in addition to the treatment of fee-paying patients. Treating patients who are unable to pay the cost of the care is only one type of additional service that nonprofit providers offer today. Others include medical research, education programs, health screening, immunization, preventive care, and outreach programs. As noted above, these preventive, community-based services are important to meet community needs and achieve control over health care costs.

2. Health Maintenance Organizations

Health care organizations may be arrayed on a continuum, with pure providers, such as hospitals, at one end and traditional indemnity insurers at the other. HMOs, preferred provider organizations and other hybrid organizations lie between these two extremes. Recent changes in the health care environment, such as the growth of HMOs, have blurred the distinctions between providers and insurers. The continued eligibility of hospitals for tax exemption and the continued imposition of tax on indemnity insurers require a line to be drawn somewhere along the continuum of health care organizations to separate those that can qualify for exemption from those that cannot. As explained below, the Health Security Act draws a rational line on the basis of meaningful distinctions between the affected organizations. Nonetheless, because of the blurring of the concepts of provider and insurer, wherever the line might be drawn, organizations that would be subject to tax could point to similarities between themselves and those organizations that would be eligible for exemption.

The Act provides rules that distinguish between taxable insurance companies and HMOs that may qualify for tax exemption. The rules accomplish this result by classifying certain forms of insurance provided by an HMO as either commercial-type insurance or not. As noted above, section 501(m) of the Code denies tax-exempt status to an organization that provides commercial-type insurance as a substantial part of its activities. The classifications made by the Act are consistent with the IRS's current interpretation of section 501(m) of the Code.

The Act specifies that insurance provided by an HMO related to four types of health care treatment is not commercial-type insurance: (1) treatment provided by an HMO at its own facilities by its own staff, as is characteristic of "staff" or "group" model HMOs; (2) primary care provided by a health care professional who is paid by the HMO on a fixed or "capitated" basis, so that the amount paid to the provider does not vary with

the amount of care provided; (3) services other than primary care, such as hospital or specialty services, provided within the HMO's provider network; and (4) emergency care provided to a member of the HMO outside the member's area of residence.

An HMO will continue to qualify for tax exemption under the Act only if its activities may be meaningfully distinguished from the provision of traditional indemnity insurance. In this regard, the provisions of the Act look to two key factors: (1) whether the HMO directly provides health care treatment to its members, and (2) the manner in which the HMO pays the health care professionals who provide treatment.

An HMO that directly provides health care treatment to its members more closely resembles a hospital or clinic than a traditional indemnity insurer. Therefore, under the Act, such an HMO may qualify for tax exemption under section 501(c)(3) of the Code--the provision that applies to hospitals and clinics.

An HMO that pays on a fixed or capitated basis those health care professionals who provide care to its members essentially "shifts" to the providers much of the risk regarding utilization of services. The HMO will pay a provider the same amount for each member enrolled with the provider, regardless of the amount of care required by the member. Although the HMO may be providing "insurance" in a technical sense, the shifting of risk to the provider makes the arrangement distinguishable from traditional indemnity insurance. Therefore, under the Act, an HMO that pays primary care providers on a fixed or capitated basis may qualify for tax exemption.

Consistent with current case law, the Act would allow a non-provider HMO to qualify for tax-exemption under section 501(c)(4) but not section 501(c)(3) of the Code. A non-provider HMO is not sufficiently similar to a hospital or clinic to warrant exemption under section 501(c)(3) of the Code. Further, the principal federal tax benefits to an HMO of qualifying for exemption under section 501(c)(3) instead of section 501(c)(4) of the Code relate to the availability of subsidized sources of capital. An organization described in section 501(c)(3) may receive tax-deductible contributions and tax exempt bond financing, while an organization described in section 501(c)(4) cannot. A non-provider HMO, however, has significantly lower capital needs than an HMO that must purchase the facilities and equipment to provide health treatment. Therefore, there is less justification for allowing non-provider HMOs to receive financing from subsidized sources such as deductible contributions and tax-exempt bonds.

The Act classifies "point of service benefits" as commercial-type insurance. Point of service benefits allow a member of an HMO to obtain treatment outside the HMO's provider network. The HMO pays the cost of the care in excess of

deductible and co-payment amounts for which the member is liable. Because these benefits are essentially traditional indemnity insurance, the IRS, in applying section 501(m) of Code, treats these benefits as commercial-type insurance. The Act would codify this position.

To maximize the choices available to consumers, the President's health care reform plan will require HMOs to provide point of service benefits to their members so that members can seek care outside the HMO's provider network. As I just noted, however, these benefits are commercial-type insurance under the IRS's interpretation of current law and the provisions of the Act that would codify that interpretation. Therefore, an HMO would not be entitled to tax exemption if the provision of point of service benefits were a substantial part of its activities.

Some HMOs have expressed concern that their tax exemption could be jeopardized by a factor outside their control: the extent to which their members elect to receive point of service benefits. We appreciate these concerns and agree that an HMO should not be unreasonably at risk of losing its tax exemption because it provides point of service benefits as required by the President's plan. Therefore, we are working to develop appropriate measures to address this potential problem. We would welcome the views of the Subcommittee and staff in resolving this issue.

In addition, the Act provides rules under which a nonprofit HMO that does not qualify for tax exemption will be entitled to compute its taxable income using the provisions applicable to insurance companies. Thus, for example, taxable HMOs will be allowed to deduct estimates of claims that are incurred but not reported.

3. Blue Cross/Blue Shield Organizations

The Health Security Act will eliminate the special deduction for Blue Cross/Blue Shield organizations and require these organizations to include in income 20 percent of the change in their unearned premium reserves, in the same manner as other taxable insurance companies. The Act also includes transition rules that phase in the effects of these changes.

The special deduction for Blue Cross/Blue Shield organizations provided a subsidy to these organizations in recognition of the benefits resulting from their practice of charging community-rated premiums and not excluding from coverage those with pre-existing medical conditions. The Act, however, will prevent all insurance companies from denying coverage on the basis of health, employment or financial status. Further, the Act will effectively require all plans receiving premiums through health alliances to charge community-rated premiums. Therefore,

providing a subsidy to Blue Cross/Blue Shield organizations will no longer be necessary to ensure that members of the public are able to obtain insurance with community rated premiums.

The exemption of Blue Cross/Blue Shield organizations from the requirement to include in income 20 percent of the change in their unearned premium reserves was designed to ease the transition of these organizations from tax-exempt to taxable status. These organizations, however, have now been subject to tax for several years. Therefore, the need for transition relief has passed.

III. INTERMEDIATE SANCTIONS AND HEALTH CARE ORGANIZATIONS

Recent media reports and hearings held by the Ways and Means Subcommittee on Oversight highlighted cases in which public charities had provided excessive compensation or other inappropriate benefits to officers or other "insiders." These cases raise questions regarding the organizations' compliance with the inurement prohibition included in section 501(c)(3) of the Code.

An organization qualifies for tax exemption under section 501(c)(3) of the Code only if no part of its net earnings inures to the benefit of any private shareholder or individual. Under current law, revocation of an organization's tax exemption is the sole sanction available for violations of the inurement prohibition or other standards for exemption. As Margaret Milner Richardson, the Commissioner of Internal Revenue, testified earlier this year before the Oversight Subcommittee, the lack of a sanction short of revocation causes the IRS significant enforcement difficulties. Revocation of exemption is a severe sanction that may be greatly disproportionate to the violation in issue. Current law, however, may force the IRS to choose between revoking an organization's exemption or taking no enforcement action.

The difficulties of the IRS in enforcing the standards for exemption have led to consideration of "intermediate" sanctions short of revocation that would apply to violations of these standards. A bill recently introduced by Rep. Stark, the chairman of the Ways and Means Subcommittee on Health, provides examples of intermediate sanctions. That bill, H.R. 3697, would impose on acts of self-dealing and inurement two-tiered excise taxes modelled on the taxes that apply to private foundations under current law.

The intermediate sanctions issue has implications for health care reform. Some of the abusive cases cited in the media and in the Oversight Subcommittee's hearings involve hospitals or other health care providers. Further, the significant restructuring of the health care market that is expected to result from health

reform might in certain cases present opportunities for insiders to divert to their own benefit the resources of tax-exempt health care providers.

In recognition of the difficulties the IRS has had in enforcing the inurement prohibition and other standards for tax exemption, we are working with the Ways and Means Committee and its staff to consider the possibility of new, intermediate sanctions for clear misuses of resources. Intermediate sanctions may be useful, particularly if they are narrowly-targeted at clearly abusive transactions of the type that have given rise to concern, such as unreasonable compensation and bargain transfers provided to insiders. Narrowly-targeted intermediate sanctions might be more effective deterrents than the potential loss of exemption.

Mr. Chairman, this concludes my prepared remarks. I would be happy at this time to answer any questions that you or the other Members may have.

TREASURY NEWS



Department of the Treasury

Washington, D.C.

Telephone 202-622-2960

FOR RELEASE AT 2:30 P.M.
December 14, 1993

CONTACT: Office of Financing
202/219-3350

TREASURY'S WEEKLY BILL OFFERING

The Treasury will auction two series of Treasury bills totaling approximately \$26,000 million, to be issued December 23, 1993. This offering will provide about \$2,550 million of new cash for the Treasury, as the maturing bills are outstanding in the amount of \$23,461 million.

Federal Reserve Banks hold \$5,738 million of the maturing bills for their own accounts, which may be refunded within the offering amount at the weighted average discount rate of accepted competitive tenders.

Federal Reserve Banks hold \$2,259 million as agents for foreign and international monetary authorities, which may be refunded within the offering amount at the weighted average discount rate of accepted competitive tenders. Additional amounts may be issued for such accounts if the aggregate amount of new bids exceeds the aggregate amount of maturing bills.

Tenders for the bills will be received at Federal Reserve Banks and Branches and at the Bureau of the Public Debt, Washington, D. C. This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular (31 CFR Part 356, published as a final rule on January 5, 1993, and effective March 1, 1993) for the sale and issue by the Treasury to the public of marketable Treasury bills, notes, and bonds.

Details about each of the new securities are given in the attached offering highlights.

oOo

Attachment

**HIGHLIGHTS OF TREASURY OFFERINGS OF WEEKLY BILLS
TO BE ISSUED DECEMBER 23, 1993**

December 14, 1993

Offering Amount \$13,000 million \$13,000 million

Description of Offering:

Term and type of security	91-day bill	182-day bill
CUSIP number	912794 J6 2	912794 L3 6
Auction date	December 20, 1993	December 20, 1993
Issue date	December 23, 1993	December 23, 1993
Maturity date	March 24, 1994	June 23, 1994
Original issue date	September 23, 1993	December 23, 1993
Currently outstanding	\$11,342 million	---
Minimum bid amount	\$10,000	\$10,000
Multiples	\$ 1,000	\$ 1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids	Accepted in full up to \$1,000,000 at the average discount rate of accepted competitive bids
Competitive bids	(1) Must be expressed as a discount rate with two decimals, e.g., 7.10%.
	(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is \$2 billion or greater.
	(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

**Maximum Recognized Bid
at a Single Yield**

35% of public offering

Maximum Award

35% of public offering

Receipt of Tenders:

Noncompetitive tenders	Prior to 12:00 noon Eastern Standard time on auction day
Competitive tenders	Prior to 1:00 p.m. Eastern Standard time on auction day

Payment Terms

Full payment with tender or by charge to a funds account at a Federal Reserve Bank on issue date

TREASURY NEWS



Department of the Treasury

Washington, D.C.

Telephone 202-622-2960

FOR RELEASE AT 2:30 P.M.
December 15, 1993

CONTACT: Office of Financing
202/219-3350

TREASURY TO AUCTION 2-YEAR AND 5-YEAR NOTES TOTALING \$28,000 MILLION

The Treasury will auction \$17,000 million of 2-year notes and \$11,000 million of 5-year notes to refund \$22,603 million of publicly-held securities maturing December 31, 1993, and to raise about \$5,400 million new cash.

In addition to the public holdings, Federal Reserve Banks hold \$2,910 million of the maturing securities for their own accounts, which may be refunded by issuing additional amounts of the new securities.

The maturing securities held by the public include \$1,150 million held by Federal Reserve Banks as agents for foreign and international monetary authorities. Amounts bid for these accounts by Federal Reserve Banks will be added to the offering.

Both the 2-year and 5-year note auctions will be conducted in the single-price auction format. All competitive and non-competitive awards will be at the highest yield of accepted competitive tenders.

Tenders will be received at Federal Reserve Banks and Branches and at the Bureau of the Public Debt, Washington, D. C. This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular (31 CFR Part 356, published as a final rule on January 5, 1993, and effective March 1, 1993) for the sale and issue by the Treasury to the public of marketable Treasury bills, notes, and bonds.

Details about each of the new securities are given in the attached offering highlights.

oOo

Attachment

HIGHLIGHTS OF TREASURY OFFERINGS TO THE PUBLIC OF
2-YEAR AND 5-YEAR NOTES TO BE ISSUED DECEMBER 31, 1993

December 15, 1993

<u>Offering Amount</u>	\$17,000 million	\$11,000 million
<u>Description of Offering:</u>		
Term and type of security	2-year notes	5-year notes
Series	Series AE-1995	Series V-1998
CUSIP number	912827 N3 2	912827 N4 0
Auction date	December 21, 1993	December 22, 1993
Issue date	December 31, 1993	December 31, 1993
Dated date	December 31, 1993	December 31, 1993
Maturity date	December 31, 1995	December 31, 1998
Interest rate	Determined based on the highest accepted bid	Determined based on the highest accepted bid
Yield	Determined at auction	Determined at auction
Interest Payment dates	June 30 and December 31	June 30 and December 31
Minimum bid amount	\$5,000	\$1,000
Multiples	\$1,000	\$1,000
Accrued interest payable by investor	None	None
Premium or discount	Determined at auction	Determined at auction

The following rules apply to all securities mentioned above:

Submission of Bids:

- Noncompetitive bids Accepted in full up to \$5,000,000 at the highest accepted yield
- Competitive bids (1) Must be expressed as a yield with two decimals, e.g., 7.10%
- (2) Net long position for each bidder must be reported when the sum of the total bid amount, at all yields, and the net long position is \$2 billion or greater.
- (3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid

at a Single Yield 35% of public offering

Maximum Award 35% of public offering

Receipt of Tenders:

Noncompetitive tenders Prior to 12:00 noon Eastern Standard time on auction day

Competitive tenders Prior to 1:00 p.m. Eastern Standard time on auction day

Payment Terms Full payment with tender or by charge to a funds account at a Federal Reserve Bank on issue date

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December 16, 1993

DEPT. OF THE TREASURY

FEDERAL FINANCING BANK

Charles D. Haworth, Secretary, Federal Financing Bank (FFB), announced the following activity for the month of November 1993.

FFB holdings of obligations issued, sold or guaranteed by other Federal agencies totaled \$126.5 billion on November 30, 1993, posting a decrease of \$855.8 million from the level on October 31, 1993. This net change was the result of a decrease in holdings of agency debt of \$797.1 million, in holdings of agency assets of \$0.2 million, and in holdings of agency-guaranteed loans of \$58.6 million. FFB made 13 disbursements during the month of November. FFB also received 21 prepayments in November.

Attached to this release are tables presenting FFB November loan activity and FFB holdings as of November 30, 1993.

FEDERAL FINANCING BANK
NOVEMBER 1993 ACTIVITY

BORROWER	DATE	AMOUNT OF ADVANCE	FINAL MATURITY	INTEREST RATE
GOVERNMENT - GUARANTEED LOANS				
GENERAL SERVICES ADMINISTRATION				
Oakland Office Building	11/1	\$5,000.00	9/5/23	6.054% S/A
Foley Services Contract	11/2	\$252,246.00	12/11/95	4.287% S/A
Foley Services Contract	11/3	\$8,543.29	12/11/95	4.340% S/A
Foley Services Contract	11/8	\$280,020.21	12/11/95	4.375% S/A
ICTC Building	11/15	\$156,932,675.82	2/15/94	3.314% S/A
Foley Square Courthouse	11/16	\$12,926,671.00	12/11/95	4.282% S/A
HCFA Headquarters	11/17	\$3,748,303.00	6/30/95	4.037% S/A
Foley Services Contract	11/22	\$263,333.02	12/11/95	4.389% S/A
ICTC Building	11/23	\$8,894,305.83	2/15/94	3.334% S/A
Memphis IRS Service Cent.	11/23	\$55,233.93	1/3/95	3.848% S/A
Foley Square Office Bldg.	11/24	\$5,810,309.00	12/11/95	4.354% S/A
Oakland Office Building	11/24	\$938,504.00	9/5/23	6.396% S/A
RURAL ELECTRIFICATION ADMINISTRATION				
Northwest Electric #350	11/29	\$544,000.00	1/3/23	6.183% Qtr.

S/A is a Semi-annual rate: Qtr. is a Quarterly rate.

FEDERAL FINANCING BANK
(in millions)

<u>Program</u>	<u>November 30, 1993</u>	<u>October 31, 1993</u>	<u>Net Change 11/1/93-11/30/93</u>	<u>FY '94 Net Change 10/1/93-11/30/93</u>
Agency Debt:				
Export-Import Bank	\$ 5,794.6	\$ 5,794.6	\$ 0.0	\$ 0.0
Resolution Trust Corporation	29,042.1	29,839.1	-797.1	-2,645.7
Tennessee Valley Authority	6,325.0	6,325.0	0.0	0.0
U.S. Postal Service	<u>9,731.5</u>	<u>9,731.5</u>	<u>0.0</u>	<u>0.0</u>
sub-total*	50,893.2	51,690.2	-797.1	-2,645.7
Agency Assets:				
FmHA-ACIF	8,908.0	8,908.0	0.0	0.0
FmHA-RDIF	3,675.0	3,675.0	0.0	0.0
FmHA-RHIF	26,036.0	26,036.0	0.0	0.0
DHHS-Health Maintenance Org.	30.9	30.9	0.0	0.0
DHHS-Medical Facilities	51.3	51.3	0.0	0.0
Rural Electrification Admin.-CBO	4,598.9	4,598.9	0.0	0.0
Small Business Administration	<u>2.5</u>	<u>2.7</u>	<u>-0.2</u>	<u>-0.3</u>
sub-total*	43,302.6	43,302.8	-0.2	-0.3
Government-Guaranteed Loans:				
DOD-Foreign Military Sales	4,057.9	4,077.0	-19.1	-25.4
DEd.-Student Loan Marketing Assn.	4,760.0	4,760.0	0.0	-30.0
DEPCO-Rhode Island	0.0	0.0	0.0	-30.4
DHUD-Community Dev. Block Grant	118.1	123.2	-5.1	-13.3
DHUD-Public Housing Notes	1,746.5	1,801.0	-54.5	-54.5
General Services Administration +	1,653.7	1,627.8	25.9	68.0
DOI-Virgin Islands	22.9	22.9	0.0	0.0
DON-Ship Lease Financing	1,528.3	1,528.3	0.0	0.0
Rural Electrification Administration	17,561.1	17,560.6	0.5	-92.1
SBA-Small Business Investment Cos.	84.9	87.9	-3.0	-5.5
SBA-State/Local Development Cos.	567.5	572.4	-3.0	-5.5
DOT-Section 511	16.5	16.9	-0.4	-0.4
DOT-WMATA	<u>177.0</u>	<u>177.0</u>	<u>0.0</u>	<u>0.0</u>
sub-total*	32,294.4	32,354.9	-58.6	-189.1
grand-total*	\$126,490.2	\$127,347.9	\$ -855.8	\$-2,835.1

*figures may not total due to rounding
+does not include capitalized interest

TREASURY NEWS



Department of the Treasury

Washington, D.C.

Telephone 202-622-2960

FOR IMMEDIATE RELEASE
December 15, 1993

DEC 17 3 00 16 20
DEPT. OF THE TREASURY

STATEMENT BY SECRETARY LLOYD BENTSEN

Today some 115 nations made history.

The new GATT agreement is the largest ever reached. It is a vote for optimism, for open trade, for growth, for jobs. Like all good things, the agreement has been a long time coming -- some 7 years -- but now that we have it, millions of Americans will benefit. In fact, GATT is expected to give us 10 times the benefits that we expect to get from the NAFTA trade deal with Mexico.

These are exactly the kind of benefits we want. More jobs, better jobs, better paying jobs for American workers, and more foreign markets open to our goods and services.

-30-

LB-554

TREASURY NEWS



Department of the Treasury

Washington, D.C.

Telephone 202-622-2960

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Text as Prepared for Delivery
December 16, 1993

REMARKS OF TREASURY SECRETARY LLOYD BENTSEN ARLINGTON TERRACE TOUR QUEENS, N.Y.

I've just seen some clear and convincing evidence of how effective the Community Reinvestment Act can be. I'm impressed.

One of the primary aims of this law is to make certain that our financial institutions meet the credit needs of everyone in our communities, not just a select segment of the market. It can help families find affordable housing. And it can help small businessmen and women get the loans they need to start a business or expand one. Expanding opportunities for small business is critical right now because that's where a substantial portion of our job growth is coming from.

One of the things I saw today was people taking pride in where they live and work, and that's exactly how it should be. Every American is entitled to the opportunity to have a decent life and live in decent housing, and the Community Reinvestment Act is one way to help achieve that goal.

We're working in Washington to make the CRA work even better, and we think it will generate even more lending for projects such as Arlington Terrace.

The CRA comes into play when a bank asks regulators for permission to open a new branch, or to buy another financial institution, or the like. The regulators look to see just how well the bank has been complying with the CRA, but right now the rules aren't very clear for banks to know with any certainty just how they'll stack up in the compliance department.

What we've done is propose that there be new, very clear and very measurable standards about how much lending, and what kind of lending, is being done for programs such as Arlington Terrace. That will make it easy for the regulators to know what's going on, and it will give the banks a good deal more certainty about how they will be judged when they want permission to expand their operations. I would note that we got four regulatory agencies in Washington to agree to this proposed change, and that may be a first.

**AUCTION
RESULTS**

PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239
FOR IMMEDIATE RELEASE
December 20, 1993

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Tenders for \$13,007 million of 13-week bills to be issued December 23, 1993 and to mature March 24, 1994 were accepted today (CUSIP: 912794J62).

RANGE OF ACCEPTED COMPETITIVE BIDS:

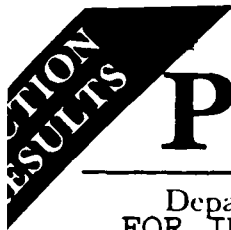
	<u>Discount Rate</u>	<u>Investment Rate</u>	<u>Price</u>
Low	3.05%	3.12%	99.229
High	3.07%	3.14%	99.224
Average	3.06%	3.12%	99.227

Tenders at the high discount rate were allotted 31%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	<u>Received</u>	<u>Accepted</u>
TOTALS	\$49,451,381	\$13,007,479
Type		
Competitive	\$44,494,306	\$8,050,404
Noncompetitive	<u>1,172,223</u>	<u>1,172,223</u>
Subtotal, Public	\$45,666,529	\$9,222,627
Federal Reserve	2,848,910	2,848,910
Foreign Official Institutions	<u>935,942</u>	<u>935,942</u>
TOTALS	\$49,451,381	\$13,007,479

An additional \$6,658 thousand of bills will be issued to foreign official institutions for new cash.



PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239
 FOR IMMEDIATE RELEASE CONTACT: Office of Financing
 December 20, 1993 202-219-3350

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Tenders for \$13,115 million of 26-week bills to be issued December 23, 1993 and to mature June 23, 1994 were accepted today (CUSIP: 912794L36).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	<u>Discount</u> <u>Rate</u>	<u>Investment</u> <u>Rate</u>	<u>Price</u>
Low	3.24%	3.34%	98.362
High	3.26%	3.36%	98.352
Average	3.25%	3.35%	98.357

Tenders at the high discount rate were allotted 26%.
 The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	<u>Received</u>	<u>Accepted</u>
TOTALS	\$45,534,248	\$13,114,994
Type		
Competitive	\$40,501,460	\$8,082,206
Noncompetitive	<u>821,030</u>	<u>821,030</u>
Subtotal, Public	\$41,322,490	\$8,903,236
Federal Reserve	2,900,000	2,900,000
Foreign Official		
Institutions	<u>1,311,758</u>	<u>1,311,758</u>
TOTALS	\$45,534,248	\$13,114,994

An additional \$9,342 thousand of bills will be issued to foreign official institutions for new cash.

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TREASURY NEWS



Department of the Treasury

Washington, D.C.

Telephone 202-622-2960

For Immediate Release

DEC 27 10 00 25 74

December 21, 1993

Monthly Release of U.S. Reserve Assets

The Treasury Department today released U.S. reserve assets data for the month of November 1993.

As indicated in this table, U.S. reserve assets amounted to \$74,042 million at the end of November 1993, down from \$74,550 million in October 1993.

End of Month	Total Reserve Assets	U.S. Reserve Assets (in millions of dollars)				Reserve Position in IMF <u>2/</u>
		Gold Stock <u>1/</u>	Special Drawing Rights <u>2/3/</u>	Foreign Currencies <u>4/</u>		
<hr/>						
<u>1993</u>						
October	74,550	11,056	9,038	42,548	11,908	
November	74,042	11,054	9,091	42,070	11,827	

1/ Valued at \$42.2222 per fine troy ounce.

2/ Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of selected member countries. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974.

3/ Includes allocations of SDRs by the IMF plus transactions in SDRs.

4/ Valued at current market exchange rates.



Monthly Treasury Statement

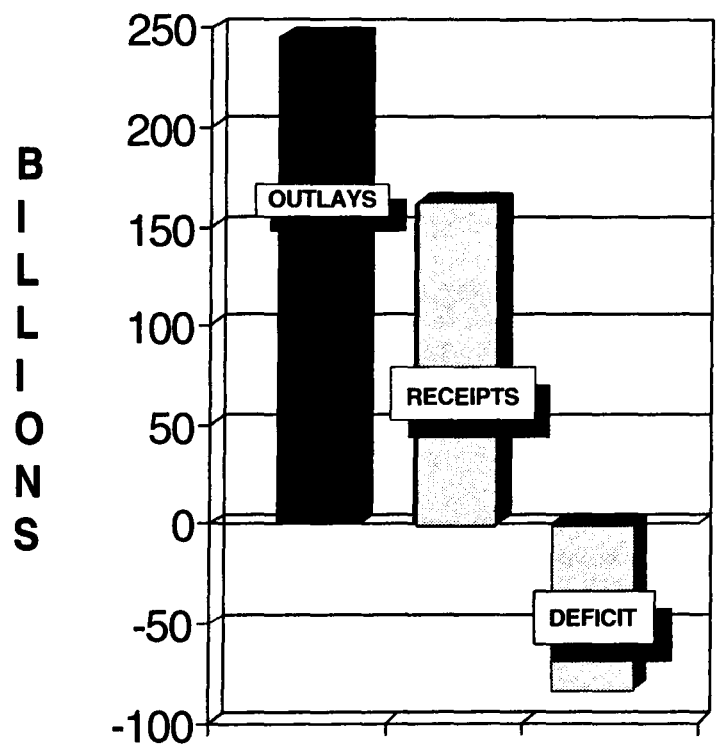
of Receipts and Outlays
of the United States Government

For Fiscal Year 1994 Through November 30, 1993, and Other Periods

Highlight

The Interest on the Public Debt is \$22.3 billion which is 18 percent of the total current month Federal Outlays.

**RECEIPTS, OUTLAYS, AND SURPLUS/DEFICIT
THROUGH NOVEMBER 1993**



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Compiled and Published by

Introduction

The *Monthly Treasury Statement of Receipts and Outlays of the United States Government (MTS)* is prepared by the Financial Management Service, Department of the Treasury, and after approval by the Fiscal Assistant Secretary of the Treasury, is normally released on the 15th workday of the month following the reporting month. The publication is based on data provided by Federal entities, disbursing officers, and Federal Reserve banks.

Audience

The *MTS* is published to meet the needs of: Those responsible for or interested in the cash position of the Treasury; Those who are responsible for or interested in the Government's budget results; and individuals and businesses whose operations depend upon or are related to the Government's financial operations.

Disclosure Statement

This statement summarizes the financial activities of the Federal Government and off-budget Federal entities conducted in accordance with the Budget of the U.S. Government, i.e., receipts and outlays of funds, the surplus or deficit, and the means of financing the deficit or disposing of the surplus. Information is presented on a modified cash basis: receipts are accounted for on the basis of collections; refunds

of receipts are treated as deductions from gross receipts; revolving and management fund receipts, reimbursements and refunds of monies previously expended are treated as deductions from gross outlays; and interest on the public debt (public issues) is recognized on the accrual basis. Major information sources include accounting data reported by Federal entities, disbursing officers, and Federal Reserve banks.

Triad of Publications

The *MTS* is part of a triad of Treasury financial reports. The *Daily Treasury Statement* is published each working day of the Federal Government. It provides data on the cash and debt operations of the Treasury based upon reporting of the Treasury account balances by Federal Reserve banks. The *MTS* is a report of Government receipts and outlays, based on agency reporting. The *U.S. Government Annual Report* is the official publication of the detailed receipts and outlays of the Government. It is published annually in accordance with legislative mandates given to the Secretary of the Treasury.

Data Sources and Information

The Explanatory Notes section of this publication provides information concerning the flow of data into the *MTS* and sources of information relevant to the *MTS*.

Table 1. Summary of Receipts, Outlays, and the Deficit/Surplus of the U.S. Government, Fiscal Years 1993 and 1994, by Month

[\$ millions]			
Period	Receipts	Outlays	Deficit/Surplus (-)
FY 1993			
October	76,824	125,616	48,792
November	74,625	107,351	32,726
December	113,683	152,629	38,947
January	112,712	82,896	-29,817
February	65,975	114,172	48,197
March	83,284	127,258	43,974
April	132,012	123,921	-8,091
May	70,638	107,601	36,963
June	128,566	117,467	-11,099
July	80,626	120,204	39,577
August	86,734	109,812	23,078
September	127,469	118,904	-8,565
Year-to-Date	1,153,147	1,231,407,831	254,684
FY 1994			
October	78,668	124,090	45,422
November	83,107	121,488	38,381
Year-to-Date	161,775	245,578	83,803

¹Outlays have been decreased in September 1993 by \$1 million, \$3 million, \$34 million, \$152 million, and \$63 million for additional reporting for the OPIC, GNMA, IRS, SBA, and undistributed offsetting receipts, respectively.

²Outlays have been increased in September 1993 by \$9 million, \$7 million, \$3 million and \$1 million for additional reporting for the Army, Indian Health Service, Housing Programs, and FMS.

³Includes a reclassification from a budgetary status to a non-budgetary status of -\$31 million for FY 1993 for the "Foreign Assistance Programs, Debt Reduction Financing Account".

⁴Outlays in October 1993 have been increased by \$79 million for the U.S. Enrichment Corporation to report outlays not previously reported.

Note: The receipt and outlay figures for FY 1993 and FY 1994 have been revised to reflect the reclassification from a governmental receipt to an offsetting governmental receipt of accounts "Diversion Control Fee, DEA" and "Breached Bond/Dentention Fund, INS".

Table 2. Summary of Budget and Off-Budget Results and Financing of the U.S. Government, November 1993 and Other Periods

[\$ millions]

Classification	This Month	Current Fiscal Year to Date	Budget Estimates Full Fiscal Year ¹	Prior Fiscal Year to Date (1993)	Budget Estimates Next Fiscal Year (1995) ¹
Total on-budget and off-budget results:					
Total receipts	83,107	161,775	1,241,312	151,449	1,329,334
On-budget receipts	58,700	114,564	903,425	106,259	974,096
Off-budget receipts	24,407	47,211	337,888	45,190	355,238
Total outlays	121,488	245,578	1,500,061	232,967	1,536,259
On-budget outlays	96,724	197,292	1,219,390	187,207	1,243,698
Off-budget outlays	24,764	48,286	280,671	45,760	292,561
Total surplus (+) or deficit (-)	-38,381	-83,803	-258,748	-81,518	-206,925
On-budget surplus (+) or deficit (-)	-38,024	-82,728	-315,965	-80,948	-269,602
Off-budget surplus (+) or deficit (-)	-357	-1,075	+57,217	-570	+62,677
Total on-budget and off-budget financing	38,381	83,803	258,748	81,518	206,925
Means of financing:					
Borrowing from the public	71,028	75,283	265,244	60,416	212,679
Reduction of operating cash, increase (-)	-13,451	20,196	.....	32,074	.....
By other means	-19,196	-11,675	-6,496	-10,973	-5,754

¹These figures are based on the appendix tables in the *Mid-Session Review of the FY 1994 Budget*, released by the Office of Management and Budget in September 1993.

... No Transactions.
Note: Details may not add to totals due to rounding.

Figure 1. Monthly Receipts, Outlays, and Budget Deficit/Surplus of the U.S. Government, Fiscal Years 1993 and 1994

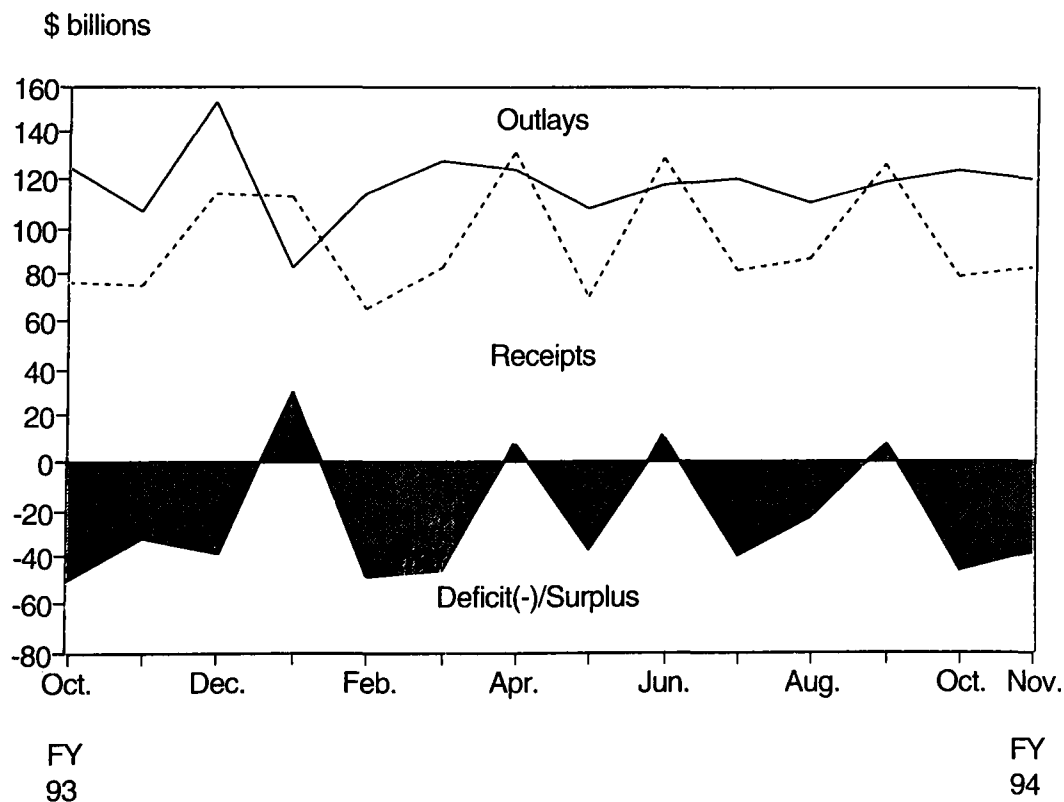


Figure 2. Monthly Receipts of the U.S. Government, by Source, Fiscal Years 1993 and 1994

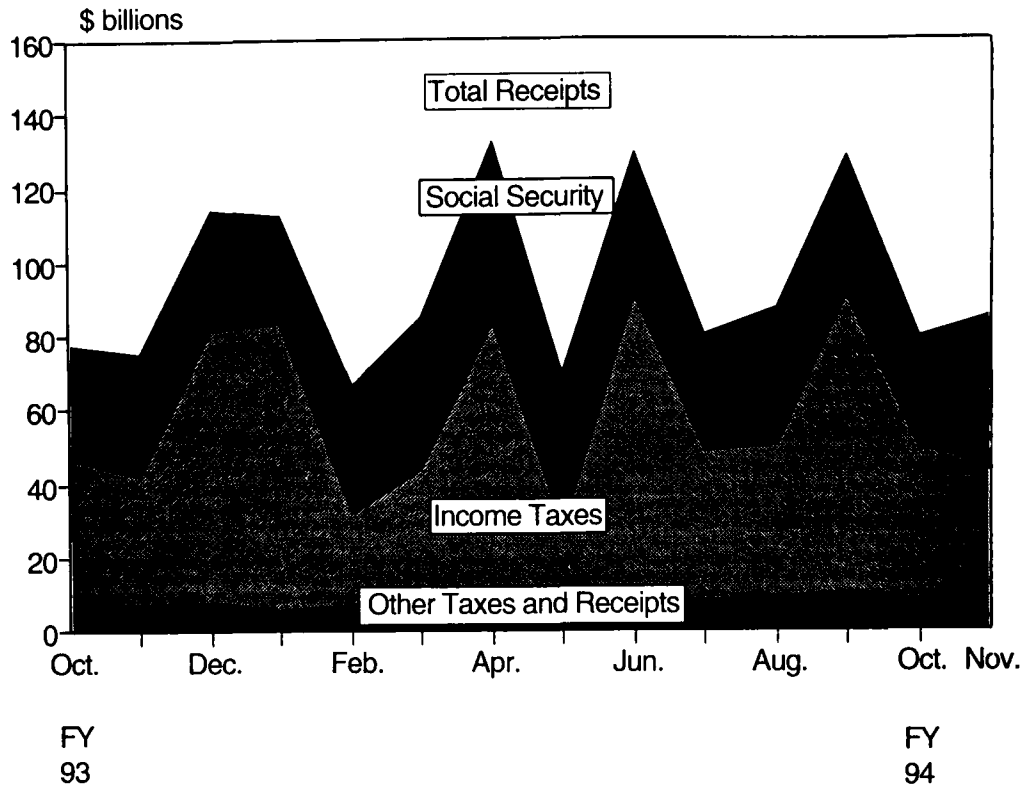


Figure 3. Monthly Outlays of the U.S. Government, by Function, Fiscal Years 1993 and 1994

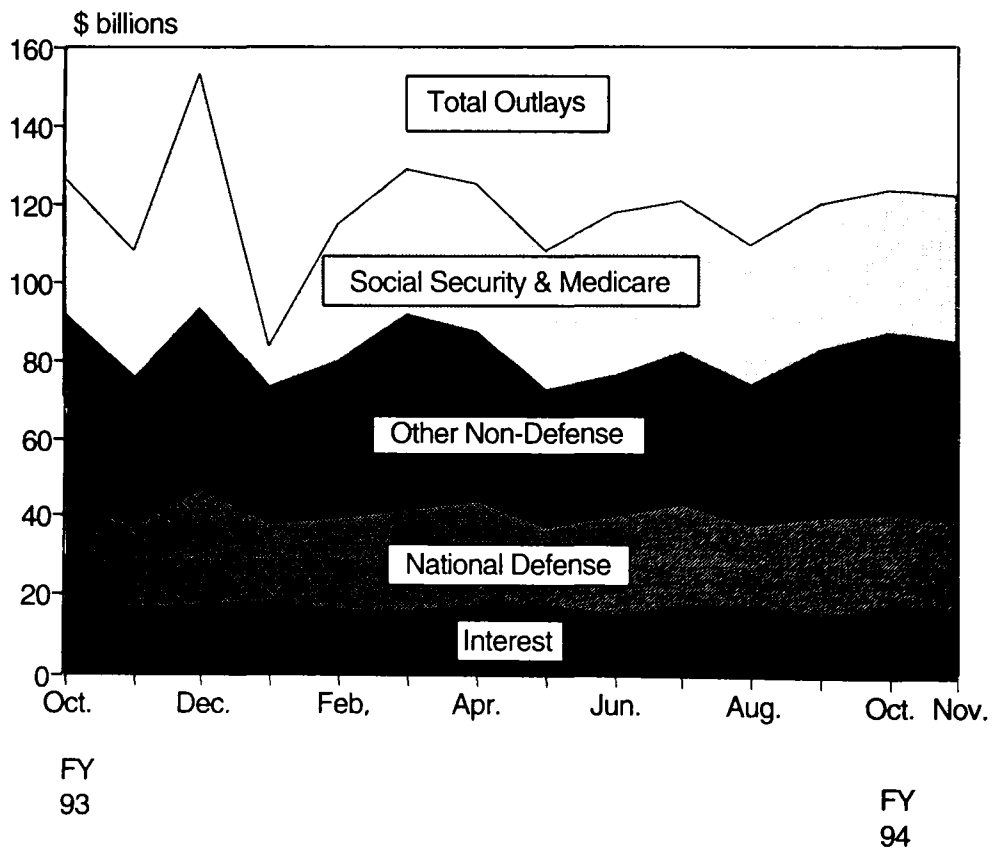


Table 3. Summary of Receipts and Outlays of the U.S. Government, November 1993 and Other Periods
 [\$ millions]

Classification	This Month	Current Fiscal Year to Date	Comparable Prior Period	Budget Estimates Full Fiscal Year ¹
Budget Receipts				
Individual income taxes	37,634	75,314	70,379	548,215
Corporation income taxes	2,208	4,366	3,575	120,842
Social insurance taxes and contributions:				
Employment taxes and contributions (off-budget)	24,407	47,211	45,190	337,888
Employment taxes and contributions (on-budget)	7,118	13,754	13,209	94,807
Unemployment insurance	2,773	3,819	3,304	27,272
Other retirement contributions	385	728	792	4,676
Excise taxes	4,808	8,405	7,752	54,512
Estate and gift taxes	1,305	2,296	1,981	12,691
Customs duties	1,688	3,396	3,169	20,374
Miscellaneous receipts	781	2,487	2,098	20,035
Total Receipts	83,107	161,775	151,449	1,241,312
(On-budget)	58,700	114,564	106,259	903,425
(Off-budget)	24,407	47,211	45,190	337,888
Budget Outlays				
Legislative Branch	206	584	414	3,134
The Judiciary	219	377	298	3,138
Executive Office of the President	18	37	40	186
Funds Appropriated to the President	1,096	5,088	34,858	12,297
Department of Agriculture	7,149	12,041	12,674	66,603
Department of Commerce	277	541	575	3,181
Department of Defense—Military	21,796	44,943	545,901	264,144
Department of Defense—Civil	2,515	5,064	4,999	30,545
Department of Education	3,356	5,161	5,008	30,992
Department of Energy	1,723	3,433	3,105	16,931
Department of Health and Human Services, except Social Security	24,695	50,126	544,563	320,180
Department of Health and Human Services, Social Security	25,545	50,106	46,919	315,266
Department of Housing and Urban Development	2,415	5,060	3,574,641	26,986
Department of the Interior	600	1,127	1,198	7,325
Department of Justice	905	21,654	22,128	10,322
Department of Labor	2,823	6,185	6,498	36,640
Department of State	586	1,429	1,265	5,538
Department of Transportation	3,252	6,403	5,899	36,773
Department of the Treasury:				
Interest on the Public Debt	22,260	39,898	40,484	303,161
Other	75	-27	3,567-775	9,779
Department of Veterans Affairs	3,169	5,974	5,778	38,038
Environmental Protection Agency	506	936	950	6,552
General Services Administration	-489	-250	-313	836
National Aeronautics and Space Administration	1,214	2,293	2,415	14,670
Office of Personnel Management	2,879	6,214	5,676	38,872
Small Business Administration	146	160	208	762
Other independent agencies:				
Resolution Trust Corporation	-1,169	-1,162	-6,206	5,231
Other	1,808	3,217	4,626	23,279
Allowances				
Undistributed offsetting receipts:				
Interest	-5,173	-5,533	3-5,395	-86,125
Other	-2,910	-5,503	-5,464	-45,175
Total outlays	121,488	245,578	232,967	1,500,061
(On-budget)	96,724	197,292	187,207	1,219,390
(Off-budget)	24,764	48,286	45,760	280,671
Surplus (+) or deficit (-)	-38,381	-83,803	-81,518	-258,748
(On-budget)	-38,024	-82,728	-80,948	-315,965
(Off-budget)	-357	-1,075	-570	+57,217

¹These figures are based on the appendix tables in the *Mid-Session Review of the FY 1994 Budget*, released by the Office of Management and Budget in September 1993.

²Includes a reclassification in FY 1993, from a governmental receipt to an offsetting governmental receipt, of \$14 million and \$13 million for the Department of Justice, Drug Enforcement Administration and Immigration and Naturalization Service (INS), respectively; and \$2 million in FY 1994 for INS.

³Outlays have been decreased in September 1993 by \$1 million, \$3 million, \$34 million, \$152 million, and \$63 million for additional reporting for the OPIC, GNMA, IRS, SBA, and undistributed offsetting receipts, respectively.

⁴Includes a reclassification from a budgetary status to a non-budgetary status of -\$31 million for FY 1993 for the "Foreign Assistance Programs, Debt Reduction Financing Account".

⁵Outlays have been increased in September 1993 by \$9 million, \$7 million, \$3 million and \$1 million for additional reporting for the Army, Indian Health Service, Housing Programs, and FMS.

⁶Outlays for the Department of Education have been decreased and outlays for the Department of the Treasury have been correspondingly increased in September 1993 by \$124 million due to the reclassification of the account, "Federal Family Education Loan Program — Downward Re-estimate of Subsidies".

⁷Outlays for the Department of Housing and Urban Development have been decreased and outlays for the Department of the Treasury have been correspondingly increased in November 1992 by \$3 million due to the reclassification of the account, "Office of Federal Housing Enterprise Oversight".

⁸Outlays in October 1993 have been increased by \$79 million for the U.S. Enrichment Corporation to report outlays not previously reported.

Note: Details may not add to totals due to rounding.

Table 4. Receipts of the U.S. Government, November 1993 and Other Periods

[\$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Receipts	Refunds (Deduct)	Receipts	Gross Receipts	Refunds (Deduct)	Receipts	Gross Receipts	Refunds (Deduct)	Receipts
Individual income taxes:									
Withheld	37,823			72,107			67,595		
Presidential Election Campaign Fund	1-27			(*)			(*)		
Other	1,945			5,998			5,357		
Total—Individual income taxes	39,741	2,107	37,634	78,106	2,792	75,314	72,953	2,574	70,379
Corporation income taxes	2,855	647	2,208	7,125	2,759	4,366	6,603	3,028	3,575
Social insurance taxes and contributions:									
Employment taxes and contributions:									
Federal old-age and survivors ins. trust fund:									
Federal Insurance Contributions Act taxes	22,045		22,045	42,642		42,642	40,826		40,826
Self-Employment Contributions Act taxes									
Deposits by States	(*)		(*)	(*)		(*)	-11		-11
Other	(*)		(*)	(*)		(*)	(*)		(*)
Total—FOASI trust fund	22,045		22,045	42,642		42,642	40,815		40,815
Federal disability insurance trust fund:									
Federal Insurance Contributions Act taxes	2,362		2,362	4,569		4,569	4,375		4,375
Self-Employment Contributions Act taxes									
Receipts from railroad retirement account									
Deposits by States	(*)		(*)	(*)		(*)	(*)		(*)
Other									
Total—FDI trust fund	2,362		2,362	4,569		4,569	4,375		4,375
Federal hospital insurance trust fund:									
Federal Insurance Contributions Act taxes	6,835		6,835	13,163		13,163	12,625		12,625
Self-Employment Contributions Act taxes									
Receipts from Railroad Retirement Board									
Deposits by States	(*)		(*)	(*)		(*)	(*)		(*)
Total—FHI trust fund	6,835		6,835	13,163		13,163	12,625		12,625
Railroad retirement accounts:									
Rail industry pension fund	133	(*)	133	306	(*)	306	323	7	316
Railroad Social Security equivalent benefit	150		150	285		285	268		268
Total—Employment taxes and contributions	31,525	(*)	31,525	60,965	(*)	60,965	58,406	7	58,399
Unemployment insurance:									
State taxes deposited in Treasury	2,348		2,348	3,151		3,151	2,629		2,629
Federal Unemployment Tax Act taxes	426	3	423	667	7	660	639	12	628
Railroad unemployment taxes	2		2	7		7	22		22
Railroad debt repayment	(*)		(*)	1		1	25		25
Total—Unemployment insurance	2,776	3	2,773	3,826	7	3,819	3,316	12	3,304
Other retirement contributions:									
Federal employees retirement – employee contributions	374		374	711		711	777		777
Contributions for non-federal employees	11		11	17		17	15		15
Total—Other retirement contributions	385		385	728		728	792		792
Total—Social insurance taxes and contributions	34,686	3	34,683	65,519	7	65,512	62,514	19	62,495
Excise taxes:									
Miscellaneous excise taxes ²	3,133	316	2,818	4,849	347	4,502	4,132	164	3,968
Airport and airway trust fund	453	2	450	891	2	889	861		861
Highway trust fund	1,414	-86	1,500	2,833	-85	2,919	2,820	1	2,819
Black lung disability trust fund	40		40	95		95	104		104
Total—Excise taxes	5,039	232	4,808	8,669	264	8,405	7,917	165	7,752
Estate and gift taxes	1,340	34	1,305	2,355	59	2,296	2,027	46	1,981
Customs duties	1,775	87	1,688	3,573	177	3,396	3,314	145	3,169
Miscellaneous Receipts:									
Deposits of earnings by Federal Reserve banks	509		509	2,033		2,033	1,508		1,508
All other	273	1	272	3456	2	454	3591	1	591
Total — Miscellaneous receipts	781	1	781	2,489	2	2,487	2,099	1	2,098
Total — Receipts	86,219	3,111	83,107	167,834	6,059	161,775	157,426	5,977	151,449
Total — On-budget	61,812	3,111	58,700	120,623	6,059	114,564	112,236	5,977	106,259
Total — Off-budget	24,407		24,407	47,211		47,211	45,190		45,190

¹Prior month adjustment

²Includes amounts for windfall profits tax pursuant to P.L. 96-223.

³Includes a reclassification in FY 1993 from a governmental receipt to an offsetting governmental receipt of \$14 million and \$13 million for the Department of Justice, Drug Enforcement Administration and Immigration and Naturalization Service (INS), respectively, and \$2 million in FY 1994 for INS

... No Transactions.

(*) Less than \$500,000.

Note: Details may not add to totals due to rounding.

Table 5. Outlays of the U.S. Government, November 1993 and Other Periods
 [\$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Legislative Branch:									
Senate	34	(* *)	34	71	(* *)	71	70	(* *)	69
House of Representatives	63	1	63	124	2	122	131	1	130
Joint items	6	.....	6	14	.....	14	13	.....	13
Congressional Budget Office	2	.....	2	4	.....	4	4	.....	4
Architect of the Capitol	20	1	20	41	1	39	47	2	45
Library of Congress	28	.....	28	226	.....	226	59	.....	59
Government Printing Office:									
Revolving fund (net)	9	.....	9	21	.....	21	-19	.....	-19
General fund appropriations	9	.....	9	13	.....	13	18	.....	18
General Accounting Office	29	.....	29	65	.....	65	83	.....	83
United States Tax Court	4	.....	4	6	.....	6	6	.....	6
Other Legislative Branch agencies	3	.....	3	6	.....	6	6	.....	6
Proprietary receipts from the public .....	.....	1	-1	.....	1	-1	.....	1	-1
Intrabudgetary transactions .....	(* *)	.....	(* *)	-2	.....	-2	(* *)	.....	(* *)
Total—Legislative Branch	208	2	206	588	4	584	418	4	414
The Judiciary:									
Supreme Court of the United States	3	.....	3	4	.....	4	3	.....	3
Courts of Appeals, District Courts, and other judicial services	205	(* *)	204	356	(* *)	355	294	(* *)	294
Other	12	.....	12	18	.....	18	1	.....	1
Total—The Judiciary	220	(* *)	219	377	(* *)	377	298	(* *)	298
Executive Office of the President:									
Compensation of the President and the White House Office	4	.....	4	8	.....	8	7	.....	7
Office of Management and Budget	6	.....	6	11	.....	11	10	.....	10
Other	8	.....	8	18	.....	18	23	.....	23
Total—Executive Office of the President	18	.....	18	37	.....	37	40	.....	40
Funds Appropriated to the President:									
International Security Assistance:									
Guaranty reserve fund	84	43	41	136	53	83	158	53	105
Foreign military financing grants	278	.....	278	2,143	.....	2,143	2,164	.....	2,164
Economic support fund	80	.....	80	1,480	.....	1,480	1,484	.....	1,484
Military assistance	-1	.....	-1	2	.....	2	-7	.....	-7
Peacekeeping Operations	8	.....	8	8	.....	8	2	.....	2
Other	2	.....	2	4	.....	4	6	.....	6
Proprietary receipts from the public .....	.....	11	-11	.....	20	-20	.....	29	-29
Total—International Security Assistance	451	54	397	3,773	74	3,699	3,808	81	3,727
International Development Assistance:									
Multilateral Assistance:									
Contribution to the International Development Association .....	.....	.....	.....	194	.....	194	186	.....	186
International organizations and programs	32	.....	32	41	.....	41	118	.....	118
Other	65	.....	65	194	.....	194	182	.....	182
Total—Multilateral Assistance	98	.....	98	429	.....	429	486	.....	486
Agency for International Development:									
Functional development assistance program	109	.....	109	238	.....	238	232	.....	232
Sub-Saharan Africa development assistance	52	.....	52	98	.....	98	111	.....	111
Operating expenses	43	.....	43	91	.....	91	70	.....	70
Payment to the Foreign Service retirement and disability fund .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Other	98	1	97	132	8	124	87	10	77
Proprietary receipts from the public .....	.....	52	-52	.....	90	-90	.....	90	-90
Intrabudgetary transactions .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total—Agency for International Development	302	53	249	559	98	461	501	100	401
Peace Corps	31	.....	31	45	.....	45	38	.....	38
Overseas Private Investment Corporation	3	38	-35	5	49	-44	7	153	-46
Other	9	(* *)	9	18	(* *)	18	10	1	10
Total—International Development Assistance	442	90	351	1,056	148	908	1,043	154	889
International Monetary Programs	77	.....	77	296	.....	296	618	.....	618
Military Sales Programs:									
Special defense acquisition fund	-9	44	-53	37	44	-7	51	42	9
Foreign military sales trust fund	1,087	.....	1,087	2,123	.....	2,123	1,829	.....	1,829
Kuwait civil reconstruction trust fund .....	(* *)	.....	(* *)	(* *)	.....	(* *)	1	.....	1
Proprietary receipts from the public .....	.....	767	-767	.....	1,933	-1,933	.....	2,218	-2,218
Other	3	.....	3	2	.....	2	3	.....	3
Total—Funds Appropriated to the President	2,051	955	1,096	7,287	2,198	5,088	7,352	2,495	4,858

Table 5. Outlays of the U.S. Government, November 1993 and Other Periods—Continued
[\$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Department of Agriculture:									
Agricultural Research Service	60		60	116		116	137		137
Cooperative State Research Service	41		41	74		74	68		68
Extension Service	32		32	65		65	62		62
Animal and Plant Health Inspection Service	37		37	70		70	85		85
Food Safety and Inspection Service	38		38	76		76	88		88
Agricultural Marketing Service	65		65	175	1	174	246	1	245
Soil Conservation Service:									
Watershed and flood prevention operations	22		22	49		49	43		43
Conservation operations	49		49	88		88	102		102
Other	7		7	13		13	15		15
Agricultural Stabilization and Conservation Service:									
Conservation programs	1,239		1,239	1,746		1,746	1,668		1,668
Other	59		59	107		107	98		98
Farmers Home Administration:									
Credit accounts:									
Agricultural credit insurance fund	17	141	-125	263	242	21	229	277	-48
Rural housing insurance fund	320	283	36	574	542	32	598	528	70
Other	(*)		(*)	(*)		(*)		(*)	(*)
Salaries and expenses	48		48	94		94	113		113
Other	9		9	14		14	14		14
Total—Farmers Home Administration	393	425	-32	945	784	161	954	805	149
Foreign assistance programs	290		290	240		240	250		50
Rural Development Administration:									
Rural development insurance fund	66	36	30	173	79	95	197	64	133
Rural water and waste disposal grants	30		30	56		56	48		48
Other	6	(*)	6	12	1	11	12	1	12
Rural Electrification Administration	42	150	-108	100	442	-342	176	603	-428
Federal Crop Insurance Corporation	295	192	104	446	263	183	179	277	-98
Commodity Credit Corporation:									
Price support and related programs	2,622	649	1,972	3,980	1,057	2,923	4,575	699	3,875
National Wool Act Program	(*)		(*)	(*)		(*)	5		5
Food and Nutrition Service:									
Food stamp program	2,165		2,165	4,218		4,218	4,017		4,017
State child nutrition programs	577		577	1,016		1,016	1,120		1,120
Women, infants and children programs	260		260	499		499	485		485
Other	29		29	63		63	167		167
Total—Food and Nutrition Service	3,030		3,030	5,796		5,796	5,789		5,789
Forest Service:									
National forest system	114		114	236		236	242		242
Forest service permanent appropriations	-42		-42	-33		-33	31		31
Other	123		123	225		225	308		308
Total—Forest Service	195		195	428		428	580		580
Other	61	4	57	108	5	102	109	5	104
Proprietary receipts from the public		78	-78		190	-190		157	-157
Intrabudgetary transactions	1		1	1		1			
Total—Department of Agriculture	8,682	1,533	7,149	14,863	2,822	12,041	15,286	2,612	12,674
Department of Commerce:									
Economic Development Administration	31	3	28	53	4	49	49	4	45
Bureau of the Census	25		25	59		59	88		88
Promotion of Industry and Commerce	21		21	43		43	53		53
Science and Technology:									
National Oceanic and Atmospheric Administration	165	1	164	329	1	328	321	1	319
Patent and Trademark Office	10		10	7		7	17		17
National Institute of Standards and Technology	18		18	41		41	35		35
Other	7	3	4	18	7	11	14	6	8
Total—Science and Technology	200	4	196	395	8	387	386	7	379
Other	16		16	25		25	28		28
Proprietary receipts from the public		10	-10		22	-22		19	-19
Intrabudgetary transactions									
Offsetting governmental receipts									
Total—Department of Commerce	294	17	277	574	33	541	605	30	575

Table 5. Outlays of the U.S. Government, November 1993 and Other Periods—Continued
 [\$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Department of Defense—Military:									
Military personnel:									
Department of the Army	2,309	.....	2,309	4,513	.....	4,513	4,707	.....	4,707
Department of the Navy	2,016	.....	2,016	4,257	.....	4,257	4,523	.....	4,523
Department of the Air Force	1,032	.....	1,032	3,222	.....	3,222	3,593	.....	3,593
Total—Military personnel	5,357	.....	5,357	11,991	.....	11,991	12,823	.....	12,823
Operation and maintenance:									
Department of the Army	1,680	.....	1,680	3,199	.....	3,199	3,933	.....	3,933
Department of the Navy	1,807	.....	1,807	3,406	.....	3,406	3,463	.....	3,463
Department of the Air Force	1,839	.....	1,839	3,533	.....	3,533	3,653	.....	3,653
Defense agencies	1,722	.....	1,722	3,323	.....	3,323	2,742	.....	2,742
Total—Operation and maintenance	7,049	.....	7,049	13,461	.....	13,461	13,791	.....	13,791
Procurement:									
Department of the Army	667	.....	667	1,416	.....	1,416	2,088	.....	2,088
Department of the Navy	2,117	.....	2,117	4,233	.....	4,233	4,403	.....	4,403
Department of the Air Force	1,934	.....	1,934	3,932	.....	3,932	3,952	.....	3,952
Defense agencies	414	.....	414	682	.....	682	582	.....	582
Total—Procurement	5,132	.....	5,132	10,263	.....	10,263	11,025	.....	11,025
Research, development, test, and evaluation:									
Department of the Army	498	.....	498	960	.....	960	908	.....	908
Department of the Navy	523	.....	523	1,029	.....	1,029	1,086	.....	1,086
Department of the Air Force	1,170	.....	1,170	2,507	.....	2,507	2,405	.....	2,405
Defense agencies	684	.....	684	1,366	.....	1,366	1,355	.....	1,355
Total—Research, development, test and evaluation	2,875	.....	2,875	5,861	.....	5,861	5,754	.....	5,754
Military construction:									
Department of the Army	99	.....	99	153	.....	153	158	.....	158
Department of the Navy	-38	.....	-38	53	.....	53	139	.....	139
Department of the Air Force	96	.....	96	190	.....	190	247	.....	247
Defense agencies	231	.....	231	396	.....	396	277	.....	277
Total—Military construction	388	.....	388	792	.....	792	820	.....	820
Family housing:									
Department of the Army	76	.....	76	150	.....	150	173	.....	173
Department of the Navy	43	.....	43	107	.....	107	128	.....	128
Department of the Air Force	80	.....	80	163	.....	163	125	.....	125
Defense agencies	11	2	9	19	5	14	11	(* *)	11
Revolving and management funds:									
Department of the Army	148	.....	148	49	.....	49	-137	.....	-137
Department of the Navy	112	.....	112	95	.....	95	23	.....	23
Department of the Air Force .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Defense agencies:									
Defense business operations fund	560	.....	560	2,257	.....	2,257	1,133	.....	1,133
Other	-4	(* *)	-4	-16	1	-17	-4	(* *)	-5
Trust funds:									
Department of the Army .....	(* *)	.....	(* *)	(* *)	.....	(* *)	(* *)	(* *)	(* *)
Department of the Navy	-4	1	-5	5	3	2	10	4	7
Department of the Air Force	1	1	(* *)	2	2	(* *)	7	6	1
Defense agencies	3	.....	3	51	.....	51	6	.....	6
Proprietary receipts from the public:									
Department of the Army .....	.....	27	-27	.....	145	-145	.....	9	-9
Department of the Navy .....	.....	18	-18	.....	147	-147	.....	131	-131
Department of the Air Force .....	.....	55	-55	.....	161	-161	.....	97	-97
Defense agencies .....	.....	-152	152	.....	39	-39	.....	39	-39
Intrabudgetary transactions:									
Department of the Army	-15	.....	-15	108	.....	108	122	.....	122
Department of the Navy	11	.....	11	22	.....	22	819	.....	819
Department of the Air Force	3	.....	3	93	.....	93	20	.....	20
Defense agencies:									
Defense cooperation account .....	(* *)	.....	(* *)	(* *)	.....	(* *)	-8	.....	-8
Voluntary separation incentive fund .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Other	-76	.....	-76	-29	.....	-29	-428	.....	-428
Offsetting governmental receipts:									
Department of the Army .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Defense agencies:									
Defense cooperation account .....	.....	(* *)	(* *)	.....	(* *)	(* *)	.....	25	-25
Total—Department of Defense—Military	21,748	-48	21,796	45,444	502	44,943	46,213	312	45,901

Table 5. Outlays of the U.S. Government, November 1993 and Other Periods—Continued
 [\$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Department of Defense—Civil									
Corps of Engineers:									
Construction, general	95		95	174		174	212		212
Operation and maintenance, general	94		94	181		181	241		241
Other	127		127	291		291	362		362
Proprietary receipts from the public		15	-15		25	-25		32	-32
Total—Corps of Engineers	315	15	300	647	25	622	815	32	783
Military retirement:									
Payment to military retirement fund				11,908		11,908	12,273		12,273
Retired pay									
Military retirement fund	2,187		2,187	4,405		4,405	4,178		4,178
Intrabudgetary transactions				-11,908		-11,908	-12,273		-12,273
Education benefits	22		22	30		30	30		30
Other	7	(* *)	6	9	1	9	10	1	9
Proprietary receipts from the public		1	-1		2	-2		2	-2
Total—Department of Defense—Civil	2,531	17	2,515	5,091	27	5,064	5,033	34	4,999
Department of Education:									
Office of Elementary and Secondary Education:									
Compensatory education for the disadvantaged	693		693	1,080		1,080	1,030		1,030
Impact aid	463		463	469		469	377		377
School improvement programs	139		139	256		256	290		290
Chicago litigation settlement	1		1	1		1	1		1
Indian education	6		6	12		12	12		12
Other									
Total—Office of Elementary and Secondary Education	1,302		1,302	1,818		1,818	1,709		1,709
Office of Bilingual Education and Minority Languages Affairs	22		22	37		37	35		35
Office of Special Education and Rehabilitative Services:									
Special education	239		239	462		462	416		416
Rehabilitation services and disability research	181		181	364		364	321		321
Special institutions for persons with disabilities	14		14	20		20	26		26
Office of Vocational and Adult Education	194		194	264		264	379		379
Office of Postsecondary Education:									
College housing loans		8	-8		19	-19		22	-22
Student financial assistance	666		666	1,369		1,369	1,336		1,336
Federal family education loans	628		628	593		593	507		507
Higher education	41		41	106		106	140		140
Howard University	19		19	26		26	37		37
Other	3		3	1		1	-6		-6
Total—Office of Postsecondary Education	1,357	8	1,349	2,095	19	2,076	2,015	22	1,993
Office of Educational Research and Improvement	33		33	67		67	63		63
Departmental management	29		29	63		63	72		72
Proprietary receipts from the public		6	-6		10	-10		46	-6
Total—Department of Education	3,370	14	3,356	5,190	29	5,161	5,036	28	5,008
Department of Energy:									
Atomic energy defense activities	1,147		1,147	2,231		2,231	2,001		2,001
Energy programs:									
General science and research activities	117		117	237		237	231		231
Energy supply, R and D activities	187		187	487		487	504		504
Uranium supply and enrichment activities	179		179	182		182	206		206
Fossil energy research and development	42		42	74		74	68		68
Energy conservation	58		58	91		91	67		67
Strategic petroleum reserve	20		20	36		36	56		56
Nuclear waste disposal fund	34		34	60		60	59		59
Other	38	(* *)	38	67	(* *)	66	51	(* *)	50
Total—Energy programs	675	(* *)	675	1,233	(* *)	1,233	1,241	(* *)	1,240
Power Marketing Administration	160	112	48	328	201	126	365	207	158
Departmental administration	53		53	81		81	97		97
Proprietary receipts from the public		42	-42		101	-101		308	-308
Intrabudgetary transactions	-154		-154	-132		-132	-80		-80
Offsetting governmental receipts		4	-4		6	-6		3	-3
Total—Department of Energy	1,881	158	1,723						

Table 5. Outlays of the U.S. Government, November 1993 and Other Periods—Continued
 [\$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Department of Health and Human Services, except Social Security:									
Public Health Service:									
Food and Drug Administration	66	(* *)	66	126	1	126	116	1	115
Health Resources and Services Administration	186	.....	186	317	.....	317	260	.....	260
Indian Health Service	152	.....	152	288	.....	288	267	.....	267
Centers for Disease Control	135	.....	135	233	.....	233	225	.....	225
National Institutes of Health	955	.....	955	1,737	.....	1,737	1,467	.....	1,467
Substance Abuse and Mental Health Services Administration	141	.....	141	340	.....	340	464	.....	464
Agency for Health Care Policy and Research	8	.....	8	19	.....	19	4	.....	4
Assistant secretary for health	56	.....	56	108	.....	108	111	.....	111
Total—Public Health Service	1,700	(* *)	1,700	3,167	1	3,166	2,914	1	2,914
Health Care Financing Administration:									
Grants to States for Medicaid	6,626	.....	6,626	14,020	.....	14,020	11,807	.....	11,807
Payments to health care trust funds	3,746	.....	3,746	7,511	.....	7,511	6,355	.....	6,355
Federal hospital insurance trust fund:									
Benefit payments	7,920	.....	7,920	15,258	.....	15,258	13,696	.....	13,696
Administrative expenses and construction	86	.....	86	180	.....	180	158	.....	158
Interest on normalized tax transfers .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Quinquennial transfers to the general fund from FHI .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total—FHI trust fund	8,006	.....	8,006	15,438	.....	15,438	13,854	.....	13,854
Federal supplementary medical insurance trust fund:									
Benefit payments	4,715	.....	4,715	9,236	.....	9,236	8,472	.....	8,472
Administrative expenses and construction	122	.....	122	252	.....	252	152	.....	152
Total—FSMI trust fund	4,838	.....	4,838	9,487	.....	9,487	8,624	.....	8,624
Other	55	.....	55	72	.....	72	162	.....	162
Total—Health Care Financing Administration	23,270	.....	23,270	46,529	.....	46,529	40,802	.....	40,802
Social Security Administration:									
Payments to Social Security trust funds	11	.....	11	988	.....	988	1,528	.....	1,528
Special benefits for disabled coal miners	68	.....	68	137	.....	137	134	.....	134
Supplemental security income program	1,982	.....	1,982	3,905	.....	3,905	3,414	.....	3,414
Total—Social Security Administration	2,061	.....	2,061	5,031	.....	5,031	5,076	.....	5,076
Administration for children and families:									
Family support payments to States	1,344	.....	1,344	2,790	.....	2,790	2,752	.....	2,752
Low income home energy assistance	121	.....	121	574	.....	574	258	.....	258
Refugee and entrant assistance	8	.....	8	46	.....	46	44	.....	44
Community Services Block Grant	7	.....	7	50	.....	50	63	.....	63
Payments to States for afdc work programs	64	.....	64	106	.....	106	65	.....	65
Interim assistance to States for legalization	530	.....	530	569	.....	569	28	.....	28
Payments to States for child care assistance	52	.....	52	111	.....	111	24	.....	24
Social services block grant	186	.....	186	324	.....	324	432	.....	432
Children and families services programs	283	.....	283	568	.....	568	563	.....	563
Payments to States for foster care and adoption assistance	127	.....	127	382	.....	382	81	.....	81
Other .....	.....	.....	.....	.....	.....	.....	(* *)	.....	(* *)
Total—Administration for children and families	2,723	.....	2,723	5,520	.....	5,520	4,310	.....	4,310
Administration on aging	57	.....	57	100	.....	100	50	.....	50
Office of the Secretary	13	.....	13	29	.....	29	33	.....	33
Proprietary receipts from the public .....	.....	1,384	-1,384	.....	2,738	-2,738	.....	2,268	-2,268
Intrabudgetary transactions:									
Quinquennial transfers to the general fund	.....	.....	.....	.....	.....	.....	.....	.....	.....
From FHI, FOASI, and FDI .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Payments for health insurance for the aged:	.....	.....	.....	.....	.....	.....	.....	.....	.....
Federal hospital insurance trust fund .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Federal supplementary medical insurance trust fund ..	-3,746	.....	-3,746	-7,511	.....	-7,511	-6,355	.....	-6,355
Payments for tax and other credits:	.....	.....	.....	.....	.....	.....	.....	.....	.....
Federal hospital insurance trust fund .....	.....	.....	.....	.....	.....	.....	(* *)	.....	(* *)
Other .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total—Department of Health and Human Services, except Social Security	26,079	1,384	24,695	52,865	2,739	50,126	46,832	2,269	44,563

Table 5. Outlays of the U.S. Government, November 1993 and Other Periods—Continued
 [\$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Department of Health and Human Services, Social Security (off-budget):									
Federal old-age and survivors insurance trust fund:									
Benefit payments	22,404	.....	22,404	44,812	.....	44,812	42,711	.....	42,711
Administrative expenses and construction	150	.....	150	288	.....	288	327	.....	327
Payment to railroad retirement account	.....	.....	.....	.....	.....	.....	.....	.....	.....
Interest expense on interfund borrowings	.....	.....	.....	.....	.....	.....	.....	.....	.....
Interest on normalized tax transfers	.....	.....	.....	.....	.....	.....	.....	.....	.....
Quinquennial transfers to the general fund from FOASI	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total—FOASI trust fund	22,554	.....	22,554	45,100	.....	45,100	43,038	.....	43,038
Federal disability insurance trust fund:									
Benefit payments	2,911	.....	2,911	5,837	.....	5,837	5,278	.....	5,278
Administrative expenses and construction	87	.....	87	153	.....	153	132	.....	132
Payment to railroad retirement account	.....	.....	.....	.....	.....	.....	.....	.....	.....
Interest on normalized tax transfers	.....	.....	.....	.....	.....	.....	.....	.....	.....
Quinquennial transfers to the general fund from FDI	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total—FDI trust fund	2,998	.....	2,998	5,990	.....	5,990	5,409	.....	5,409
Proprietary receipts from the public	.....	(* *)	(* *)	.....	(* *)	(* *)	.....	(* *)	(* *)
Intrabudgetary transactions ⁵	-7	.....	-7	-984	.....	-984	-1,528	.....	-1,528
Total—Department of Health and Human Services, Social Security(off-budget)	25,545	(* *)	25,545	50,107	(* *)	50,106	46,919	(* *)	46,919
Department of Housing and Urban Development:									
Housing programs:									
Public enterprise funds	13	8	5	26	14	13	17	12	5
Credit accounts:									
Federal housing administration fund	583	485	98	1,108	859	249	1,252	871	381
Housing for the elderly or handicapped fund	-9	59	-69	375	118	257	404	100	304
Other	33	.....	33	75	(* *)	75	36	(* *)	36
Rent supplement payments	5	.....	5	10	.....	10	8	.....	8
Homeownership assistance	9	.....	9	18	.....	18	11	.....	11
Rental housing assistance	55	.....	55	110	.....	110	106	.....	106
Rental housing development grants	(* *)	.....	(* *)	(* *)	.....	(* *)	37	.....	7
Low-rent public housing	219	.....	219	255	.....	255	85	.....	85
Public housing grants	331	.....	331	597	.....	597	382	.....	382
College housing grants	2	.....	2	3	.....	3	3	.....	3
Lower income housing assistance	877	.....	877	1,763	.....	1,763	1,781	.....	1,781
Section 8 contract renewals	273	.....	273	530	.....	530	330	.....	330
Other	4	.....	4	7	.....	7	4	.....	4
Total—Housing programs	2,395	553	1,842	4,877	991	3,886	4,425	982	3,443
Public and Indian Housing programs:									
Low-rent public housing—Loans and other expenses	250	174	76	255	189	66	259	17	242
Payments for operation of low-income housing projects	214	.....	214	432	.....	432	361	.....	361
Community Partnerships Against Crime	11	.....	11	25	.....	25	14	.....	14
Total—Public and Indian Housing programs	475	174	301	711	189	522	634	17	616
Government National Mortgage Association:									
Management and liquidating functions fund	.....	.....	.....	.....	(* *)	(* *)	.....	(* *)	(* *)
Guarantees of mortgage-backed securities	42	83	-41	175	264	-89	188	1276	-88
Total—Government National Mortgage Association	42	83	-41	175	264	-89	188	276	-88
Community Planning and Development:									
Community Development Grants	285	.....	285	586	.....	586	559	.....	559
Other	67	14	53	140	29	111	64	17	47
Total—Community Planning and Development	352	14	338	725	29	697	624	17	606
Management and Administration	17	.....	17	83	.....	83	103	.....	103
Other	2	.....	2	4	.....	4	5	.....	5
Proprietary receipts from the public	.....	44	-44	(* *)	44	-44	(* *)	43	-43
Offsetting governmental receipts	.....	.....	.....	.....	.....	.....	83	.....	-3
Total—Department of Housing and Urban Development	3,282	867	2,415	6,576	1,516	5,060	5,979	1,339	4,641

Table 5. Outlays of the U.S. Government, November 1993 and Other Periods—Continued
[\$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Department of the Interior:									
Land and minerals management:									
Bureau of Land Management:									
Management of lands and resources	46	.....	46	91	.....	91	99	.....	99
Fire protection	12	.....	12	19	.....	19	27	.....	27
Other	40	.....	40	56	.....	56	44	.....	44
Minerals Management Service	61	.....	61	130	.....	130	126	.....	126
Office of Surface Mining Reclamation and Enforcement	25	.....	25	49	.....	49	57	.....	57
Total—Land and minerals management	184	.....	184	346	.....	346	353	.....	353
Water and science:									
Bureau of Reclamation:									
Construction program	20	.....	20	43	.....	43	50	.....	50
Operation and maintenance	18	.....	18	37	.....	37	53	.....	53
Other	40	39	1	76	50	26	71	11	60
Geological Survey	42	.....	42	84	.....	84	120	.....	120
Bureau of Mines	14	2	12	29	5	24	33	5	28
Total—Water and science	135	41	94	269	55	215	327	16	311
Fish and wildlife and parks:									
United States Fish and Wildlife Service	95	.....	95	174	.....	174	181	.....	181
National Park Service	147	.....	147	250	.....	250	262	.....	262
Total—Fish and wildlife and parks	242	.....	242	423	.....	423	443	.....	443
Bureau of Indian Affairs:									
Operation of Indian programs	139	.....	139	234	.....	234	197	.....	197
Indian tribal funds	-73	.....	-73	-64	.....	-64	-28	.....	-28
Other	111	(* *)	110	130	1	129	63	2	61
Total—Bureau of Indian Affairs	176	(* *)	176	300	1	299	232	2	230
Territorial and international affairs	11	.....	11	111	.....	111	129	.....	129
Departmental offices	26	.....	26	29	.....	29	58	.....	58
Proprietary receipts from the public .....	.....	133	-133	.....	280	-280	.....	322	-322
Intrabudgetary transactions .....	(* *)	.....	(* *)	-16	.....	-16	-5	.....	-5
Offsetting governmental receipts .....	.....	(* *)	(* *)	.....	(* *)	(* *)	.....	(* *)	(* *)
Total—Department of the Interior	774	174	600	1,462	336	1,127	1,538	340	1,198
Department of Justice:									
Legal activities	173	.....	173	363	.....	363	835	.....	835
Federal Bureau of Investigation	180	.....	180	353	.....	353	371	.....	371
Drug Enforcement Administration	65	.....	65	132	.....	132	143	.....	143
Immigration and Naturalization Service	124	.....	124	226	.....	226	242	.....	242
Federal Prison System	193	9	184	362	19	343	366	14	352
Office of Justice Programs	81	.....	81	142	.....	142	129	.....	129
Other	132	.....	132	153	.....	153	119	.....	119
Intrabudgetary transactions	-1	.....	-1	-1	.....	-1	-5	.....	-5
Offsetting governmental receipts .....	.....	34	-34	.....	757	-57	.....	757	-57
Total—Department of Justice	948	43	905	1,730	76	1,654	2,199	71	2,128
Department of Labor:									
Employment and Training Administration:									
Training and employment services	336	.....	336	681	.....	681	686	.....	686
Community Service Employment for Older Americans	36	.....	36	65	.....	65	62	.....	62
Federal unemployment benefits and allowances	17	.....	17	25	.....	25	18	.....	18
State unemployment insurance and employment service operations	-61	.....	-61	-46	.....	-46	-21	.....	-21
Payments to the unemployment trust fund .....	.....	.....	.....	.....	.....	.....	1,300	.....	1,300
Advances to the unemployment trust fund and other funds	755	.....	755	1,714	.....	1,714	250	.....	250

Table 5. Outlays of the U.S. Government, November 1993 and Other Periods—Continued
 [\$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Department of Labor:—Continued									
Unemployment trust fund:									
Federal-State unemployment insurance:									
State unemployment benefits	2,417	.....	2,417	4,734	.....	4,734	5,529	.....	5,529
State administrative expenses	315	.....	315	600	.....	600	568	.....	568
Federal administrative expenses	14	.....	14	104	.....	104	22	.....	22
Veterans employment and training	8	.....	8	19	.....	19	27	.....	27
Repayment of advances from the general fund .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Railroad unemployment insurance	5	.....	5	10	.....	10	10	.....	10
Other	3	.....	3	5	.....	5	4	.....	4
Total—Unemployment trust fund	2,762	.....	2,762	5,472	.....	5,472	6,160	.....	6,160
Other	3	.....	3	12	.....	12	9	.....	9
Total—Employment and Training Administration	3,847	.....	3,847	7,922	.....	7,922	8,465	.....	8,465
Pension Benefit Guaranty Corporation	206	^a -105	310	272	-55	327	126	79	47
Employment Standards Administration:									
Salaries and expenses	19	.....	19	34	.....	34	32	.....	32
Special benefits	-688	.....	-688	-601	.....	-601	-701	.....	-701
Black lung disability trust fund	50	.....	50	99	.....	99	99	.....	99
Other	10	.....	10	24	.....	24	24	.....	24
Occupational Safety and Health Administration	23	.....	23	42	.....	42	40	.....	40
Bureau of Labor Statistics	18	.....	18	30	.....	30	45	.....	45
Other	30	.....	30	68	.....	68	63	.....	63
Proprietary receipts from the public .....	.....	(* *)	(* *)	.....	(* *)	(* *)	.....	1	-1
Intrabudgetary transactions	-797	.....	-797	-1,760	.....	-1,760	-1,616	.....	-1,616
Total—Department of Labor	2,718	-105	2,823	6,130	-55	6,185	6,578	80	6,498
Department of State:									
Administration of Foreign Affairs:									
Salaries and expenses	53	.....	53	243	.....	243	408	.....	408
Acquisition and maintenance of buildings abroad	55	.....	55	92	.....	92	93	.....	93
Payment to Foreign Service retirement and disability fund	125	.....	125	125	.....	125	.....	.....	.....
Foreign Service retirement and disability fund	35	.....	35	68	.....	68	68	.....	68
Other	17	.....	17	26	.....	26	27	.....	27
Total—Administration of Foreign Affairs	285	.....	285	554	.....	554	595	.....	595
International organizations and Conferences	361	.....	361	915	.....	915	567	.....	567
Migration and refugee assistance	54	.....	54	64	.....	64	116	.....	116
International narcotics control	11	.....	11	15	.....	15	18	.....	18
Other .....	(* *)	.....	(* *)	6	.....	6	15	.....	15
Proprietary receipts from the public .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Intrabudgetary transactions	-125	.....	-125	-125	.....	-125	-46	.....	-46
Offsetting governmental receipts .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total—Department of State	586	.....	586	1,429	.....	1,429	1,265	.....	1,265
Department of Transportation:									
Federal Highway Administration:									
Highway trust fund:									
Federal-aid highways	1,591	.....	1,591	3,361	.....	3,361	2,944	.....	2,944
Other	10	.....	10	14	.....	14	21	.....	21
Other programs	28	.....	28	59	.....	59	35	.....	35
Total—Federal Highway Administration	1,629	.....	1,629	3,434	.....	3,434	3,000	.....	3,000
National Highway Traffic Safety Administration	20	.....	20	40	.....	40	38	.....	38
Federal Railroad Administration:									
Grants to National Railroad Passenger Corporation	156	.....	156	214	.....	214	180	.....	180
Other	33	1	32	54	2	52	52	3	50
Total—Federal Railroad Administration	190	1	189	269	2	266	232	3	229

Table 5. Outlays of the U.S. Government, November 1993 and Other Periods—Continued
 [\$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Department of Transportation:—Continued									
Federal Transit Administration:									
Formula grants	-52	.....	-52	140	.....	140	195	.....	195
Discretionary grants	127	.....	127	240	.....	240	216	.....	216
Other	155	.....	155	174	.....	174	69	.....	69
Total—Federal Transit Administration	231	.....	231	555	.....	555	481	.....	481
Federal Aviation Administration:									
Operations	319	.....	319	688	.....	688	427	.....	427
Airport and airway trust fund:									
Grants-in-aid for airports	226	.....	226	359	.....	359	406	.....	406
Facilities and equipment	207	.....	207	286	.....	286	232	.....	232
Research, engineering and development	22	.....	22	35	.....	35	26	.....	26
Operations .....	.....	.....	.....	.....	.....	.....	380	.....	380
Total—Airport and airway trust fund	456	.....	456	680	.....	680	1,044	.....	1,044
Other	(* *)	(* *)	(* *)	(* *)	(* *)	(* *)	(* *)	(* *)	(* *)
Total—Federal Aviation Administration	775	(* *)	775	1,368	(* *)	1,368	1,470	(* *)	1,470
Coast Guard:									
Operating expenses	205	.....	205	406	.....	406	419	.....	419
Acquisition, construction, and improvements	31	.....	31	43	.....	43	36	.....	36
Retired pay	38	.....	38	71	.....	71	76	.....	76
Other	13	(* *)	12	20	1	19	22	1	21
Total—Coast Guard	287	(* *)	287	539	1	538	553	1	552
Maritime Administration	71	29	42	133	42	91	106	41	65
Other	80	(* *)	80	99	(* *)	99	80	1	79
Proprietary receipts from the public .....	.....	(* *)	(* *)	.....	(* *)	(* *)	.....	(* *)	(* *)
Intrabudgetary transactions .....	(* *)	.....	(* *)	13	.....	13	-3	.....	-3
Offsetting governmental receipts .....	.....	(* *)	(* *)	.....	1	-1	.....	12	-12
Total—Department of Transportation	3,283	31	3,252	6,450	47	6,403	5,957	58	5,899
Department of the Treasury:									
Departmental offices:									
Exchange stabilization fund	-97	1	-98	-114	2	-116	-5	2	-6
Other	29	.....	29	61	.....	61	59	.....	59
Financial Management Service:									
Salaries and expenses	21	.....	21	34	.....	34	39	.....	39
Payment to the Resolution Funding Corporation .....	.....	.....	.....	587	.....	587	587	.....	587
Claims, judgements, and relief acts	19	.....	19	70	.....	70	46	.....	46
Other	14	.....	14	25	.....	25	340	.....	40
Total—Financial Management Service	54	.....	54	717	.....	717	712	.....	712
Federal Financing Bank									
Bureau of Alcohol, Tobacco and Firearms:									
Salaries and expenses	27	.....	27	50	.....	50	60	.....	60
Internal revenue collections for Puerto Rico	22	.....	22	37	.....	37	33	.....	33
United States Customs Service	152	.....	152	280	.....	280	300	.....	300
Bureau of Engraving and Printing	33	.....	33	32	.....	32	5	.....	5
United States Mint	5	.....	5	-6	.....	-6	26	.....	26
Bureau of the Public Debt	15	.....	15	28	.....	28	35	.....	35
Internal Revenue Service:									
Processing tax returns and assistance	131	.....	131	228	.....	228	253	.....	253
Tax law enforcement	330	.....	330	596	.....	596	638	.....	638
Information systems	85	.....	85	145	.....	145	171	.....	171
Payment where earned income credit exceeds liability for tax	26	.....	26	43	.....	43	35	.....	35
Health insurance supplement to earned income credit ..	2	.....	2	4	.....	4	4	.....	4
Refunding internal revenue collections, interest	180	.....	180	575	.....	575	371	.....	371
Other	9	.....	9	22	.....	22	30	.....	30
Total—Internal Revenue Service	763	.....	763	1,613	.....	1,613	1,502	.....	1,502

Table 5. Outlays of the U.S. Government, November 1993 and Other Period
[\$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Department of the Treasury:—Continued									
United States Secret Service	39	.....	39	74	.....	74	101	.....	101
Comptroller of the Currency	29	1	28	58	9	49	65	8	57
Office of Thrift Supervision	15	1	13	30	3	27	41	12	29
Interest on the public debt:									
Public issues (accrual basis)	16,651	.....	16,651	34,080	.....	34,080	34,059	.....	34,059
Special issues (cash basis)	5,609	.....	5,609	5,819	.....	5,819	6,426	.....	6,426
Total—Interest on the public debt	22,260	.....	22,260	39,898	.....	39,898	40,484	.....	40,484
Other	6	.....	6	12	.....	12	8	.....	8
Proprietary receipts from the public .....	.....	-73	73	.....	274	-274	.....	4,250	-250
Receipts from off-budget federal entities .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Intrabudgetary transactions	-890	.....	-890	-2,247	.....	-2,247	-3,111	.....	-3,111
Offsetting governmental receipts .....	.....	86	-86	.....	142	-142	.....	109	-109
Total—Department of the Treasury	22,352	16	22,336	40,301	429	39,872	40,090	381	39,709
Department of Veterans Affairs:									
Veterans Health Administration:									
Medical care	1,229	.....	1,229	2,326	.....	2,326	2,258	.....	2,258
Other	99	22	77	117	43	74	104	39	66
Veterans Benefits Administration:									
Public enterprise funds:									
Guaranty and indemnity fund	45	69	-24	81	123	-42	51	71	-21
Loan guaranty revolving fund	129	40	89	240	81	159	341	88	253
Other	31	28	3	69	63	6	87	53	34
Compensation and pensions	1,406	.....	1,406	2,805	.....	2,805	2,702	.....	2,702
Readjustment benefits	111	.....	111	184	.....	184	153	.....	153
Post-Vietnam era veterans education account	8	.....	8	15	.....	15	20	.....	20
Insurance funds:									
National service life	87	.....	87	182	.....	182	129	.....	129
United States government life	1	.....	1	3	.....	3	2	.....	2
Veterans special life	8	3	5	18	6	12	13	7	6
Other	2	.....	2	-11	.....	-11	-21	.....	-21
Total—Veterans Benefits Administration	1,829	141	1,689	3,587	272	3,315	3,476	220	3,256
Construction	67	(* *)	67	118	(* *)	118	93	(* *)	93
Departmental administration	234	.....	234	322	.....	322	269	.....	269
Proprietary receipts from the public:									
National service life .....	.....	30	-30	.....	60	-60	.....	65	-65
United States government life .....	.....	(* *)	(* *)	.....	(* *)	(* *)	.....	(* *)	(* *)
Other .....	.....	97	-97	.....	113	-113	.....	96	-96
Intrabudgetary transactions .....	(* *)	.....	(* *)	-7	.....	-7	-3	.....	-3
Total—Department of Veterans Affairs	3,459	290	3,169	6,462	488	5,974	6,197	420	5,778
Environmental Protection Agency:									
Program and research operations	65	.....	65	133	.....	133	154	.....	154
Abatement, control, and compliance	137	.....	137	210	.....	210	225	.....	225
Water infrastructure financing	170	.....	170	323	.....	323	315	.....	315
Hazardous substance superfund	106	.....	106	230	.....	230	209	.....	209
Other	41	(* *)	41	77	(* *)	77	66	1	65
Proprietary receipts from the public .....	.....	12	-12	.....	34	-34	.....	17	-17
Intrabudgetary transactions .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Offsetting governmental receipts .....	.....	1	-1	.....	2	-2	.....	1	-1
Total—Environmental Protection Agency	519	13	506	972	36	936	970	19	950
General Services Administration:									
Real property activities	-542	.....	-542	-258	.....	-258	-251	.....	-251
Personal property activities	-13	.....	-13	-59	.....	-59	-56	.....	-56
Information Resources Management Service	46	.....	46	29	.....	29	-38	.....	-38
Federal property resources activities	3	.....	3	5	.....	5	3	.....	3
General activities	18	.....	18	34	.....	34	29	.....	29
Proprietary receipts from the public .....	.....	(* *)	(* *)	.....	1	-1	.....	(* *)	(* *)
Total—General Services Administration	-489	(* *)	-489	-249	1	-250	-313	(* *)	-313

Table 5. Outlays of the U.S. Government, November 1993 and Other Periods—Continued
[\$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
National Aeronautics and Space Administration:									
Research and development	596	.....	596	1,135	.....	1,135	1,137	.....	1,137
Space flight, control, and data communications	451	.....	451	836	.....	836	947	.....	947
Construction of facilities	37	.....	37	65	.....	65	81	.....	81
Research and program management	129	.....	129	255	.....	255	249	.....	249
Other	1	.....	1	2	.....	2	2	.....	2
Total—National Aeronautics and Space Administration	1,214	.....	1,214	2,293	.....	2,293	2,415	.....	2,415
Office of Personnel Management:									
Government payment for annuitants, employees health and life insurance benefits	327	.....	327	593	.....	593	540	.....	540
Payment to civil service retirement and disability fund .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Civil service retirement and disability fund	2,933	.....	2,933	5,918	.....	5,918	5,586	.....	5,586
Employees health benefits fund	1,227	1,351	-124	2,471	2,497	-26	2,261	2,412	-151
Employees life insurance fund	114	394	-280	225	523	-298	210	517	-308
Retired employees health benefits fund	1	1	(* *)	1	1	(* *)	1	1	(* *)
Other	26	.....	26	33	.....	33	16	.....	16
Intrabudgetary transactions:									
Civil service retirement and disability fund:									
General fund contributions .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Other	-3	.....	-3	-6	.....	-6	-8	.....	-8
Total—Office of Personnel Management	4,625	1,746	2,879	9,235	3,021	6,214	8,606	2,930	5,676
Small Business Administration:									
Public enterprise funds:									
Business loan fund	99	28	72	147	82	66	1177	136	41
Disaster loan fund	55	27	28	74	60	13	153	81	72
Other	3	1	2	8	2	5	17	3	13
Other	43	(* *)	43	76	(* *)	76	82	(* *)	82
Total—Small Business Administration	201	55	146	305	144	160	429	221	208
Other independent agencies:									
Action	-4	.....	-4	9	.....	9	34	.....	34
Board for International Broadcasting	19	.....	19	32	.....	32	42	.....	42
Corporation for Public Broadcasting .....	.....	.....	.....	275	.....	275	319	.....	319
District of Columbia:									
Federal payment	646	.....	646	698	.....	698	698	.....	698
Other	-4	12	-16	3	12	-9	5	24	-20
Equal Employment Opportunity Commission	18	(* *)	18	31	(* *)	31	39	.....	39
Export-Import Bank of the United States	60	75	-15	85	210	-125	95	324	-230
Federal Communications Commission	11	3	7	20	6	14	22	5	17
Federal Deposit Insurance Corporation:									
Bank insurance fund	348	530	-182	676	806	-130	2,154	1,825	329
Savings association insurance fund	3	-1	4	6	7	-1	5	3	2
FSLIC resolution fund	123	115	8	471	463	7	548	296	252
Affordable housing and bank enterprise .....	.....	.....	.....	1	.....	1	.....	.....	.....
Federal Emergency Management Agency:									
Public enterprise funds	79	24	54	152	42	110	50	118	-68
Disaster relief	176	.....	176	317	.....	317	411	.....	411
Emergency management planning and assistance	16	.....	16	34	.....	34	19	.....	19
Other	12	.....	12	26	.....	26	33	.....	33
Federal Trade Commission	9	.....	9	15	.....	15	15	.....	15
Interstate Commerce Commission	4	.....	4	7	.....	7	7	.....	7
Legal Services Corporation	30	.....	30	31	.....	31	59	.....	59
National Archives and Records Administration	14	(* *)	14	17	(* *)	17	25	(* *)	25
National Credit Union Administration:									
Credit union share insurance fund	-21	4	-25	27	14	12	15	82	-68
Central liquidity facility	11	11	.....	20	20	.....	27	27	.....
Other	7	(* *)	7	(* *)	(* *)	-1	1	(* *)	1

Table 5. Outlays of the U.S. Government, November 1993 and Other Period
 [\$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Other independent agencies:—Continued									
National Endowment for the Arts	14	.....	14	33	.....	33	32	.....	32
National Endowment for the Humanities	15	.....	15	26	.....	26	25	.....	25
National Labor Relations Board	18	.....	18	29	.....	29	32	.....	32
National Science Foundation	191	.....	191	413	.....	413	375	.....	375
Nuclear Regulatory Commission	41	69	-29	81	116	-35	70	92	-22
Panama Canal Commission	40	40	(* *)	87	86	1	83	81	2
Postal Service:									
Public enterprise funds (off-budget)	3,901	4,138	-237	7,516	8,263	-747	8,035	8,159	-124
Payment to the Postal Service fund .....	.....	.....	.....	61	.....	61	69	.....	69
Railroad Retirement Board:									
Federal windfall subsidy	23	.....	23	47	.....	47	49	.....	49
Federal payments to the railroad retirement accounts .....	(* *)	.....	(* *)	12	.....	12	16	.....	16
Regional rail transportation protective account .....	(* *)	.....	(* *)	(* *)	.....	(* *)	(* *)	.....	(* *)
Rail industry pension fund:									
Advances from FOASDI fund	-88	.....	-88	-179	.....	-179	-175	.....	-175
OASDI certifications	89	.....	89	179	.....	179	175	.....	175
Administrative expenses	5	.....	5	11	.....	11	12	.....	12
Interest on refunds of taxes .....	(* *)	.....	(* *)	(* *)	.....	(* *)	5	.....	5
Supplemental annuity pension fund	240	.....	240	478	.....	478	475	.....	475
Other	1	.....	1	2	.....	2	2	.....	2
Intrabudgetary transactions:									
Social Security equivalent benefit account	394	.....	394	779	.....	779	771	.....	771
Payments from other funds to the railroad retirement trust funds .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Other .....	.....	.....	.....	-12	.....	-12	-16	.....	-16
Total—Railroad Retirement Board	664	.....	664	1,316	.....	1,316	1,313	.....	1,313
Resolution Trust Corporation	388	1,557	-1,169	1,599	2,761	-1,162	3,793	9,999	-6,206
Securities and Exchange Commission	14	.....	14	24	.....	24	17	.....	17
Smithsonian Institution	24	.....	24	45	.....	45	59	.....	59
Tennessee Valley Authority	907	739	168	1,890	1,617	273	1,700	1,123	577
United States Information Agency	82	.....	82	169	(* *)	169	173	(* *)	173
Other	211	107	104	10389	10151	238	189	7	182
Total—Other independent agencies	8,063	7,424	639	16,630	14,575	2,055	20,588	22,168	-1,580
Allowances: .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Undistributed offsetting receipts:									
Other interest .....	.....	(* *)	(* *)	.....	(* *)	(* *)	.....	(* *)	(* *)
Employer share, employee retirement:									
Legislative Branch:									
United States Tax Court:									
Tax court judges survivors annuity fund .....	(* *)	.....	(* *)	(* *)	.....	(* *)	(* *)	.....	(* *)
The Judiciary:									
Judicial survivors annuity fund .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Department of Defense—Civil:									
Military retirement fund	-1,112	.....	-1,112	-2,193	.....	-2,193	-2,210	.....	-2,210
Department of Health and Human Services, except Social Security:									
Federal hospital insurance trust fund:									
Federal employer contributions	-159	.....	-159	-317	.....	-317	-302	.....	-302
Postal Service employer contributions	-37	.....	-37	-73	.....	-73	-76	.....	-76
Payments for military service credits .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Department of Health and Human Services, Social Security (off-budget):									
Federal old-age and survivors insurance trust fund:									
Federal employer contributions	-425	.....	-425	-850	.....	-850	-804	.....	-804
Payments for military service credits .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Federal disability insurance trust fund:									
Federal employer contributions	-46	.....	-46	-92	.....	-92	-86	.....	-86
Payments for military service credits .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Department of State:									
Foreign Service retirement and disability fund	-8	.....	-8	-17	.....	-17	-18	.....	-18
Office of Personnel Management:									
Civil service retirement and disability fund	-662	.....	-662	-1,478	.....	-1,478	-1,513	.....	-1,513
Independent agencies:									
Court of veterans appeals retirement fund .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total—Employer share, employee retirement	-2,449	.....	-2,449	-5,021	.....	-5,021	-5,009	.....	-5,009

Table 5. Outlays of the U.S. Government, November 1993 and Other Periods—Continued
[\$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Undistributed offsetting receipts:—Continued									
Interest received by trust funds:									
The Judiciary:									
Judicial survivors annuity fund	-4		-4	-4		-4	-4		-4
Department of Defense—Civil:									
Corps of Engineers	(* *)		(* *)	-1		-1	(* *)		(* *)
Military retirement fund	-4,835		-4,835	-5,004		-5,004	-4,713		-4,713
Education benefits fund	-17		-17	-17		-17	-18		-18
Soldiers' and airmen's home permanent fund	-1		-1	-4		-4	-6		-6
Other	(* *)		(* *)	(* *)		(* *)			
Department of Health and Human Services, except Social Security:									
Federal hospital insurance trust fund	-26		-26	-34		-34	-31		-31
Federal supplementary medical insurance trust fund ..	-15		-15	-29		-29	-30		-30
Department of Health and Human Services, Social Security (off-budget):									
Federal old-age and survivors insurance trust fund ...	-56		-56	-99		-99	-110		-110
Federal disability insurance trust fund	-17		-17	-32		-32	-35		-35
Department of Labor:									
Unemployment trust fund	-7		-7	-18		-18	-66		-66
Department of State:									
Foreign Service retirement and disability fund	(* *)		(* *)	-2		-2	(* *)		(* *)
Department of Transportation:									
Highway trust fund	-18		-18	-37		-37	-16		-16
Airport and airway trust fund	-2		-2	-2		-2	-7		-7
Oil spill liability trust fund	-2		-2	-2		-2	1-2		-2
Department of Veterans Affairs:									
National service life insurance fund	-2		-2	-4		-4	-2		-2
United States government life insurance Fund	(* *)		(* *)	(* *)		(* *)	(* *)		(* *)
Environmental Protection Agency	(* *)		(* *)	(* *)		(* *)	(* *)		(* *)
National Aeronautics and Space Administration	(* *)		(* *)	(* *)		(* *)	(* *)		(* *)
Office of Personnel Management:									
Civil service retirement and disability fund	-59		-59	-62		-62	-62		-62
Independent agencies:									
Railroad Retirement Board	-115		-115	-151		-151	-281		-281
Other	-2		-2	-3		-3	-3		-3
Other	6		6	-28		-28	1-8		-8
Total—Interest received by trust funds	-5,173		-5,173	-5,533		-5,533	-5,395		-5,395
Rents and royalties on the outer continental shelf lands ..		461	-461		483	-483		455	-455
Sale of major assets									
Total—Undistributed offsetting receipts	-7,622	461	-8,084	-10,553	483	-11,036	-10,405	455	-10,859
Total outlays	136,539	15,050	121,488	275,338	29,760	245,578	269,751	36,784	232,967
Total on-budget	107,637	10,912	96,724	218,789	21,497	197,292	215,832	28,625	187,207
Total off-budget	28,902	4,138	24,764	56,550	8,263	48,286	53,919	8,159	45,760
Total surplus (+) or deficit			-38,381			-83,803			-81,518
Total on-budget			-38,024			-82,728			-80,948
Total off-budget			-357			-1,075			-570

MEMORANDUM

Receipts offset against outlays

[\$ millions]

	Current Fiscal Year to Date	Comparable Period Prior Fiscal Year
Proprietary receipts	6,932	6,684
Receipts from off-budget federal entities		
Intrabudgetary transactions	35,088	34,944
Governmental receipts	323	303
Total receipts offset against outlays	42,343	41,931

¹Outlays have been decreased in September 1993 by \$1 million, \$3 million, \$34 million, \$152 million, and \$63 million for additional reporting for the OPIC, GNMA, IRS, SBA, and undistributed offsetting receipts, respectively.

²Includes a reclassification from a budgetary status to a non-budgetary status of -\$31 million for FY 1993 for the "Foreign Assistance Programs, Debt Reduction Financing Account".

³Outlays have been increased in September 1993 by \$9 million, \$7 million, \$3 million and \$1 million for additional reporting for the Army, Indian Health Service, Housing Programs, and FMS.

⁴Outlays for the Department of Education have been decreased and outlays for the Department of the Treasury have been correspondingly increased in September 1993 by \$124 million due to the reclassification of the account, "Federal Family Education Loan Program — Downward Re-estimate of Subsidies".

⁵Includes FICA and SECA tax credits, non-contributory military service credits, special benefits for the aged, and credit for unnegotiated OASI benefit checks.

⁶Outlays for the Department of Housing and Urban Development have been decreased and outlays for the Department of the Treasury have been correspondingly increased in November 1992 by \$3 million due to the reclassification of the account, "Office of Federal Housing Enterprise Oversight".

⁷Includes a reclassification in FY 1993, from a governmental receipt to an offsetting governmental receipt, of \$14 million and \$13 million for the Department of Justice, Drug Enforcement Administration and Immigration and Naturalization Service (INS), respectively; and \$2 million in FY 1994 for INS.

⁸Includes an increase in net outlays of \$146 million for amortization of zero coupon bonds.

⁹The Postal Service accounting year is composed of thirteen 28-day accounting periods. To conform with the MTS calendar-month reporting basis utilized by all other Federal agencies, the MTS reflects USPS results through 11/12 and estimates for \$1,089 million through 11/30.

¹⁰Outlays in October 1993 have been increased by \$79 million for the U.S. Enrichment Corporation to report outlays not previously reported.

Table 6. Means of Financing the Deficit or Disposition of Surplus by the U.S.

[\$ millions]

Periods

Assets and Liabilities Directly Related to Budget Off-budget Activity	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 month
		This Year	Prior Year	This Year	This Month	
Liability accounts:						
Borrowing from the public:						
Public debt securities, issued under general Financing authorities:						
Obligations of the United States, issued by:						
United States Treasury	71,024	82,046	68,206	4,396,489	4,407,511	4,478,535
Federal Financing Bank .....	.....	.....	.....	15,000	15,000	15,000
Total, public debt securities	71,024	82,046	68,206	4,411,489	4,422,511	4,493,535
Plus premium on public debt securities	56	49	-10	1,373	1,365	1,422
Less discount on public debt securities	-2,372	-2,828	-25	86,397	85,942	83,570
Total public debt securities net of Premium and discount	73,452	84,923	68,221	4,326,466	4,337,936	4,411,389
Agency securities, issued under special financing authorities (see Schedule B. for other Agency borrowing, see Schedule C)	257	304	428	24,682	24,730	24,987
Total federal securities	73,710	85,227	68,649	4,351,149	4,362,666	4,436,376
Deduct:						
Federal securities held as investments of government accounts (see Schedule D)	-127	7,115	8,208	1,116,740	1,123,983	1,123,856
Less discount on federal securities held as investments of government accounts	-2,808	-2,829	-25	12,709	12,688	9,880
Net federal securities held as investments of government accounts	2,681	9,944	8,233	1,104,032	1,111,295	1,113,976
Total borrowing from the public	71,028	75,283	60,416	3,247,117	3,251,371	3,322,400
Accrued interest payable to the public	-19,036	-9,791	-9,921	43,819	53,064	34,028
Allocations of special drawing rights	-44	-169	-460	6,950	6,825	6,780
Deposit funds	1,815	2,866	-589	5,975	7,026	8,841
Miscellaneous liability accounts (includes checks Outstanding etc.)	1,430	-3,929	-2,923	2,928	-2,431	-1,001
Total liability accounts	55,194	64,260	46,524	3,306,788	3,315,854	3,371,048
Asset accounts (deduct)						
Cash and monetary assets:						
U.S. Treasury operating cash: ¹						
Federal Reserve account	302	-10,955	-17,601	17,289	6,032	6,334
Tax and loan note accounts	13,149	-9,240	-14,473	35,217	12,828	25,977
Balance	13,451	-20,196	-32,074	52,506	18,860	32,310
Special drawing rights:						
Total holdings	54	-112	-615	9,203	9,038	9,091
SDR certificates issued to Federal Reserve banks .....	.....	.....	.....	-8,018	-8,018	-8,018
Balance	54	-112	-615	1,185	1,020	1,073
Reserve position on the U.S. quota in the IMF:						
U.S. subscription to International Monetary Fund:						
Direct quota payments .....	.....	.....	.....	31,762	31,762	31,762
Maintenance of value adjustments	-240	-916	-1,682	5,864	5,188	4,948
Letter of credit issued to IMF	-2	21	-380	-25,514	-25,491	-25,493
Dollar deposits with the IMF	5	-2	12	-98	-105	-100
Receivable/Payable (-) for interim maintenance of value adjustments	162	620	1,064	90	547	710
Balance	-74	-277	-987	12,103	11,901	11,827
Loans to International Monetary Fund .....	.....	.....	.....	(*)	(*)	(*)
Other cash and monetary assets	206	2,884	-104	22,414	25,091	25,298
Total cash and monetary assets	13,636	-17,700	-33,780	88,208	56,872	70,508
Net activity, guaranteed loan financing	-693	-873	-262	-6,320	-6,500	-7,193
Net activity, direct loan financing	280	645	692	6,862	7,227	7,507
Miscellaneous asset accounts	3,653	-1,501	-1,594	-636	-5,790	-2,137
Total asset accounts	16,876	-19,429	-34,944	88,114	51,810	68,685
Excess of liabilities (+) or assets (-)	+38,318	+83,689	+81,468	+3,218,674	+3,264,045	3,302,363
Transactions not applied to current year's surplus or deficit (see Schedule a for Details)	63	114	49	.....	51	114
Total budget and off-budget federal entities (financing of deficit (+) or disposition of surplus (-))	+38,381	+83,803	+81,518	+3,218,674	+3,264,096	+3,302,477

¹Major sources of information used to determine Treasury's operating cash income include the Daily Balance Wires from Federal Reserve Banks, reporting from the Bureau of Public Debt, electronic transfers through the Treasury Financial Communication System and reconciling wires from Internal Revenue Centers. Operating cash is presented on a modified cash basis; deposits are reflected as received and withdrawals are reflected as processed.

... No Transactions.

(*) Less than \$500,000

Note: Details may not add to totals due to rounding

Table 6. Schedule A—Analysis of Change in Excess of Liabilities of the U.S. Government, November 1993 and Other Periods

[\$ millions]			
Classification	This Month	Fiscal Year to Date	
		This Year	Prior Year
Excess of liabilities beginning of period:			
Based on composition of unified budget in preceding period	3,264,257	3,218,965	2,964,066
Adjustments during current fiscal year for changes in composition of unified budget:			
Reclassification of the Disaster Assistance Liquidating Account, FEMA, to a budgetary status			(* *)
Revisions by federal agencies to the prior budget results	-212	-291	101
Reclassification of Thrift Savings Plan Clearing Accounts to a non-budgetary status			(* *)
Reclassification of Deposit in Transit Differences (Suspense) Clearing Accounts to a budgetary status			174
Excess of liabilities beginning of period (current basis)	3,264,045	3,218,674	2,964,341
Budget surplus (-) or deficit:			
Based on composition of unified budget in prior fiscal yr	38,381	83,803	81,518
Changes in composition of unified budget			
Total surplus (-) or deficit (Table 2)	38,381	83,803	81,518
Total-on-budget (Table 2)	38,024	82,728	80,948
Total-off-budget (Table 2)	357	1,075	570
Transactions not applied to current year's surplus or deficit:			
Seigniorage	-63	-114	-49
Total-transactions not applied to current year's Surplus or deficit	-63	-114	-49
Excess of liabilities close of period	3,302,363	3,302,363	3,045,809

Table 6. Schedule B—Securities issued by Federal Agencies Under Special Financing Authorities, November 1993 and Other Periods

[\$ millions]						
Classification	Net Transactions (-) denotes net reduction of either Liability accounts			Account Balances Current Fiscal Year		
	This Month	Fiscal Year to Date		Beginning of		Close of This month
		This Year	Prior Year	This Year	This Month	
Agency securities, issued under special financing authorities:						
Obligations of the United States, issued by:						
Export-Import Bank of the United States				(* *)	(* *)	(* *)
Federal Deposit Insurance Corporation:						
Bank insurance fund				93	93	93
FSLIC resolution fund				943	943	943
Obligations guaranteed by the United States, issued by:						
Department of Defense:						
Family housing mortgages	(* *)	(* *)	(* *)	7	7	6
Department of Housing and Urban Development:						
Federal Housing Administration	12	41	43	213	243	255
Department of the Interior:						
Bureau of Land Management				13	13	13
Department of Transportation:						
Coast Guard:						
Family housing mortgages				(* *)	(* *)	(* *)
Obligations not guaranteed by the United States, issued by:						
Legislative Branch:						
Architect of the Capitol	1	3	2	176	178	179
Independent agencies:						
Farm Credit System Financial Assistance Corporation				1,261	1,261	1,261
National Archives and Records Administration				302	302	302
Tennessee Valley Authority	245	261	383	21,675	21,691	21,935
Total, agency securities	257	304	428	24,682	24,730	24,987

... No Transactions.

(* *) Less than \$500,000.

Note: Details may not add to totals due to rounding.

Table 6. Schedule C (Memorandum)—Federal Agency Borrowing Financed T November 1993 and Other Periods

ties,

[\$ millions]

Classification	Transactions			Account Balances Current Fiscal Year		
	This Month	Fiscal Year to Date		Beginning of		Close of This month
		This Year	Prior Year	This Year	This Month	
Borrowing from the Treasury:						
Funds Appropriated to the President:						
International Security Assistance:						
Guaranty reserve fund				348	348	348
Agency for International Development:						
Housing and other credit guaranty programs				125	125	125
Overseas Private Investment Corporation				8	8	8
Department of Agriculture:						
Foreign assistance programs			13	193	193	193
Commodity Credit Corporation	-16,550	-15,227	-7,116	24,745	26,068	9,518
Farmers Home Administration:						
Agriculture credit insurance fund		-2,385	54	5,771	3,386	3,386
Self-help housing land development fund				1	1	1
Rural housing insurance fund			-83	2,910	2,910	2,910
Rural Development Administration:						
Rural development insurance fund		-10	-4	1,680	1,670	1,670
Rural development loan fund			1	5	5	5
Federal Crop Insurance Corporation:						
Federal crop insurance corporation fund				113	113	113
Rural Electrification Administration:						
Rural communication development fund		31		25	55	55
Rural electrification and telephone revolving fund	280	280	20	8,099	8,099	8,379
Rural Telephone Bank	32	32	(* *)	802	802	834
Department of Commerce:						
Federal ship financing fund, NOAA			-2			
Department of Education:						
Guaranteed student loans				2,058	2,058	2,058
College housing and academic facilities fund		13		154	168	168
College housing loans				460	460	460
Department of Energy:						
Isotope production and distribution fund				13	13	13
Bonneville power administration fund		58	200	2,332	2,390	2,390
Department of Housing and Urban Development:						
Housing programs:						
Housing for the elderly and handicapped		-475	185	8,959	8,484	8,484
Public and Indian housing:						
Low-rent public housing				110	110	110
Department of the Interior:						
Bureau of Reclamation Loans			2	5	5	5
Bureau of Mines, Helium Fund				252	252	252
Bureau of Indian Affairs:						
Revolving funds for loans			(* *)	17	17	17
Department of Justice:						
Federal prison industries, incorporated				20	20	20
Department of Transportation:						
Federal Railroad Administration:						
Railroad rehabilitation and improvement financing funds			8	8	8	8
Settlements of railroad litigation				-39	-39	-39
Amtrak corridor improvement loans				2	2	2
Regional rail reorganization program				39	39	39
Federal Aviation Administration:						
Aircraft purchase loan guarantee program	(* *)	(* *)	(* *)	(* *)	(* *)	(* *)
Department of the Treasury:						
Federal Financing Bank revolving fund	-858	-2,839	-7,843	114,329	112,348	111,490
Department of Veterans Affairs:						
Loan guaranty revolving fund			-678	860	860	860
Guaranty and indemnity fund			8	83	83	83
Direct loan revolving fund			(* *)	1	1	1
Vocational rehabilitation revolving fund			(* *)	2	2	2
Environmental Protection Agency:						
Abatement, control, and compliance loan program	(* *)	(* *)	1	12	12	12
Small Business Administration:						
Business loan and revolving fund				3,203	3,203	3,203

Table 6. Schedule C (Memorandum)—Federal Agency Borrowing Financed Through the Issue of Public Debt Securities, November 1993 and Other Periods—Continued

[\$ millions]

Classification	Transactions			Account Balances Current Fiscal Year		
	This Month	Fiscal Year to Date		Beginning of		Close of This month
		This Year	Prior Year	This Year	This Month	
Borrowing for the Treasury:—Continued						
Other independent agencies:						
Export-Import Bank of the United States		813	9	386	1,199	1,199
Federal Emergency Management Agency:						
National insurance development fund			5	42	42	42
Pennsylvania Avenue Development Corporation:						
Land aquisition and development fund			(* *)	76	76	76
Railroad Retirement Board:						
Railroad retirement account				2,128	2,128	2,128
Social Security equivalent benefit account	227	458	482	2,690	2,921	3,148
Smithsonian Institution:						
John F. Kennedy Center parking facilities				20	20	20
Tennessee Valley Authority				150	150	150
Total agency borrowing from the Treasury financed through public debt securities issued	-16,869	-19,250	-14,738	183,196	180,815	163,946
Borrowing from the Federal Financing Bank:						
Funds Appropriated to the President:						
Foreign military sales	-19	-25	-27	4,083	4,077	4,058
Department of Agriculture:						
Rural Electrification Administration	1	-92	29	22,252	22,160	22,160
Farmers Home Administration:						
Agriculture credit insurance fund				8,908	8,908	8,908
Rural housing insurance fund				26,036	26,036	26,036
Rural development insurance fund				3,675	3,675	3,675
Department of Defense:						
Department of the Navy				1,624	1,624	1,624
Defense agencies				-96	-96	-96
Department of Education:						
Student Loan Marketing Association		-30	-30	4,790	4,760	4,760
Department of Health and Human Services, Except Social Security:						
Medical facilities guarantee and loan fund				85	85	85
Department of Housing and Urban Development:						
Low rent housing loans and other expenses	-54	-54	-52	1,801	1,801	1,747
Community Development Grants	-5	-13	-5	131	123	118
Department of Interior:						
Territorial and international affairs				23	23	23
Department of Transportation:						
Federal Railroad Administration	(* *)	(* *)	(* *)	17	17	17
Department of the Treasury:						
Financial Management Service		-30	-21	30		
General Services Administration:						
Federal buildings fund	17	52	121	1,436	1,471	1,488
Small Business Administration:						
Business loan and investment fund	-8	-15	-26	670	663	655
Independent agencies:						
Export-Import Bank of the United States				5,795	5,795	5,795
Pennsylvania Avenue Development Corporation	9	16	10	150	157	166
Postal Service			537	9,732	9,732	9,732
Resolution Trust Corporation	-797	-2,646	-8,037	31,688	29,839	29,042
Tennessee Valley Authority			-342	6,325	6,325	6,325
Washington Metropolitan Transit Authority				177	177	177
Total borrowing from the Federal Financing Bank	-858	-2,839	-7,843	129,332	127,351	126,493

Note: This table includes lending by the Federal Financing Bank accomplished by the purchase of agency financial assets, by the acquisition of agency debt securities, and by direct loans on behalf of an agency. The Federal Financing Bank borrows from Treasury and issues its own securities and in turn may loan these funds to agencies in lieu of agencies borrowing directly through Treasury or issuing their own securities.

... No Transactions.

(* *) Less than \$500,000

Note: Details may not add to totals due to rounding

Table 6. Schedule D—Investments of Federal Government Accounts in Fed Other Periods

[\$ millions]

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	
Federal funds:						
Department of Agriculture	-1	2	(* *)	.....	3	2
Department of Commerce	-1	-3	.....	10	8	7
Department of Defense—Military:						
Defense cooperation account	(* *)	(* *)	-830	9	9	9
Department of Energy	174	165	55	4,081	4,071	4,246
Department of Housing and Urban Development:						
Housing programs:						
Federal housing administration fund:						
Public debt securities	50	81	-121	5,214	5,245	5,295
Government National Mortgage Association:						
Management and liquidating functions fund:						
Public debt securities .....	.....	(* *)	(* *)	9	8	8
Agency securities .....	.....	.....	.....	20	20	20
Guarantees of mortgage-backed securities:						
Public debt securities	73	90	58	3,221	3,238	3,312
Agency securities .....	.....	.....	(* *)	1	1	1
Other .....	.....	22	3	191	213	213
Department of the Interior:						
Public debt securities	38	181	223	2,508	2,651	2,688
Department of Labor	-3,142	-3,192	-73	16,590	16,540	13,398
Department of Transportation	9	25	37	881	897	906
Department of the Treasury	-60	-60	479	5,773	5,773	5,714
Department of Veterans Affairs:						
Canteen service revolving fund .....	.....	.....	-2	38	38	38
Veterans reopened insurance fund	-3	-5	-3	518	516	513
Servicemen's group life insurance fund .....	.....	.....	-31	150	150	150
Independent agencies:						
Export-Import Bank of the United States	43	161	249	76	194	237
Federal Deposit Insurance Corporation:						
Bank insurance fund	205	197	-277	4,325	4,316	4,522
Savings association insurance fund	7	1	-2	1,283	1,278	1,285
FSLIC resolution fund:						
Public debt securities	42	602	173	828	1,389	1,431
Federal Emergency Management Agency:						
National flood insurance fund .....	.....	-71	12	71	.....	.....
National Credit Union Administration	18	-12	67	2,764	2,734	2,753
Postal Service	363	1,065	719	3,027	3,729	4,092
Tennessee Valley Authority	15	-50	-296	3,452	3,387	3,403
Other	-4	1	-10	853	858	854
Other	-257	-412	62	2,715	2,561	2,303
Total public debt securities	-2,430	-1,211	492	58,589	59,808	57,378
Total agency securities .....	.....	.....	(* *)	21	21	21
Total Federal funds	-2,430	-1,211	492	58,610	59,829	57,399
Trust funds:						
Legislative Branch:						
Library of Congress	(* *)	4	3	1	6	6
United States Tax Court	(* *)	(* *)	(* *)	4	4	5
Other	(* *)	(* *)	(* *)	27	27	26
The Judiciary:						
Judicial retirement funds	17	16	3	212	212	229
Department of Agriculture	179	179	(* *)	5	5	184
Department of Commerce .....	(* *)	(* *)	.....	.....	(* *)	(* *)
Department of Defense—Military:						
Voluntary separation incentive fund	-65	-45	.....	844	864	799
Other	1	5	1	151	155	156
Department of Defense—Civil:						
Military retirement fund	3,513	14,336	14,013	96,690	107,513	111,026
Other	24	21	131	1,213	1,210	1,234

Table 6. Schedule D—Investments of Federal Government Accounts in Federal Securities, November 1993 and Other Periods—Continued

[\$ millions]

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	
Trust Funds—Continued						
Department of Health and Human Services, except Social Security:						
Federal hospital insurance trust fund:						
Public debt securities	-795	-1,770	-654	126,078	125,104	124,309
Federal supplementary medical insurance trust fund	113	715	-163	23,268	23,870	23,983
Other	12	22	20	659	670	682
Department of Health and Human Services, Social Security:						
Federal old-age and survivors insurance trust fund:						
Public debt securities	57	-512	178	355,510	354,940	354,997
Federal disability insurance trust fund	-186	-820	-839	10,237	9,602	9,416
Department of the Interior:						
Public debt securities	116	106	-8	184	174	290
Department of Justice		106			106	106
Department of Labor:						
Unemployment trust fund	930	253	-1,513	36,607	35,930	36,860
Other	-10	-17	-17	53	45	35
Department of State:						
Foreign Service retirement and disability fund	96	14	-54	6,662	6,579	6,675
Other	-38	-38		38	38	(* *)
Department of Transportation:						
Highway trust fund	-333	-1,114	-338	22,004	21,224	20,891
Airport and airway trust fund	68	341	-225	12,672	12,944	13,012
Other	20	15	37	1,675	1,671	1,690
Department of the Treasury	-39	-62	-56	209	186	147
Department of Veterans Affairs:						
General post fund, national homes	(* *)	(* *)		39	39	38
National service life insurance:						
Public debt securities	-62	-122	-59	11,666	11,606	11,544
United States government life Insurance Fund	-1	-3	-2	125	123	122
Veterans special life insurance fund	-6	-12	-6	1,462	1,456	1,450
Environmental Protection Agency	-18	-14	46	5,477	5,481	5,463
National Aeronautics and Space Administration	(* *)	(* *)	(* *)	16	16	16
Office of Personnel Management:						
Civil service retirement and disability fund:						
Public debt securities	-1,709	-3,566	-3,168	311,705	309,848	308,139
Employees health benefits fund	124	77	111	6,794	6,747	6,871
Employees life insurance fund	285	310	308	13,688	13,713	13,998
Retired employees health benefits fund	(* *)		(* *)	1	1	1
Independent agencies:						
Harry S. Truman memorial scholarship trust fund			1	52	52	52
Japan-United States Friendship Commission	(* *)	-1	1	17	16	16
Railroad Retirement Board	10	-102	-36	11,961	11,849	11,859
Other	(* *)	3	3	125	128	128
Total public debt securities	2,303	8,326	7,716	1,058,131	1,064,153	1,066,456
Total trust funds	2,303	8,326	7,716	1,058,131	1,064,153	1,066,456
Grand total	-127	7,115	8,208	1,116,740	1,123,983	1,123,856

... No Transactions
 (* *) Less than \$500,000.

Note: Investments are in public debt securities unless otherwise noted.
 Note: Details may not add to totals due to rounding.

Table 7. Receipts and Outlays of the U.S. Government by Month, Fiscal Year 1994
 [\$ millions]

Classification	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Fiscal Year To Date	Comparable Period Prior F.Y.
Receipts:														
Individual income taxes	37,680	37,634											75,314	70,379
Corporation income taxes	2,158	2,208											4,366	3,575
Social insurance taxes and contributions:														
Employment taxes and contributions	29,440	31,525											60,965	58,399
Unemployment insurance	1,046	2,773											3,819	3,304
Other retirement contributions	343	385											728	792
Excise taxes	3,597	4,808											8,405	7,752
Estate and gift taxes	990	1,305											2,296	1,981
Customs duties	1,708	1,688											3,396	3,169
Miscellaneous receipts	1,706	781											2,487	2,098
Total—Receipts this year	78,668	83,107											161,775	.....
(On-budget)	55,864	58,700											114,564	.....
(Off-budget)	22,804	24,407											47,211	.....
<i>Total—Receipts prior year</i>	<i>76,824</i>	<i>74,625</i>											.....	<i>151,449</i>
<i>(On budget)</i>	<i>55,048</i>	<i>51,211</i>											.....	<i>106,259</i>
<i>(Off budget)</i>	<i>21,776</i>	<i>23,414</i>											.....	<i>45,190</i>
Outlays														
Legislative Branch	378	206											584	414
The Judiciary	158	219											377	298
Executive Office of the President	20	18											37	40
Funds Appropriated to the President:														
International Security Assistance	3,302	397											3,699	3,727
International Development Assistance	557	351											908	889
Other	133	348											481	242
Department of Agriculture:														
Foreign assistance, special export programs and Commodity Credit Corporation	900	2,263											3,162	3,930
Other	3,993	4,886											8,879	8,745
Department of Commerce	264	277											541	575
Department of Defense:														
Military:														
Military personnel	6,634	5,357											11,991	12,823
Operation and maintenance	6,413	7,049											13,461	13,791
Procurement	5,131	5,132											10,263	11,025
Research, development, test, and evaluation	2,987	2,875											5,861	5,754
Military construction	404	388											792	820
Family housing	226	208											434	437
Revolving and management funds	1,568	816											2,384	1,014
Defense cooperation account	(*)	(*)											(*)	-34
Other	-217	-27											-244	269
Total Military	23,147	21,796											44,943	45,901
Civil	2,550	2,515											5,064	4,999
Department of Education	1,805	3,356											5,161	5,006
Department of Energy	1,710	1,723											3,433	3,105
Department of Health and Human Services, except Social Security:														
Public Health Service	1,467	1,700											3,166	2,914
Health Care Financing Administration:														
Grants to States for Medicaid	7,394	6,626											14,020	11,807
Federal hospital ins. trust fund	7,432	8,006											15,438	13,854
Federal supp. med. ins. trust fund	4,650	4,838											9,487	8,624
Other	3,783	3,801											7,584	6,517
Social Security Administration	2,970	2,061											5,031	5,076
Administration for children and families	2,797	2,723											5,520	4,310
Other	-5,060	-5,060											-10,120	-8,540
Department of Health and Human Services, Social Security:														
Federal old-age and survivors ins. trust fund	22,546	22,554											45,100	43,038
Federal disability ins. trust fund	2,992	2,998											5,990	5,409
Other	-977	-7											-984	-1,528

Table 7. Receipts and Outlays of the U.S. Government by Month, Fiscal Year 1994—Continued
 [\$ millions]

Classification	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Fiscal Year To Date	Comparable Period Prior F.Y.
Outlays—Continued														
Department of Housing and Urban Development	2,645	2,415											5,060	4,641
Department of the Interior	527	600											1,127	1,198
Department of Justice	749	905											1,654	2,128
Department of Labor:														
Unemployment trust fund	2,710	2,762											5,472	6,160
Other	652	61											713	338
Department of State	843	586											1,429	1,265
Department of Transportation:														
Highway trust fund	1,774	1,601											3,375	2,965
Other	1,377	1,651											3,028	2,933
Department of the Treasury:														
Interest on the public debt	17,638	22,260											39,898	40,484
Other	-102	75											-27	-775
Department of Veterans Affairs:														
Compensation and pensions	1,400	1,406											2,805	2,702
National service life	66	57											123	64
United States government life	2	1											3	2
Other	1,338	1,705											3,043	3,010
Environmental Protection Agency	430	506											936	950
General Services Administration	239	-489											-250	-313
National Aeronautics and Space Administration	1,079	1,214											2,293	2,415
Office of Personnel Management	3,335	2,879											6,214	5,676
Small Business Administration	14	146											160	208
Independent agencies:														
Fed. Deposit Ins. Corp.:														
Bank insurance funds	52	-182											-130	329
Savings association fund	-5	4											-1	2
FSLIC resolution fund	(* *)	8											7	252
Postal Service:														
Public enterprise funds (off-budget)	-509	-237											-747	-124
Payment to the Postal Service fund	61												61	69
Resolution Trust Corporation	7	-1,169											-1,162	-6,206
Tennessee Valley Authority	106	168											273	577
Other independent agencies	1,705	2,048											3,753	3,521
Undistributed offsetting receipts:														
Employer share, employee retirement	-2,572	-2,449											-5,021	-5,009
Interest received by trust funds	-359	-5,173											-5,533	-5,395
Rents and royalties on outer continental shelf lands	-21	-461											-483	-455
Other	(* *)	(* *)											(* *)	(* *)
Totals this year:														
Total outlays	124,090	121,488											245,578	.....
(On-budget)	100,568	96,724											197,292	.....
(Off-budget)	23,523	24,764											48,286	.....
Total-surplus (+) or deficit (-)	-45,422	-38,381											-83,803	.....
(On-budget)	-44,704	-38,024											-82,728	.....
(Off-budget)	-719	-357											-1,075	.....
Total borrowing from the public	4,255	71,028											75,283	60,416
<i>Total-outlays prior year</i>	<i>125,616</i>	<i>107,351</i>											.....	<i>232,967</i>
(On-budget)	<i>103,775</i>	<i>83,432</i>											.....	<i>187,207</i>
(Off-budget)	<i>21,841</i>	<i>23,919</i>											.....	<i>45,760</i>
<i>Total-surplus (+) or deficit (-) prior year</i>	<i>-48,792</i>	<i>-32,726</i>											.....	<i>-81,518</i>
(On-budget)	<i>-48,727</i>	<i>-32,221</i>											.....	<i>-80,948</i>
(Off-budget)	<i>-65</i>	<i>-505</i>											.....	<i>-570</i>

... No transactions.
 (* *) Less than \$500,000.
 Note: Details may not add to totals due to rounding.

Table 8. Trust Fund Impact on Budget Results and Investment Holdings as
 [\$ millions]

Classification	This Month			Fiscal Year to Date			Securities held as Investments Current Fiscal Year		
	Receipts	Outlays	Excess	Receipts	Outlays	Excess	Beginning of		Close of This Month
							This Year	This Month	
Trust receipts, outlays, and investments held:									
Airport	452	456	-4	891	680	212	12,672	12,944	13,012
Black lung disability	40	50	-11	95	99	-3	.....	.....	.....
Federal disability insurance	2,426	2,998	-572	4,770	5,990	-1,220	10,237	9,602	9,416
Federal employees life and health .....	.....	-316	316	.....	-210	210	20,484	20,462	20,871
Federal employees retirement	1,245	2,970	-1,725	2,438	5,988	-3,550	318,583	316,644	315,048
Federal hospital insurance	7,127	8,006	-880	13,721	15,438	-1,718	126,078	125,104	124,309
Federal old-age and survivors insurance	22,532	22,554	-22	44,499	45,100	-602	355,510	354,940	354,997
Federal supplementary medical insurance	5,044	4,838	206	10,113	9,487	626	23,268	23,870	23,983
Highways	1,518	1,750	-232	2,955	3,651	-696	22,004	21,224	20,891
Military advances	767	1,087	-320	1,933	2,123	-190	.....	.....	.....
Railroad retirement	398	640	-242	754	1,270	-515	11,961	11,849	11,859
Military retirement	5,948	2,187	3,760	19,105	4,405	14,700	96,690	107,513	111,026
Unemployment	3,575	2,762	813	5,592	5,472	121	36,607	35,930	36,880
Veterans life insurance	32	93	-61	63	197	-134	13,253	13,185	13,116
All other trust	330	142	188	669	489	180	10,784	10,886	11,069
Total trust fund receipts and outlays and investments held from Table 6-D	51,434	50,218	1,216	107,599	100,181	7,418	1,058,131	1,064,153	1,066,458
Less: Interfund transactions	12,299	12,299	.....	32,893	32,893	.....	.....	.....	.....
Trust fund receipts and outlays on the basis of Tables 4 & 5	39,135	37,919	1,216	74,706	67,288	7,418	.....	.....	.....
Total Federal fund receipts and outlays	46,226	85,823	-39,597	92,182	183,404	-91,222	.....	.....	.....
Less: Interfund transactions	19	19	.....	234	234	.....	.....	.....	.....
Federal fund receipts and outlays on the basis of Table 4 & 5	46,207	85,804	-39,597	91,949	183,170	-91,222	.....	.....	.....
Less: offsetting proprietary receipts	2,235	2,235	.....	4,880	4,880	.....	.....	.....	.....
Net budget receipts & outlays	83,107	121,488	-38,381	161,775	245,578	-83,803	.....	.....	.....

..... No transactions.

Note: Interfund receipts and outlays are transactions between Federal funds and trust funds such as Federal payments and contributions, and interest and profits on investments in Federal securities. They have no net effect on overall budget receipts and outlays since the receipts side of such transactions is offset against budget outlays. In this table, Interfund receipts are shown as an adjustment to arrive at total receipts and outlays of trust funds respectively.

Note: Details may not add to totals due to rounding.

Table 9. Summary of Receipts by Source, and Outlays by Function of the U.S. Government, November 1993 and Other Periods

[\$ millions]			
Classification	This Month	Fiscal Year To Date	Comparable Period Prior Fiscal Year
RECEIPTS			
Individual income taxes	37,634	75,314	70,379
Corporation income taxes	2,208	4,366	3,575
Social insurance taxes and contributions:			
Employment taxes and contributions	31,525	60,965	58,399
Unemployment insurance	2,773	3,819	3,304
Other retirement contributions	385	728	792
Excise taxes	4,808	8,405	7,752
Estate and gift taxes	1,305	2,296	1,981
Customs	1,688	3,396	3,169
Miscellaneous	781	2,487	2,098
Total	83,107	161,775	151,449
NET OUTLAYS			
National defense	22,990	47,271	47,961
International affairs	1,964	6,695	6,150
General science, space, and technology	1,522	2,943	3,021
Energy	510	935	1,136
Natural resources and environment	2,784	4,695	5,142
Agriculture	2,237	3,679	4,394
Commerce and housing credit	-1,361	-984	-4,682
Transportation	3,248	6,381	5,903
Community and Regional Development	930	1,828	1,679
Education, training, employment and social services	5,098	8,684	7,763
Health	8,675	17,991	15,441
Medicare	11,491	22,220	20,219
Income security	16,764	34,106	32,411
Social Security	25,556	51,094	48,447
Veterans benefits and services	3,198	6,017	5,821
Administration of justice	1,306	2,315	2,398
General government	1,317	1,957	2,633
Interest	16,171	33,253	32,594
Undistributed offsetting receipts	-2,910	-5,503	-5,464
Total	121,488	245,578	232,967

Note: Details may not add to totals due to rounding.

Explanatory Notes

1. Flow of Data Into Monthly Treasury Statement

The *Monthly Treasury Statement (MTS)* is assembled from data in the central accounting system. The major sources of data include monthly accounting reports by Federal entities and disbursing officers, and daily reports from the Federal Reserve banks. These reports detail accounting transactions affecting receipts and outlays of the Federal Government and off-budget Federal entities, and their related effect on the assets and liabilities of the U.S. Government. Information is presented in the *MTS* on a modified cash basis.

2. Notes on Receipts

Receipts included in the report are classified into the following major categories: (1) budget receipts and (2) offsetting collections (also called applicable receipts). Budget receipts are collections from the public that result from the exercise of the Government's sovereign or governmental powers, excluding receipts offset against outlays. These collections, also called governmental receipts, consist mainly of tax receipts (including social insurance taxes), receipts from court fines, certain licenses, and deposits of earnings by the Federal Reserve System. Refunds of receipts are treated as deductions from gross receipts.

Offsetting collections are from other Government accounts or the public that are of a business-type or market-oriented nature. They are classified into two major categories: (1) offsetting collections credited to appropriations or fund accounts, and (2) offsetting receipts (i.e., amounts deposited in receipt accounts). Collections credited to appropriation or fund accounts normally can be used without appropriation action by Congress. These occur in two instances: (1) when authorized by law, amounts collected for materials or services are treated as reimbursements to appropriations and (2) in the three types of revolving funds (public enterprise, intragovernmental, and trust); collections are netted against spending, and outlays are reported as the net amount.

Offsetting receipts in receipt accounts cannot be used without being appropriated. They are subdivided into two categories: (1) proprietary receipts—these collections are from the public and they are offset against outlays by agency and by function, and (2) intragovernmental funds—these are payments into receipt accounts from Governmental appropriation or funds accounts. They finance operations within and between Government agencies and are credited with collections from other Government accounts. The transactions may be intrabudgetary when the payment and receipt both occur within the budget or from receipts from off-budget Federal entities in those cases where payment is made by a Federal entity whose budget authority and outlays are excluded from the budget totals.

Intrabudgetary transactions are subdivided into three categories: (1) interfund transactions, where the payments are from one fund group (either Federal funds or trust funds) to a receipt account in the other fund group; (2) Federal intrafund transactions, where the payments and receipts both occur within the Federal fund group; and (3) trust intrafund transactions, where the payments and receipts both occur within the trust fund group.

Offsetting receipts are generally deducted from budget authority and outlays by function, by subfunction, or by agency. There are four types of receipts, however, that are deducted from budget totals as undistributed offsetting receipts. They are: (1) agencies' payments (including payments by off-budget Federal entities) as employers into employees retirement funds, (2) interest received by trust funds, (3) rents and royalties on the Outer Continental Shelf lands, and (4) other interest (i.e., interest collected on Outer Continental Shelf money in deposit funds when such money is transferred into the budget).

3. Notes on Outlays

Outlays are generally accounted for on the basis of checks issued, electronic funds transferred, or cash payments made. Certain outlays do not require issuance of cash or checks. An example is charges made against appropriations for that part of employees' salaries withheld for taxes or savings bond allotments — these are counted as payments to

the employee and credits for whatever purpose the money was withheld. Outlays are stated net of offsetting collections (including receipts of revolving and management funds) and of refunds. Interest on the public debt (public issues) is recognized on the accrual basis. Federal credit programs subject to the Federal Credit Reform Act of 1990 use the cash basis of accounting and are divided into two components. The portion of the credit activities that involve a cost to the Government (mainly subsidies) is included within the budget program accounts. The remaining portion of the credit activities are in non-budget financing accounts. Outlays of off-budget Federal entities are excluded by law from budget totals. However, they are shown separately and combined with the on-budget outlays to display total Federal outlays.

4. Processing

The data on payments and collections are reported by account symbol into the central accounting system. In turn, the data are extracted from this system for use in the preparation of the *MTS*.

There are two major checks which are conducted to assure the consistency of the data reported:

1. Verification of payment data. The monthly payment activity reported by Federal entities on their Statements of Transactions is compared to the payment activity of Federal entities as reported by disbursing officers.
2. Verification of collection data. Reported collections appearing on Statements of Transactions are compared to deposits as reported by Federal Reserve banks.

5. Other Sources of Information About Federal Government Financial Activities

- *A Glossary of Terms Used in the Federal Budget Process, March 1981* (Available from the U.S. General Accounting Office, Gaithersburg, Md. 20760). This glossary provides a basic reference document of standardized definitions of terms used by the Federal Government in the budgetmaking process.

- *Daily Treasury Statement* (Available from GPO, Washington, D.C. 20402, on a subscription basis only). *The Daily Treasury Statement* is published each working day of the Federal Government and provides data on the cash and debt operations of the Treasury.

- *Monthly Statement of the Public Debt of the United States* (Available from GPO, Washington, D.C. 20402 on a subscription basis only). This publication provides detailed information concerning the public debt.

- *Treasury Bulletin* (Available from GPO, Washington, D.C. 20402, by subscription or single copy). Quarterly. Contains a mix of narrative, tables, and charts on Treasury issues, Federal financial operations, international statistics, and special reports.

- *Budget of the United States Government, Fiscal Year 19 —* (Available from GPO, Washington, D.C. 20402). This publication is a single volume which provides budget information and contains:

- Appendix, *The Budget of the United States Government, FY 19 —*
- The United States Budget in Brief, FY 19 —*
- Special Analyses*
- Historical Tables*
- Management of the United States Government*
- Major Policy Initiatives*

- *United States Government Annual Report and Appendix* (Available from Financial Management Service, U.S. Department of the Treasury, Washington, D.C. 20227). This annual report represents budgetary results at the summary level. The appendix presents the individual receipt and appropriation accounts at the detail level.

Scheduled Release

**Listed below are the scheduled release dates for the 1994 Statements.
The release time will be 2:00 p.m. EST.**

<u>Accounting Month</u>	<u>Release Date</u>
January 1994	2-22-94
February 1994	3-21-94
March 1994	4-21-94
April 1994	5-20-94
May 1994	6-21-94
June 1994	7-22-94
July 1994	8-19-94
August 1994	9-22-94
September 1994	(¹)
October 1994	11-22-94
November 1994	12-21-94
December 1994	1-24-95

¹Release date subject to completion of year-end reporting requirements.

For sale by the Superintendent of Documents, U.S. Government Printing
Office, Washington, D.C. 20402 (202) 783-3238. The subscription price is
\$35.00 per year (domestic), \$33.73 per year (foreign).
No single copies are sold.

CTION
RESULTS

PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239
FOR IMMEDIATE RELEASE CONTACT: Office of Financing
December 21, 1993 202-219-3350

RESULTS OF TREASURY'S AUCTION OF 2-YEAR NOTES

Tenders for \$17,036 million of 2-year notes, Series AE-1995, to be issued December 31, 1993 and to mature December 31, 1995 were accepted today (CUSIP: 912827N32).

The interest rate on the notes will be 4 1/4%. All competitive tenders at yields lower than 4.28% were accepted in full. Tenders at 4.28% were allotted 32%. All noncompetitive and successful competitive bidders were allotted securities at the yield of 4.28%, with an equivalent price of 99.943. The median yield was 4.27%; that is, 50% of the amount of accepted competitive bids were tendered at or below that yield. The low yield was 4.22%; that is, 5% of the amount of accepted competitive bids were tendered at or below that yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	<u>Received</u>	<u>Accepted</u>
TOTALS	\$47,292,900	\$17,035,826

The \$17,036 million of accepted tenders includes \$793 million of noncompetitive tenders and \$16,243 million of competitive tenders from the public.

In addition, \$690 million of tenders was awarded at the high yield to Federal Reserve Banks as agents for foreign and international monetary authorities. An additional \$1,550 million of tenders was also accepted at the high yield from Federal Reserve Banks for their own account in exchange for maturing securities.

TREASURY NEWS



Department of the Treasury

Washington, D.C.

Telephone 202-622-2960

FOR RELEASE AT 2:30 P.M.
December 21, 1993

CONTACT: Office of Financing
202/219-3350

TREASURY'S WEEKLY BILL OFFERING

The Treasury will auction two series of Treasury bills totaling approximately \$26,000 million, to be issued December 30, 1993. This offering will provide about \$1,725 million of new cash for the Treasury, as the maturing bills are outstanding in the amount of \$24,272 million.

Federal Reserve Banks hold \$6,206 million of the maturing bills for their own accounts, which may be refunded within the offering amount at the weighted average discount rate of accepted competitive tenders.

Federal Reserve Banks hold \$2,955 million as agents for foreign and international monetary authorities, which may be refunded within the offering amount at the weighted average discount rate of accepted competitive tenders. Additional amounts may be issued for such accounts if the aggregate amount of new bids exceeds the aggregate amount of maturing bills.

Tenders for the bills will be received at Federal Reserve Banks and Branches and at the Bureau of the Public Debt, Washington, D. C. This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular (31 CFR Part 356, published as a final rule on January 5, 1993, and effective March 1, 1993) for the sale and issue by the Treasury to the public of marketable Treasury bills, notes, and bonds.

Details about each of the new securities are given in the attached offering highlights.

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Attachment

**HIGHLIGHTS OF TREASURY OFFERINGS OF WEEKLY BILLS
TO BE ISSUED DECEMBER 30, 1993**

December 21, 1993

Offering Amount \$13,000 million \$13,000 million

Description of Offering:

Term and type of security	91-day bill	182-day bill
CUSIP number	912794 J7 0	912794 L4 4
Auction date	December 27, 1993	December 27, 1993
Issue date	December 30, 1993	December 30, 1993
Maturity date	March 31, 1994	June 30, 1994
Original issue date	September 30, 1993	July 1, 1993
Currently outstanding	\$11,754 million	\$15,340 million
Minimum bid amount	\$10,000	\$10,000
Multiples	\$ 1,000	\$ 1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids	Accepted in full up to \$1,000,000 at the average discount rate of accepted competitive bids
Competitive bids	(1) Must be expressed as a discount rate with two decimals, e.g., 7.10%.
	(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is \$2 billion or greater.
	(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

**Maximum Recognized Bid
at a Single Yield**

35% of public offering

Maximum Award 35% of public offering

Receipt of Tenders:

Noncompetitive tenders	Prior to 12:00 noon Eastern Standard time on auction day
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Competitive tenders	Prior to 1:00 p.m. Eastern Standard time on auction day
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<u>Payment Terms</u>	Full payment with tender or by charge to a funds account at a Federal Reserve Bank on issue date
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TREASURY NEWS



Department of the Treasury

Washington, D.C.

Telephone 202-622-2960

FOR IMMEDIATE RELEASE
December 22, 1993

CONTACT: Scott Dykema
(202) 622-2960

U.S.-RUSSIA TAX TREATY TO TAKE EFFECT IN 1994

The Treasury Department announced today that a new tax treaty between the United States and the Russian Federation will take effect January 1, 1994.

The new treaty will replace the treaty between the United States and the former Soviet Union, which continues in effect for the other former Soviet republics.

The new treaty was approved by the Senate on November 20. Vice President Gore and Prime Minister Chernomyrdin exchanged instruments of ratification in Moscow on December 16.

The new treaty generally will take effect for taxable years beginning on or after January 1, 1994. With respect to taxes withheld on interest, dividends and royalties, the new treaty takes effect on February 1, 1994. If the old treaty provides any greater relief from tax, a taxpayer may elect to have the old treaty apply for the first taxable year that the new treaty would otherwise have applied.

Copies of the new treaty may be obtained by writing the Office of Public Affairs, Room 2315, Department of the Treasury, Washington, D.C. 20220, or calling telephone (202) 622-2960.

-30-

LB-561



PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239
 FOR IMMEDIATE RELEASE CONTACT: Office of Financing
 December 22, 1993 202-219-3350

RESULTS OF TREASURY'S AUCTION OF 5-YEAR NOTES

Tenders for \$11,042 million of 5-year notes, Series V-1998, to be issued December 31, 1993 and to mature December 31, 1998 were accepted today (CUSIP: 912827N40).

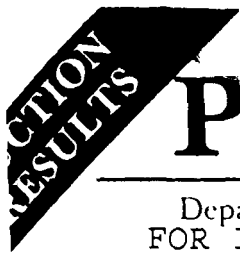
The interest rate on the notes will be 5 1/8%. All competitive tenders at yields lower than 5.19% were accepted in full. Tenders at 5.19% were allotted 72%. All noncompetitive and successful competitive bidders were allotted securities at the yield of 5.19%, with an equivalent price of 99.717. The median yield was 5.19%; that is, 50% of the amount of accepted competitive bids were tendered at or below that yield. The low yield was 5.15%; that is, 5% of the amount of accepted competitive bids were tendered at or below that yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	<u>Received</u>	<u>Accepted</u>
TOTALS	\$35,527,717	\$11,042,099

The \$11,042 million of accepted tenders includes \$497 million of noncompetitive tenders and \$10,545 million of competitive tenders from the public.

In addition, \$30 million of tenders was awarded at the high yield to Federal Reserve Banks as agents for foreign and international monetary authorities. An additional \$1,360 million of tenders was also accepted at the high yield from Federal Reserve Banks for their own account in exchange for maturing securities.



PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239
FOR IMMEDIATE RELEASE
February 14, 1994

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Tenders for \$12,276 million of 26-week bills to be issued February 17, 1994 and to mature August 18, 1994 were accepted today (CUSIP: 912794M84)

RANGE OF ACCEPTED COMPETITIVE BIDS:

	<u>Discount</u> Rate	<u>Investment</u> Rate	<u>Price</u>
Low	3.42%	3.53%	98.271
High	3.43%	3.54%	98.266
Average	3.43%	3.54%	98.266

Tenders at the high discount rate were allotted 23%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	<u>Received</u>	<u>Accepted</u>
TOTALS	\$54,681,946	\$12,276,380
Type		
Competitive	\$49,109,950	\$6,704,384
Noncompetitive	<u>955,768</u>	<u>955,768</u>
Subtotal, Public	\$50,065,718	\$7,660,152
Federal Reserve	2,950,000	2,950,000
Foreign Official		
Institutions	<u>1,666,228</u>	<u>1,666,228</u>
TOTALS	\$54,681,946	\$12,276,380

An additional \$756,472 thousand of bills will be issued to foreign official institutions for new cash.

TREASURY NEWS



Department of the Treasury

Washington, D.C.

Telephone 202-622-2960

FOR IMMEDIATE RELEASE
December 23 , 1993

Contact: Peter O'Brien
(202) 622-2960

U. S. ALLOWS PARTICIPATION IN DEVELOPMENT PROJECTS IN VIETNAM

Treasury's Office of Foreign Assets Control ("FAC") today announced that U. S. corporations and individuals will be permitted to participate in formally proposed or approved development projects in Vietnam of such international financial institutions as the International Bank for Reconstruction and Development, the Asian Development Bank, the United Nations Development Program, and the World Health Organization.

The new regulations, amendments to Foreign Assets Control Regulations, 31 CFR Part 500, implement the President's decision on September 13, 1993, to allow persons or corporations subject to U.S. jurisdiction to provide goods and services in connection with a project once the project has been formally proposed or approved by one of twenty-four listed institutions for execution, funding, or sponsorship by that institution. No specific level of funding by the institution is required.

Equity participation with the institution in the project is also permitted, as is equity participation in entities in Vietnam, such as joint venture corporations, established exclusively to participate in the project. Persons entering into transactions based on the new regulations are required to file an initial registration statement with FAC, as well as annual project status reports. Co-financing of or lending to the projects in Vietnam may be authorized only by specific license on a case-by-case basis.

By separate general license, banking institutions subject to U.S. jurisdiction may process all transactions of the listed institutions with respect to Vietnam without further authorization by FAC.

Persons desiring to export or re-export to the above-described projects in Vietnam either goods, technical data, or the direct products of such data (regardless of U.S. content) are advised that additional authorization from the U.S. Department of Commerce may be required pursuant to the Export Administration Regulations, 15 CFR Parts 768-799.

Additional information regarding the new regulations may be obtained from Treasury's Office of Foreign Assets Control at (202) 622-2480.

This section of the FEDERAL REGISTER contains regulatory documents having general applicability and legal effect, most of which are keyed to and codified in the Code of Federal Regulations, which is published under 50 titles pursuant to 44 U.S.C. 1510.

The Code of Federal Regulations is sold by the Superintendent of Documents. Prices of new books are listed in the first FEDERAL REGISTER issue of each week.

DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

31 CFR Part 500

Foreign Assets Control Regulations; Participation in International Institutions' Development Projects in Vietnam

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Final rule; amendments.

SUMMARY: This rule amends the Foreign Assets Control Regulations to announce the availability of a general license permitting participation by persons subject to U.S. jurisdiction in development projects in Vietnam formally proposed, approved, executed, funded or sponsored by an international institution listed in a new appendix A to the regulations, subject to certain registration and reporting requirements. Specific licenses may be issued to permit co-financing of or lending to such development projects. A further general license is added to permit banking institutions subject to U.S. jurisdiction to process transactions of the named international institutions with respect to Vietnam.

EFFECTIVE DATE: [insert date of filing for public inspection]

FOR FURTHER INFORMATION CONTACT: Steven I. Pinter, Chief of Licensing (tel.: 202/622-2480), Dennis P. Wood, Chief of Compliance Programs (tel.: 202/622-2490), or William B. Hoffman, Chief Counsel (tel.: 202/622-2410), Office of Foreign Assets Control, Department of the Treasury, Washington, DC 20220.

SUPPLEMENTARY INFORMATION:

Electronic Availability

This document is available as an electronic file on *The Federal Bulletin Board* the day of publication in the *Federal Register*. By modem dial 202/512-1387 or call 202/512-1530 for disks or paper copies. This file is

available in Postscript, WordPerfect 5.1 and ASCII.

Background

In support of the President's decision of September 13, 1993, to recognize the recent steps taken by the Vietnamese government and encourage further progress on achieving the fullest possible accounting on U.S. prisoner of war and missing in action cases from the Vietnam war, the Office of Foreign Assets Control ("FAC") is amending the Foreign Assets Control Regulations, 31 CFR part 500 (the "FACR"), to add § 500.576, which generally authorizes the participation by persons subject to U.S. jurisdiction in development projects in Vietnam formally proposed or approved for execution, funding or sponsorship by certain international institutions, such as the International Bank for Reconstruction and Development (the "World Bank"), the Asian Development Bank, the United Nations Development Program, and the World Health Organization. A list of qualified international institutions appears in new appendix A to the FACR.

Once a project (or a feasibility study for a project) has been formally proposed or approved by a qualified international institution for execution, funding or sponsorship by that institution (hereinafter referred to as a "Qualified Project"), persons subject to U.S. jurisdiction may, upon registration with FAC, provide both goods and services in relation to the Qualified Project, as contractors, subcontractors, or suppliers of related goods or services. An initial registration and annual reports are required to be filed with FAC with respect to the authorized transactions, as provided in § 500.576(d) and (e). No specific funding level on the part of qualified international institutions is required. This authorization also permits equity participation with qualified international institutions in Qualified Projects, as well as equity participation by persons subject to U.S. jurisdiction in entities in Vietnam, such as joint venture corporations, established exclusively to participate in Qualified Projects. Co-financing of or lending to Qualified Projects in Vietnam may be authorized by specific license on a case-by-case basis. Certain preparatory transactions may be undertaken by persons subject to U.S. jurisdiction with respect to proposed projects under specific licenses issued pursuant to FACR § 500.574, concerning executory contracts in which Vietnam or a Vietnamese national has an interest.

The authorization in § 500.576 does not permit performance of contracts or

participation in development projects or feasibility studies for development projects prior to the formal proposal or approval of the projects or studies by a qualified international institution. Such participation is prohibited unless otherwise authorized, for example, by § 500.574 with respect to certain executory contracts in which Vietnam or a Vietnamese national has an interest. Section 500.413 is added to provide examples interpreting the scope of the authorization contained in this section.

Exports or reexports to Vietnam of goods and technical data or of the direct products of technical data (regardless of U.S. content), in connection with activities authorized by FAC with respect to Qualified Projects may require additional authorization from the U.S. Department of Commerce pursuant to the Export Administration Regulations, 15 CFR parts 768-799.

The FACR are also amended to add § 500.577, authorizing by general license banking institutions subject to United States jurisdiction to process all transactions of qualified international institutions with respect to Vietnam.

Because the FACR involve a foreign affairs function, Executive Order 12866 and the provisions of the Administrative Procedure Act, § U.S.C. 553, requiring notice of proposed rulemaking, opportunity for public participation, and delay in effective date, are inapplicable. Because no notice of proposed rulemaking is required for this rule, the Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.*, does not apply.

This rule is being issued without prior notice and public procedure pursuant to the Administrative Procedure Act. For this reason, the collection of information contained in FACR § 500.576(c) has been reviewed and, pending receipt and evaluation of public comments, approved by the Office of Management and Budget under control number 1501-****. Comments concerning the average annual burden and suggestions for reducing this burden should be directed to the Office of Management and Budget, Paperwork Reduction Project, Washington, D.C. 20503, with copies to the Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, NW—Annex, Washington, DC 20220. Any such comments should be submitted not later than [insert date 60 days from publication].

The collection of information in this rule is contained in FACR § 500.576(d) and (e). This information is required by the Office of Foreign Assets Control for compliance and enforcement purposes. This information will be used to determine the identity of

organizations availing themselves of the general license in § 500.576, to determine whether persons subject to the FACR are in compliance with applicable requirements, and to determine whether and to what extent enforcement action is appropriate. The likely respondents are businesses.

Estimated total annual reporting and or recordkeeping burden: 600 hours.

The estimated annual burden per respondent/recordkeeper is expected to be 4 hours.

The estimated number of respondents and/or recordkeepers: 150.

Estimated annual frequency of responses: 1.

List of Subjects in 31 CFR Part 500

Administrative practice and procedure, Banks, Banking, Blocking of assets, Cambodia, Communist countries, Currency, Exports, Finance, Foreign Claims, Foreign investment, Foreign trade, International organizations, North Korea, Penalties, Reporting and recordkeeping requirements, Securities, Services, Telecommunications, Travel restrictions, Vietnam.

For the reasons set forth in the preamble, 31 CFR part 500 is amended as follows:

PART 500—FOREIGN ASSETS CONTROL REGULATIONS

1. The authority citation for part 500 continues to read as follows:

Authority: 50 U.S.C. App. 1-44; E.O. 9193, 3 CFR, 1938-1943 Comp., p. 1174; E.O. 9989, 3 CFR, 1943-1948 Comp., p. 748.

Subpart D—Interpretations

2. Section 500.413 is added to subpart D to read as follows:

§ 500.413 Participation in certain development projects in Vietnam.

The following examples illustrate the scope of the authorization in § 500.576 for dealings in property in which Vietnam or a Vietnamese national has an interest with respect to development projects in Vietnam formally proposed or approved for execution, funding or sponsorship by a qualified international institution listed in appendix A to this part ("Qualified Projects").

Example # 1: The Government of Vietnam ("Vietnam") approaches a U.S. financial consulting firm (the "U.S. Consulting Firm") for advice on building cement plants in Hanoi and Ho Chi Minh City. The project might be eligible for funding by the Asian Development Bank (the "ADB"), and Vietnam wants the U.S. Consulting Firm's assistance in conducting a feasibility study for submission to the ADB. Since the project has not yet been formally proposed or approved for funding by the ADB, no involvement of the U.S. Consulting Firm is authorized pursuant to § 500.576. However, had the ADB formally proposed the project in its monthly *ADB Business Opportunities* as a project being considered for funding, or had it funded the feasibility study,

§ 500.576 would authorize the U.S. Consulting Firm's transactions.

Example # 2: Upon ADB approval of funding for the cement plant project, a U.S. company (the "U.S. Company") forms a joint venture with a Vietnamese company to bid on construction of the cement plants in Hanoi and Ho Chi Minh City. The joint venture's bid is successful, and it purchases construction equipment from the United States, financed by a U.S. bank and insured by a U.S. company. Several items are sourced from the United States during construction, including cement equipment, which is covered by a ten-year service and maintenance agreement. The joint venture agreement calls for the continued management and operation of the plants by the U.S. Company after completion, and for the insurance of the plants by a U.S. insurance company. Each of these transactions with respect to the Qualified Project is authorized by § 500.576.

Example # 3: The International Finance Corporation ("IFC") offers equity investment in a Vietnamese company to finance environmental safeguards for drilling operations in offshore oil fields. Various U.S. investors, including venture capital companies, brokerage firms, and investment banks contribute capital and receive shares in the Vietnamese company. This equity investment in a Qualified Project is authorized by § 500.576. The U.S. companies purchasing these shares as part of the IFC-sponsored development project may hold or resell them, including resale to other persons subject to U.S. jurisdiction. Shares acquired by entities not subject to U.S. jurisdiction may not then be purchased or repurchased by a person subject to U.S. jurisdiction.

Example # 4: (a) An Indonesian company (the "Contractor") is a successful bidder on a Qualified Project, and hires a U.S. law firm to represent it in contract negotiations with Vietnam to build a fish processing and canning facility in Vietnam funded by the World Bank. The law firm may represent the Contractor throughout the course of the project pursuant to § 500.576, once the project has been formally proposed or approved for funding by the World Bank.

(b) Once the Qualified Project is underway, the Contractor purchases equipment manufactured in France by a French company. The long-term servicing of the equipment, however, will be provided by the French company's U.S. subsidiary. The service transactions are authorized pursuant to § 500.576.

(c) After the processing facility is completed, Vietnam hires a U.S. marketing firm to develop marketing strategies for the product worldwide. It further asks the marketing firm to execute the strategies it devises and to represent the product in South-East Asia, including the domestic market in Vietnam. The marketing firm in turn would hire the brokerage services of a U.S. citizen domiciled in Thailand for the sale of the product to that country. These transactions are outside the scope of § 500.576, and violate § 500.201, because they are not directly incident to the Qualified Project funded by the World Bank.

Subpart E—Licenses, Authorizations, and Statements of Licensing Policy

3. Section 500.576 is added to subpart E to read as follows:

§ 500.576 Authorization of transactions concerning certain development projects in Vietnam.

(a) All transactions by persons subject to U.S. jurisdiction in connection with participation in development projects in Vietnam formally proposed or approved for execution, funding or sponsorship by the international institutions listed in appendix A to this part ("Qualified Projects") are authorized. For purposes of this section, Qualified Projects include investment projects, structural adjustment lending, sector adjustment lending, International Monetary Fund balance-of-payments support, and general development assistance including grants, technical assistance, and loans.

(b) Persons subject to U.S. jurisdiction may provide both goods and services to any party contracting to participate in a Qualified Project pursuant to the authorization contained in this section.

(1) Services may include financial, legal, consulting, insurance, shipping and other services.

(2) Persons subject to U.S. jurisdiction may participate in Qualified Projects as suppliers, contractors, or subcontractors, and through joint ventures with third-country nationals and Vietnamese nationals.

(3) Persons subject to U.S. jurisdiction may finance, or guarantee the performance of, activities of U.S. participants in a Qualified Project; co-financing of or lending to the Qualified Project itself by a person subject to U.S. jurisdiction may be authorized by specific license pursuant to § 500.801. Illustrative examples of transactions covered by this section are set forth in § 500.413.

(c) Except as otherwise authorized, persons subject to U.S. jurisdiction may not participate in development projects in Vietnam that are bilaterally funded and administered, or in projects or feasibility studies prior to formal proposal or approval by a qualified international institution for its involvement in the project or study. If a qualified international institution formally proposes but thereafter rejects, terminates, or abandons a project, the project shall no longer constitute a Qualified Project for purposes of this section. Except as otherwise specifically authorized pursuant to this part, persons subject to U.S. jurisdiction may not enter into any new commitments with respect to the project after the date of such rejection, termination, or abandonment. In addition, this section does not authorize:

(1) the importation of Vietnamese-origin goods into the United States, except as required to honor service or warranty contracts associated with Qualified Projects;

(2) offshore transactions of persons subject to U.S. jurisdiction involving the sale of

Vietnamese-origin goods between Vietnam and third countries, or among third countries;

(3) flights into or out of Vietnam by aircraft owned or controlled by persons subject to U.S. jurisdiction, except when such persons transport, on aircraft they own, only passengers or cargo associated with a Qualified Project in which such persons are participating pursuant to this section;

(4) the use in Vietnam of credit cards issued by a U.S. banking institution; or

(5) a debit to a blocked account.

Example: A Vietnamese highway project feasibility study financed by a third-country development agency is not a Qualified Project for purposes of this section. However, the feasibility study would be a Qualified Project, notwithstanding the bilateral funding, if the International Development Association had formally proposed the highway project as one under consideration for funding in its *Monthly Operational Summary of World Bank and IDA Proposed Projects*.

(d) Within 10 business days after entering into an agreement for goods, services, financing, investment, or other participation in or related to a Qualified Project, the person(s) subject to U.S. jurisdiction entering into the agreement must register with the Office of Foreign Assets Control, Compliance Division, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, NW—Annex, Washington, DC 20220. The registration shall reference the fact that the agreement was entered into pursuant to 31 CFR 500.576(a), and shall provide:

(1) the name, address, telephone and facsimile numbers, and nationality of the person(s) subject to U.S. jurisdiction;

(2) if the reporting party is not an individual, the name, address, telephone and facsimile numbers of the individual to contact for further information,

(3) the name of the international institution listed in appendix A formally proposing, approving, executing, funding, or sponsoring the project;

(4) the name and a brief description of the project in Vietnam (with any contract,

project, request for bid, or other identifying number);

(5) a brief description of the activity covered by the agreement, and the contract value; and

(6) if the reporting party is a subcontractor, the prime contractor's name, address, and nationality, and those of all intermediate subcontractors.

Registration is not required of agencies of the Federal Government participating in Qualified Projects.

(e) Upon registration meeting the requirements of paragraph (d) of this section, the Office of Foreign Assets Control will assign a registration number to the contract involved. This number should be referenced in all funds transfers and other banking transactions that take place through banks subject to U.S. jurisdiction, and in all U.S. export documents, in connection with the Qualified Project in Vietnam in order to avoid the blocking of such funds and to facilitate export transactions.

(f) Annual reports must be filed with the Office of Foreign Assets Control on the anniversary of the issuance of a contract registration number, briefly describing the status of the project and any material changes in the information originally provided.

Note to § 500.576: Exports or reexports to Vietnam of goods and technical data, or of the direct products of technical data (regardless of U.S. content), in connection with activities licensed by FAC may require authorization from the U.S. Department of Commerce pursuant to the Export Administration Regulations, 15 CFR parts 768–799.

4. Section 500.577 is added to subpart E read as follows:

§ 500.577 Authorization of bank transactions with respect to Vietnam by certain international organizations.

All transactions by banking institutions subject to U.S. jurisdiction incidental to the processing of transactions of the international institutions identified in appendix A with reference to Vietnam are authorized.

Example: A transfer to Vietnam or a Vietnamese national of funds from the U.S. account of a qualified international institution listed in appendix A to this part, for a program, rent or salary payment, is not blocked under this part.

5. Appendix A is added to the end of part 500 read as follows:

Appendix A to Part 500—Qualifying International Institutions

Asian Development Bank (ADB)
 Food and Agricultural Organization (FAO)
 International Bank for Reconstruction and Development (IBRD, the "World Bank")
 International Civil Aviation Organization (ICAO)
 International Development Association (IDA)
 International Finance Corporation (IFC)
 International Fund for Agricultural Development (IFAD)
 International Labor Organization (ILO)
 International Maritime Organization (IMO)
 International Monetary Fund (IMF)
 Multilateral Investment Guarantee Association (MIGA)
 UN Capital Development Fund (UNCDF)
 UN Children's Fund (UNICEF)
 UN Development Fund for Women (UNDFW)
 UN Development Program (UNDP)
 UN Economic & Social Commission for Asian and the Pacific (UNESCAP)
 UN Education, Scientific and Cultural Organization (UNESCO)
 UN Environment Program (UNEP)
 UN Food Program (UNFP)
 UN Industrial Development Organization (UNIDO)
 UN International Drug Control Program (UNIDCP)
 UN Population Fund (UNPF)
 World Health Organization (WHO)
 World Meteorological Organization (WMO)

Dated: December 17, 1993.

R. Richard Newcomb,
Director, Office of Foreign Assets Control.

Approved: December 20, 1993.

John P. Simpson,
Deputy Assistant Secretary (Regulatory, Tariff and Trade Enforcement).

[FR Doc. 93-31749 Filed 12-23-93; 10:35 am]

BILLING CODE 4810-25-F

TREASURY NEWS



Department of the Treasury

Washington, D.C.

Telephone 202-622-2960

FOR IMMEDIATE RELEASE
December 23, 1993

CONTACT: HOWARD SCHLOSS
(202) 622-0136

RTC ANNOUNCES NEW INTERIM DEPUTY CEO AND GENERAL COUNSEL

WASHINGTON -- Roger C. Altman, Deputy Secretary of the Treasury and Interim Chief Executive Officer of the Resolution Trust Corporation, announced today that Jack Ryan will become the interim Deputy Chief Executive Officer of the RTC and Ellen Kulka will become the General Counsel of the RTC.

Ryan's appointment will become effective January 4, 1994, and Kulka's appointment will become effective January 17, 1994.

Ryan has been Regional Director of the Southeast Region for the Office of Thrift Supervision since 1989. Before going to OTS, Ryan served as Acting President and Senior Vice President of the Federal Home Loan Bank of Boston. From 1969 until 1985, he was Director of the Division of Banking Supervision and Regulation for the Board of Governors of the Federal Reserve System.

"As interim Deputy CEO, Jack Ryan will manage the RTC on a day-to-day basis and be based at the RTC in Washington," Altman said. Ryan will serve until a permanent CEO is confirmed by the Senate and takes office, Altman said.

Kulka is currently the Northeast Regional Counsel of the OTS. Before going to OTS, she was a member of the law firm Hannoch Weisman, where she served as chairman of the corporate department. During her tenure as chairman of the corporate department at the firm, the division grew from five attorneys to 30 attorneys.

"Ellen is an exceptional attorney with a great deal of experience with laws pertaining to the thrift industry," Altman said. "For the last two years she has had the responsibility for supervising all of the OTS attorneys in the Northeast Region."

TREASURY NEWS



Department of the Treasury

Washington, D.C.

Telephone 202-622-2960

FOR IMMEDIATE RELEASE
December 27, 1993

CONTACT: Scott Dykema
(202) 622-2960

U.S.-CZECH INCOME TAX TREATY TAKES EFFECT

WASHINGTON -- The Treasury Department announced today that the instruments of ratification of a new income tax treaty between the United States and the Czech Republic were exchanged in Washington on December 23.

The provisions of the new treaty with respect to taxes withheld on dividends, interest and royalties will take effect on February 1, 1994. Treaty provisions concerning other taxes take effect retroactively for taxable years beginning on or after January 1, 1993.

The new treaty was signed on September 16 in Prague, and was approved by the U.S. Senate on November 20. The instruments of ratification were exchanged last week by Ralph Johnson, Coordinator for Eastern European Aid for the Department of State, and Michael Zantovsky, Ambassador of the Czech Republic.

Copies of the new treaty may be obtained by writing the Office of Public Affairs, Room 2315, Department of the Treasury, Washington, D.C. 20220, or calling (202) 622-2960.

AUCTION
RESULTS

PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239
FOR IMMEDIATE RELEASE CONTACT: Office of Financing
December 27, 1993 202-219-3350

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Tenders for \$13,069 million of 13-week bills to be issued December 30, 1993 and to mature March 31, 1994 were accepted today (CUSIP: 912794J70).

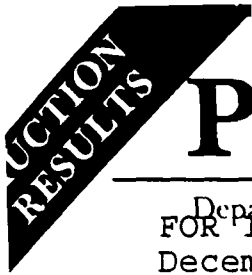
RANGE OF ACCEPTED COMPETITIVE BIDS:

	<u>Discount</u> Rate	<u>Investment</u> Rate	<u>Price</u>
Low	3.03%	3.10%	99.234
High	3.06%	3.12%	99.227
Average	3.06%	3.12%	99.227

Tenders at the high discount rate were allotted 52%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	<u>Received</u>	<u>Accepted</u>
Competitive	\$39,300,923	\$8,065,923
Noncompetitive	<u>1,157,315</u>	<u>1,157,315</u>
Subtotal, Public	\$40,458,238	\$9,223,238
Federal Reserve	3,156,135	3,156,135
Foreign Official Institutions	<u>689,700</u>	<u>689,700</u>
TOTALS	\$44,304,073	\$13,069,073



PUBLIC DEBT NEWS



Department of the Treasury
FOR IMMEDIATE RELEASE
December 27, 1993

Bureau of the Public Debt • Washington, DC 20239
CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Tenders for \$13,083 million of 26-week bills to be issued December 30, 1993 and to mature June 30, 1994 were accepted today (CUSIP: 912794L44).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	<u>Discount</u> <u>Rate</u>	<u>Investment</u> <u>Rate</u>	<u>Price</u>
Low	3.20%	3.30%	98.382
High	3.22%	3.32%	98.372
Average	3.21%	3.31%	98.377

Tenders at the high discount rate were allotted 30%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	<u>Received</u>	<u>Accepted</u>
Competitive	\$35,578,972	\$7,373,772
Noncompetitive	<u>808,868</u>	<u>808,868</u>
Subtotal, Public	\$36,387,840	\$8,182,640
Federal Reserve	3,050,000	3,050,000
Foreign Official Institutions	<u>1,850,500</u>	<u>1,850,500</u>
TOTALS	\$41,288,340	\$13,083,140

TREASURY NEWS



Department of the Treasury

Washington, D.C.

Telephone 202-622-2960

FOR IMMEDIATE RELEASE

Text as Prepared for Delivery

December 28, 1993

REMARKS OF TREASURY SECRETARY LLOYD BENTSEN CHILDREN'S HOSPITAL AND HEALTH CENTER SAN DIEGO, CALIFORNIA

Thank you for having me. It's my first time here -- but I feel like I've known this place for years. Blair Sadler has been a long-time adviser, he testified before the Senate Finance Committee when I was there, and has been especially helpful with regards to children with special health care needs.

In fact, several years back, Senator Dole and I were responsible for changing the name of the Title 5 program from the "crippled children's program" to "children with special health care needs." I think back to those battles -- just to change the name -- and it's minor compared to the debate we'll soon see.

1993 was the year to focus on the economy. For once, we brought the deficit down, which has kept interest rates low. Inflation is low. We're seeing jobs added -- although not fast enough here in California.

One of every six new jobs added this year -- and we've added 1.6 million -- has been in health care. Health care is an important part of this economy, which is why in 1994, so much focus will be on it.

I've seen a lot of attempts to try to reform the system. We never could get comprehensive health care through, but over the years we extended Medicaid to more and more kids. Henry Waxman and I worked very hard on that one. We got Medicaid coverage all the way up through 18 year olds, if their family incomes were low enough. In the President's plan, these kids will not lose their benefits -- there will be a "grandfather clause" for them. I know that's important here, since 50 to 60 percent of your patients are insured under Medicaid.

I think we'll see reform this year, because it's a matter of economics. We're spending 14 percent of our incomes on health care, while Japan and Germany are in the single digits. And our numbers keep going up -- although recently they've shown some improvements -- some lessening of the rate of increase. I think it is because of what we are proposing, and that as you have seen here in San Diego more companies are moving toward managed care, and that the hospitals are increasing their efforts to control costs.

But we still have a problem. If we do nothing, this country will be spending about 18 percent of our incomes on health care by the end of the decade, and no one else will be over 10 percent. And the really troubling part is that every one of those countries paying less than us covers all of their citizens, and we still have 35 to 40 million with no coverage -- one-quarter to one-third of them children.

They tell me that here in this hospital, you have \$17 million a year in uncompensated care. I was at a children's hospital in Texas, where they have \$47 million a year. But those costs get picked up -- you either shift the costs to the other patients who have to pay more for a bed, or else the taxpayer picks it up.

I've seen numbers on preventive care. For every \$1 spent in pre-natal care, we save \$3.38 in the first year of a child's life. For every \$1 invested in immunizations, we save \$10 over a lifetime. Let's not be naive about this. To save money, you'll need to cover more people and that costs money. So savings will not be \$9, or \$3, or whatever number per child.

We've just been working on the '95 fiscal year budget in Washington, and money is tight. After netting out investments, nine out of 14 Cabinet Departments will have their budgets cut below last year's. But in line with the President's priorities, health care comes out better.

The President has made cuts elsewhere so he could take that money and invest it instead on things he thought were more important. Like increasing funding for immunizations; or the funding for the women, infants, and children's nutrition program. And the '95 deficit will still come in far lower than anticipated -- in the range of \$190 billion -- as opposed to the \$302 billion forecast last December before the enactment of the President's deficit reduction plan.

Now, you'll see some things in health care reform that you won't like. One size doesn't fit all. Children are not little adults. If you'd re-set a bone for a three-month old like you would for a 30-year old, you'd be in big trouble.

So, there are things that you would do differently -- and I'd like to hear from you about that. But President Clinton has risen to the challenge. He wants universal coverage in this country, with a good set of benefits, and not many people are arguing with that goal. In fact, two weeks ago, I was pleased to see that the American Academy of Pediatrics, of which I'm sure many of your physicians are members, came out in support of the direction we're taking.

Let me end with this: there's no party, no branch of government, no branch of medicine, no part of the country, no industry -- with all the right answers. There is only an urgent need to work together -- all of us. So, I hope you bring forward your ideas.

TREASURY NEWS



Department of the Treasury

Washington, D.C.

Telephone 202-622-2960

FOR RELEASE AT 2:30 P.M.
December 28, 1993

CONTACT: Office of Financing
202/219-3350

TREASURY'S WEEKLY BILL OFFERING

The Treasury will auction two series of Treasury bills totaling approximately \$25,200 million, to be issued January 6, 1994. This offering will provide about \$325 million of new cash for the Treasury, as the maturing bills are outstanding in the amount of \$24,867 million.

Federal Reserve Banks hold \$6,130 million of the maturing bills for their own accounts, which may be refunded within the offering amount at the weighted average discount rate of accepted competitive tenders.

Federal Reserve Banks hold \$2,078 million as agents for foreign and international monetary authorities, which may be refunded within the offering amount at the weighted average discount rate of accepted competitive tenders. Additional amounts may be issued for such accounts if the aggregate amount of new bids exceeds the aggregate amount of maturing bills.

Tenders for the bills will be received at Federal Reserve Banks and Branches and at the Bureau of the Public Debt, Washington, D. C. This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular (31 CFR Part 356, published as a final rule on January 5, 1993, and effective March 1, 1993) for the sale and issue by the Treasury to the public of marketable Treasury bills, notes, and bonds.

Details about each of the new securities are given in the attached offering highlights.

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Attachment

**HIGHLIGHTS OF TREASURY OFFERINGS OF WEEKLY BILLS
TO BE ISSUED JANUARY 6, 1994**

December 28, 1993

<u>Offering Amount</u>	\$12,600 million	\$12,600 million
<u>Description of Offering:</u>		
Term and type of security	91-day bill	182-day bill
CUSIP number	912794 J8 8	912794 M3 5
Auction date	January 3, 1994	January 3, 1994
Issue date	January 6, 1994	January 6, 1994
Maturity date	April 7, 1994	July 7, 1994
Original issue date	April 8, 1993	January 6, 1994
Currently outstanding	\$26,190 million	- - -
Minimum bid amount	\$10,000	\$10,000
Multiples	\$ 1,000	\$ 1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

- | | |
|-------------------------------|--|
| Noncompetitive bids | Accepted in full up to \$1,000,000 at the average discount rate of accepted competitive bids |
| Competitive bids | (1) Must be expressed as a discount rate with two decimals, e.g., 7.10%. |
| | (2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is \$2 billion or greater. |
| | (3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders. |

**Maximum Recognized Bid
at a Single Yield**

35% of public offering

Maximum Award 35% of public offering

Receipt of Tenders:

- | | |
|----------------------------------|--|
| Noncompetitive tenders | Prior to 12:00 noon Eastern Standard time on auction day |
| Competitive tenders | Prior to 1:00 p.m. Eastern Standard time on auction day |

Payment Terms Full payment with tender or by charge to a funds account at a Federal Reserve Bank on issue date

TREASURY NEWS



Department of the Treasury

Washington, D.C.

Telephone 202-622-2960

FOR IMMEDIATE RELEASE
Text as Prepared for Delivery
December 29, 1993

REMARKS OF TREASURY SECRETARY LLOYD BENTSEN VISIT TO CUSTOMS FACILITIES SAN DIEGO, CALIFORNIA

It's been a busy morning. I just spent three-and-a-half hours visiting with a number of Customs officials.

I started with an extensive briefing on drug smuggling and financial investigations, then I went on a walking tour around the San Ysidro Port of Entry with some of the inspectors -- even met some of the canines, and I've been briefed here at Otay Mesa.

When I was Chairman of the Senate Finance Committee, we helped get through the \$147 million to build the new facility here -- and I think the taxpayers will like what we're doing.

In fact, I've been impressed today. Let me say to the Customs people, you have a tough job -- mentally and physically -- and with the increase in business because of NAFTA it will get tougher. I appreciate what you're doing here.

George Weise, the Customs Commissioner, tells me that when it comes to determining new ports of entry -- they have certain criteria. Basically, they look to see if there'd be sufficient volume of trade moving through to support port status.

Well, if you took the criteria, and applied it to current ports now in existence -- half would not qualify. Half!

I don't think that applies here or in San Ysidro, where you had 53 million people come through last year -- the busiest land border crossing in the world.

Coming from Texas, I know border congestion. I've seen many a back up. But I learned today that the average waiting period for a car is now down to 15 minutes, contrasted to a whole hour only one year ago. So, that's good progress.

I guess if I could leave you with one message, it's this: we're ready for NAFTA.

Three days from now it takes effect. Tomorrow, we'll publish the complete regulations to implement it. They provide the detailed, specific guidance that the trade community needs.

Think about this: the agreement was approved by Congress just a month ago, and we're ready with the regs tomorrow. That's an amazing accomplishment.

We're ready because in blind faith, a group of Treasury and Customs employees, together with their counterparts from Mexico and Canada, have been working for 18 months to ensure everything would be in place on day one. And it will be.

I don't usually brag about rules, but there's something else that's unusual -- the rules are the same for all three countries. They apply trilaterally.

So, if you're a U.S. company, and sell in all three countries -- you only have to know one set of rules. Not three -- just one. That helps big companies, but think of what that could mean to small businesses that don't have the time or the resources to worry about three sets of rules. That will be of tremendous assistance.

On the first of January, it won't be like turning on a switch, and suddenly 500 trucks are waiting in line to cross the border.

You'll see a gradual increase in traffic, and over time I think you'll see a big increase.

And just remember, every truck you see, means more jobs. In fact, I wouldn't mind seeing lots of congestion!

TREASURY NEWS



Department of the Treasury

Washington, D.C.

Telephone 202-622-2960

FOR IMMEDIATE RELEASE
December 29, 1993

CONTACT: Scott Dykema
(202) 622-2960

U.S.-MEXICO TAX TREATY TO TAKE EFFECT IN 1994

The Treasury Department announced Wednesday that a new tax treaty between the United States and the United Mexican States will take effect January 1, 1994.

The treaty is the first income tax treaty between the United States and Mexico. It will significantly complement the existing agreement between the U.S. and Mexico on the exchange of tax information, signed on November 9, 1989.

The new accord doesn't affect the North American Free Trade Agreement approved by Congress in November. However, some joint ventures involving U.S., Canadian and Mexican investors will now, as a result of NAFTA, be able to take advantage of tax treaty benefits, including lower withholding rates on interest, dividends and royalties.

The income tax treaty was approved by the U.S. Senate on November 20. The United States and Mexico exchanged diplomatic notes December 28, bringing the treaty into force.

The new treaty will generally take effect for taxable years beginning on or after January 1, 1994.

Copies of the new treaty may be obtained by writing the Office of Public Affairs, Room 2315, Department of the Treasury, Washington, D.C. 20220, or calling (202) 622-2960.

TREASURY NEWS



Department of the Treasury

Washington, D.C.

Telephone 202-622-2960

FOR IMMEDIATE RELEASE
December 29, 1993

CONTACT: Scott Dykema
(202) 622-2960

PROTOCOL TO U.S.-BARBADOS TAX TREATY TO TAKE EFFECT IN 1994

The Treasury Department announced Wednesday that a protocol amending the income tax treaty between the United States and Barbados will take effect January 1, 1994.

The protocol updates the treaty between the United States and Barbados, which was signed on December 31, 1984.

The protocol was approved by the Senate on November 20. Tain Tompkins, the U.S. charge d'affaires in Barbados, and David Thompson, the Barbadian Minister of Finance, exchanged instruments of ratification in Bridgetown Wednesday morning.

The new treaty generally will take effect for taxable years beginning on or after January 1, 1994. For taxes withheld on interest, dividends and royalties, the new treaty takes effect for amounts paid or credited on or after on February 1, 1994.

Copies of the new treaty may be obtained by writing the Office of Public Affairs, Room 2315, Department of the Treasury, Washington, D.C. 20220, or calling (202) 622-2960.

TREASURY NEWS



Department of the Treasury

Washington, D.C.

Telephone 202-622-2960

FOR IMMEDIATE RELEASE

December 30, 1993

TREASURY SECRETARY LLOYD BENTSEN'S 1993 YEAR-END STATEMENT

I'll remember 1993 as the year we got the economy back on solid ground. People don't speak of recessions anymore. The economic future of this country is brighter than it's been in a long time.

I'm confident the good news will continue in 1994 for a number of reasons, but mostly because we showed Americans that government can take tough, painful actions to cut costs.

In 1993, we saw the deficit decline. The number I want every American to remember is the \$500 billion that we've pledged to take out of the system over the next five years. That's our bottom line.

Of course, the big challenge is to cut the deficit -- and still grow. In 1993, we've seen steady growth that has accelerated lately into a solid pattern.

GDP went from 0.8 percent first quarter, to 1.9 percent second quarter, to 2.9 percent third quarter, and I think we'll see a stronger fourth quarter -- something between 4 and 5 percent. Compare that to Europe or Japan -- where there's no growth.

Next year, I'd like to see us achieve 3 percent real growth and hold inflation to approximately 3 percent. This should allow interest rates to remain relatively low and reduce further the rate of unemployment.

There's another reason why I'm confident the economy will have some kick in it in 1994: corporate America. American companies have cut costs, improved efficiency, and upped quality. Many of their products are hot sellers.

You can see it in the auto and housing industries and that has spread to furniture and building supplies. For eight months we've seen increases in retail sales.

I also like the strength of business investment, primarily in equipment. We get carried away in Washington taking credit for things, but I think it's fair to take credit for deficit reduction, which led to low interest rates for businesses.

Our companies' cost of capital compared to what their competitors in Japan were paying just a few short years ago was an enormous disadvantage. We've turned that around and we want to keep placing heavy emphasis on investment.

It's tough to add jobs when big companies are still slashing and we're downsizing defense. But on average, we gained 162,000 jobs per month since October. The unemployment rate is down to 6.4 percent -- from 7.1 percent in January. Compare that to Europe, where you see double-digit rates.

As I look to next year, I want to tackle some of the domestic issues like health care and crime, and I look to expanding markets for American products. I'll be heading to China and Southeast Asia in January.

So, let's call 1993 a good year. And we're ready to do whatever is needed to make 1994 an even more prosperous one.

TREASURY NEWS



Department of the Treasury

Washington, D.C.

Telephone 202-622-2960

FOR IMMEDIATE RELEASE
December 30, 1993

Contact: Hamilton Dix
(202) 622-2960

TREASURY ANNOUNCES CIVIL PENALTY AGAINST DAMEN FEDERAL

The Treasury Department today announced that Damen Federal Bank for Savings of Chicago has paid a civil money penalty of \$100,000 for failing to file currency transaction reports as required by the Bank Secrecy Act (BSA).

The violations occurred during 1989-1991 and involved multiple same day currency transactions conducted by an officer of the bank. The case was developed through a compliance examination conducted by the Office of Thrift Supervision (OTS).

Treasury and the bank agreed on the amount of the penalty in complete settlement of the bank's civil liability under the BSA. In determining the amount of the penalty, Treasury considered subsequent improvements in the bank's BSA compliance as noted in recent OTS examinations.

Treasury has no evidence that the bank or any of its employees or officers engaged in any criminal activities in connection with these reporting violations.

In announcing the penalty, Deputy Assistant Secretary (Law Enforcement) Faith Hochberg said, "This penalty sends a message to the financial community that it is important to monitor the activities of insiders as well as customers."

Hochberg commended the Office of Thrift Supervision for its assistance in this matter and for the effective BSA compliance reviews conducted by the agency.

The BSA requires banks and other financial institutions to keep certain records, to file reports on currency transactions in excess of \$10,000 and, under some circumstances, to file reports on the international transportation of currency, travelers checks and other monetary instruments in bearer form. The purpose of the reports and records is to assist the government in combatting money laundering as well as for use in civil, criminal, tax and regulatory investigations.

TREASURY NEWS



Department of the Treasury

Washington, D.C.

Telephone 202-622-2960

FOR RELEASE AT 2:30 P.M.
December 30, 1993

CONTACT: Office of Financing
202/219-3350

TREASURY'S 52-WEEK BILL OFFERING

The Treasury will auction approximately \$16,000 million of 52-week Treasury bills to be issued January 13, 1994. This offering will provide about \$1,200 million of new cash for the Treasury, as the maturing 52-week bill is currently outstanding in the amount of \$14,809 million. In addition to the maturing 52-week bills, there are \$25,698 million of maturing 13-week and 26-week bills.

Federal Reserve Banks hold \$10,085 million of bills for their own accounts in the three maturing issues. These may be refunded at the weighted average discount rate of accepted competitive tenders.

Federal Reserve Banks hold \$4,013 million of the three maturing issues as agents for foreign and international monetary authorities. These may be refunded within the offering amount at the weighted average discount rate of accepted competitive tenders. Additional amounts may be issued for such accounts if the aggregate amount of new bids exceeds the aggregate amount of maturing bills. For purposes of determining such additional amounts, foreign and international monetary authorities are considered to hold \$351 million of the maturing 52-week issue.

Tenders for the bills will be received at Federal Reserve Banks and Branches and at the Bureau of the Public Debt, Washington, D. C. This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular (31 CFR Part 356, published as a final rule on January 5, 1993, and effective March 1, 1993) for the sale and issue by the Treasury to the public of marketable Treasury bills, notes, and bonds.

Details about the new security are given in the attached offering highlights.

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Attachment

**HIGHLIGHTS OF TREASURY OFFERING OF 52-WEEK BILLS
TO BE ISSUED JANUARY 13, 1994**

December 30, 1993

Offering Amount \$16,000 million

Description of Offering:

Term and type of security 364-day bill
CUSIP number 912794 P8 1
Auction date January 6, 1994
Issue date January 13, 1994
Maturity date January 12, 1995
Original issue date January 13, 1994
Maturing amount. \$14,809 million
Minimum bid amount \$10,000
Multiples \$1,000

Submission of Bids:

Noncompetitive bids Accepted in full up to \$1,000,000
at the average discount rate of
accepted competitive bids.
Competitive bids (1) Must be expressed as a discount rate
with two decimals, e.g., 7.10%.
(2) Net long position for each bidder
must be reported when the sum of the
total bid amount, at all discount
rates, and the net long position are
\$2 billion or greater.
(3) Net long position must be reported
one half-hour prior to the closing
time for receipt of competitive bids.

**Maximum Recognized Bid
at a Single Yield**

35% of public offering

Maximum Award

35% of public offering

Receipt of Tenders:

Noncompetitive tenders Prior to 12:00 noon Eastern Standard
time on auction day.
Competitive tenders Prior to 1:00 p.m. Eastern Standard
time on auction day.

Payment Terms

Full payment with tender or by charge
to a funds account at a Federal
Reserve bank on issue date.

TREASURY



NEWS

1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR IMMEDIATE RELEASE
December 30, 1993

CONTACT: Scott Dykema
(202) 622-2960

U.S.-SLOVAK TAX TREATY TO TAKE EFFECT IN 1993

The Treasury Department announced Thursday that a tax treaty between the United States and the Slovak Republic will take effect January 1, 1993.

This is the first tax treaty between the two countries.

The new treaty was approved by the Senate on November 20. Instruments of ratification were exchanged in Washington Thursday.

The new treaty generally will take effect for taxable years beginning on or after January 1, 1993. For taxes withheld on interest dividends and royalties, the new treaty takes effect on February 1, 1994.

Copies of the treaty may be obtained by writing the Office of Public Affairs, Room 2315, Department of the Treasury, Washington, D.C. 20220, or calling (202) 622-2960.



PUBLIC DEBT NEWS



Department of the Treasury •
FOR IMMEDIATE RELEASE
January 3, 1994

Bureau of the Public Debt • Washington, DC 20239
CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Tenders for \$12,634 million of 13-week bills to be issued January 6, 1994 and to mature April 7, 1994 were accepted today (CUSIP: 912794J88).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	<u>Discount Rate</u>	<u>Investment Rate</u>	<u>Price</u>
Low	3.09%	3.16%	99.219
High	3.10%	3.17%	99.216
Average	3.10%	3.17%	99.216

\$15,000,000 was accepted at lower yields.
Tenders at the high discount rate were allotted 88%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	<u>Received</u>	<u>Accepted</u>
TOTALS	\$55,170,706	\$12,633,925
Type		
Competitive	\$50,419,275	\$7,882,494
Noncompetitive	<u>1,321,617</u>	<u>1,321,617</u>
Subtotal, Public	\$51,740,892	\$9,204,111
Federal Reserve	3,029,630	3,029,630
Foreign Official Institutions	<u>400,184</u>	<u>400,184</u>
TOTALS	\$55,170,706	\$12,633,925

An additional \$110,816 thousand of bills will be issued to foreign official institutions for new cash.

AUCTION
RESULTS

PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239
FOR IMMEDIATE RELEASE CONTACT: Office of Financing
January 3, 1994 202-219-3350

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Tenders for \$12,623 million of 26-week bills to be issued January 6, 1994 and to mature July 7, 1994 were accepted today (CUSIP: 912794M35).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	<u>Discount</u> <u>Rate</u>	<u>Investment</u> <u>Rate</u>	<u>Price</u>
Low	3.27%	3.37%	98.347
High	3.29%	3.39%	98.337
Average	3.29%	3.39%	98.337

\$15,010,000 was accepted at lower yields.
Tenders at the high discount rate were allotted 27%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	<u>Received</u>	<u>Accepted</u>
<u>TOTALS</u>	\$47,065,200	\$12,623,053
Type		
Competitive	\$41,390,083	\$6,947,936
Noncompetitive	<u>960,276</u>	<u>960,276</u>
Subtotal, Public	\$42,350,359	\$7,908,212
Federal Reserve	3,100,000	3,100,000
Foreign Official Institutions	<u>1,614,841</u>	<u>1,614,841</u>
TOTALS	\$47,065,200	\$12,623,053

An additional \$447,659 thousand of bills will be issued to foreign official institutions for new cash.

TREASURY



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FOR IMMEDIATE RELEASE

Text as Prepared for Delivery

January 4, 1994

REMARKS OF TREASURY SECRETARY LLOYD BENTSEN
FEDERAL LAW ENFORCEMENT TRAINING CENTER AWARDS CEREMONY
WASHINGTON, D.C.

Somebody figured out I gave 180 speeches last year, and I figured out it was about 100 too many.

But I told my staff that the first speech I give in 1994 must be on crime. I hope you see symbolism in that, because this year crime is a priority for me personally, and for us at Treasury.

I'm going to be working closely with Janet Reno, and Congress -- Steny Hoyer is here, and we'll be working at the state and local levels. Today, I had breakfast at ATF with heads of the nation's law enforcement organizations -- they're here now, and I appreciate your coming.

Now, I've learned when you're Secretary of the Treasury and you discuss monetary policy, or a new tax program, you have to be careful because Treasury Secretaries can take the price of the dollar or the price of stock, up or down.

But when you're the Secretary of the Treasury and you say something about crime -- well, that's another matter. Not a lot of people even know we're into law enforcement.

Do you know how I can tell? My mail. When people write to me and say "don't raise my taxes" they begin the letter: "Dear Mr. Secretary." When they write to say "stop crime," the letters start: "Dear Senator Bentsen!"

Well, I don't vote anymore. Here, we enforce what's on the books. If you take out IRS from Treasury, 63 percent of our staff is law enforcement.

We also can propose changes and initiatives -- and I'll do some of that, especially insofar as ATF is concerned. In the coming months, we'll make more suggestions.

First, let me tell you a story someone on the staff told me about his wife. She went back to teaching this fall after taking off several years to raise their kids. First week in her classroom she noticed a blind was always drawn. She wanted to brighten the place for the kids, so she pulled the blind up -- and in the window were bullet holes.

I think back late last year, to when Walter Annenberg was at the White House with the President to announce his generous gift to public education. And what hit me was why he gave the money -- violence.

Do you think that Johns Hopkins, or James Duke, or Leland Stanford gave their gifts and built their great institutions of higher learning because of violence?

Here we are, the country that invented public high schools, the democratic society that wanted to make sure none of our kids were cheated out of an education, and now we're letting violence endanger innocent children.

It comes down to one word: guns.

I'm a gun owner -- been one all my life. Still have the .45 I used when I crashed in Yugoslavia in a B-24. And I'm a hunter -- went quail hunting two weeks ago.

But when I went to school, students didn't walk in with fingers on a trigger. Now in Texas a young adult is more likely to die from gunfire than from a traffic accident. Think about that.

We have over 200 million guns. Every 10 seconds a gun rolls off an assembly line. Every 11 seconds we import a gun. Last week a plane landed in Columbus, Ohio -- brought in 19,000 guns -- from Russia.

All these guns -- yet we haven't had a war going on inside this country for 129 years.

One of our responsibilities at ATF is to license firearms dealers. Let me explain our problem. There are 284,000 gun dealers -- 31 times more gun dealers than there are McDonald's restaurants.

Why so many? It's cheap. Best bargain in town.

A new license costs \$66 a year, even though it costs the taxpayer about \$600 a year per license. And up until the President signed the Brady Bill, it was only \$10 a year for a license.

To sell liquor in the five boroughs of New York, it costs \$5,200 for a three-year license. To teach Spanish and history in New York, it costs \$200 for a teacher's certificate. But to sell guns in New York, it's only \$66. I spend more than that taking my wife to a Broadway show.

That isn't just ridiculous. That goes all the way to reckless.

The fee under the Brady Bill has gone up -- but my friends, it's not enough.

It may stop some people from getting a firearms license. Many people get licenses -- not to sell firearms -- but to buy them cheap, for themselves. They can plop down \$66, call themselves a wholesaler, and buy direct from the manufacturer -- so instead of having to pay, say, \$400, they pay \$250.

We've done studies at ATF, and found 45 percent of licensed dealers don't acquire any firearms. Another 36 percent acquire less than 10 a year. I can tell you that you don't rent retail space to sell 10 guns. You do that out of your kitchen or your car trunk.

In the District of Columbia, there are 49 licensed firearm dealers -- but not one sells handguns. They can't. It's against the law. You see, under federal law, ATF must go ahead and license the dealers, but it's against the District's law to sell handguns. Now, is that a crazy system -- or what?

Who loses in all this? The actual dealers. The taxpayers. ATF.

John Magaw has 240 field inspectors dedicated to inspecting applicants -- and you tell me how 240 people can monitor and inspect 284,000 current licensees and the 3,000 new applicants we're getting in per month?

Now I never met a law enforcement officer who didn't tell me they needed more money, more resources, and more cops. It's tough to come up with resources, when we have a shrinking budget and the President is committed to reducing the deficit and the Vice President is committed to efficient government. It's a difficult time to get through new initiatives.

But spending isn't always the answer -- not when the problem is the system itself, or the laws on the books. Sometimes, good old common horse sense ought to be the answer.

One other thing -- I'm not up here pretending these initiatives will solve all our violence. Back in 1968, Congress passed a gun bill that set forth the licensing system, right after Martin Luther King and Robert Kennedy were killed. It hasn't stopped the violence, because there's an awful lot we don't know.

Some things we don't know because ATF is prohibited from collecting information.

And we don't know where these guns are all coming from. If I drew a big circle, maybe one third of the guns criminals get are from licensed dealers. Then there's the other two-thirds. The off-the-street-sales; the criminals who trade drugs for guns, or who pick them up during burglaries; the black market; the flea markets; or the kids who get them from their parents. No law enforcers -- not 400, not 4,000, not 400,000 -- can stop that.

The men and women of Treasury are doing their best, giving everything they have to come up with new answers. I've sent a four-part anti-violence initiative to the President. Some parts will require legislation. Some will require funds from the Crime Bill. Some I'll direct Ron Noble to initiate immediately. In fact, some things, we've started already.

Let me run you through the initiatives.

First is ATF Law Enforcement. It starts with the Brady Bill. When it takes effect the 28th of February, we'll be ready.

It's our job to draft and implement the regulations, and I can tell you that through the holidays, the midnight oil kept burning at ATF. We're also developing new forms for compliance, and putting plans in place to notify and educate all parties affected by the law.

And we're trying to answer the big question: "Where's the money to do these background examinations?" ATF is developing a model local agents can use to recoup the costs through a user fee.

In addition, I'm directing ATF to identify all gun dealers for the local police.

Today, I've also directed ATF to begin a program that addresses specific gun trafficking patterns in the 10 counties in this country with the biggest crime problems. They account for 23 percent of the nation's felonies.

They are Los Angeles, Orange, and San Diego Counties, in California; Cook County, Illinois; Harris and Dallas Counties, in Texas; Maricopa County, Arizona; Wayne County, Michigan; Dade County, Florida; and New York City.

We also have some good programs that we'd like to focus our attention on.

Specifically, Project Uptown, which addresses the use of firearms in housing developments. ATF started this in New York City, and we moved into Baltimore last year. The Achilles program is another one. Here we're going after the shooters -- the armed career criminals in the highest crime precincts in the country. Criminals who commit, on average, three crimes a week with a firearm.

One other thing: I believe the most important tools officers have aren't the ones they carry or load. It's the one between their ears. As we put 100,000 new officers on the streets, Treasury's Federal Law Enforcement Training Center must be ready to assist state and local police in training them.

The second initiative is Federal Firearms License reform. It makes no sense to have 284,000 gun dealers. If we think the best way to lock up criminals is having ATF inspectors spend all day issuing licenses, we should be the ones locked up.

We don't want to get rid of the actual dealers -- just everybody else. It's time to change.

We'll ask that the licensing fee be raised to \$600 annually. This should eliminate 200,000 dealers, leaving only the actual ones in place. And it will end the defacto taxpayer subsidizing of the gun business.

We've started eliminating gun dealers in New York on a pilot basis. Working with the local police, they set up a new screening and investigative process for firearm license applications.

They've met with success. Since the project began, 90 percent of applications have been either withdrawn or denied. Before, 90 percent were granted.

But let's not be naive about this. A gun on New York's black market costs four times more than in Virginia. So, where do you think most of the guns in New York come from? Virginia.

In two weeks I'm going to China, where guns were invented. I read something interesting -- it took those guns from China 50 years before they made their way to Europe. Now, every five minutes we worry about weapons proliferation -- interstate.

We also support Senator Simon's amendment on the Crime Bill, and want to see it strengthened as it makes its way through the House. My friend Paul Simon has been a leader on this issue for some time.

Specifically, we want ATF to have more discretion in granting licenses. We don't want to keep licensing gun dealers to do something that violates local laws. We want to change the law so that if a dealer is convicted of a felony his license is immediately suspended or revoked -- even if an appeal is pending. And we want dealers to provide us with more timely access to recorded information when we need it for an investigation.

Most dealers are helpful. But there are always some, like the one who tells our agents: "Sure, you can see my records, between the hours of 2 and 5 on a Sunday morning." They're not stopping in to say "hi" and have a cup of coffee. Somebody has been shot -- and they need information -- and now.

The third initiative is intelligence, cracking down on the illicit gun market. A useful tool to all law enforcement officers is when ATF traces firearms. We now do 50,000 traces a year.

It takes special expertise to initiate a trace, and not just for firearms, but explosives. I think back one year ago, when an ATF agent found in a pile of rubble a vehicle identification number on a van, and that led to the suspects in the World Trade Center bombing.

Or the bombing last week in Rochester -- ATF agents traced that one down within hours.

To further strengthen our efforts in this regard, we're drafting legislation requiring a permit for purchase of any explosive materials and making the theft of any such explosives a felony.

On guns, if everything goes right, ATF can do a priority trace in minutes. ATF traced John Hinckly's gun in 16 minutes.

It took five hours to trace the gun of the Long Island subway shooter. Now police caught that gunman, but let's say they hadn't -- and he had escaped, but he had dropped his gun. A trace would have provided essential intelligence.

And traces are extremely important in cracking down on the source of weapons, including the sources for our juveniles.

So today I'm asking ATF to beef up its National Tracing Center, so that they can computerize records that now sit in a warehouse.

We'll also seek changes in the law. We'll try to make it a felony if a dealer willfully fails to maintain required records or falsifies records. And we want to require dealers to report any lost or stolen firearms within 24 hours.

One more program under this initiative is called Ceasefire, which is being tested in the District of Columbia. This uses high-tech computer systems to inventory, identify, and match bullet projectiles, much like fingerprint systems. We can take the bullets from unrelated crime scenes and determine if the same gun was used, even if we have not yet recovered the gun.

The fourth and final initiative is crime prevention. Here, we want to continue our GREAT program. GREAT stands for the Gang Resistance Education and Training Program.

ATF agents instruct local officers how to go into schools and convince seventh, fourth, and third graders that drugs and gangs are bad.

People who complain that government is stale ought to talk to Senator DeConcini. He was the architect of GREAT, and he can introduce you to youngsters who walked away from gangs because of this.

Now, all of the initiatives I announced today -- these targeted, tested programs -- add up to \$81 million; \$71 million is provided for in the Senate-passed version of the crime bill, which we support; \$10 million will come from a combination of existing and new resources in the President's '95 budget.

Let me end with this. As much as the President and I think of these initiatives, we won't stop violence until we fix some societal problems.

I know Treasury law enforcement people understand that. After they put 50 or 60 hours in, I hear stories of hundreds of them going back to the communities they serve as volunteers in our Project Outreach program. They mentor and they become role models to the unluckier kids who have no father or mother at home. They know, we have to help children, one child at a time.

Or I look to those programs businessmen and communities across the country are doing -- trying to get guns and ammunition off the streets, one gun at a time.

We're making progress, but we have tens of millions of guns to go.

So, we want to move forward with these initiatives, we want to keep working with Justice, with Congress, and with state and local agencies.

We just want to make it harder for the criminal to get guns, and easier for us to find criminals who use them.

TREASURY



NEWS

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FOR IMMEDIATE RELEASE
January 4, 1994

Contact: Hamilton Dix
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SECRETARY BENTSEN PRESENTS LAW ENFORCEMENT AWARDS

Treasury Secretary Lloyd Bentsen presented the third annual Awards of Excellence in Law Enforcement Training in a ceremony Tuesday at the Department of the Treasury.

In presenting the awards, Secretary Bentsen said, "I believe the most important tools officers have aren't the ones they carry or load. It's the one they carry between their ears. As we put 100,000 new officers on the streets, FLETC (Federal Law Enforcement Training Center) must be ready to assist state and local police in training them."

Edward J. Nowicki, coordinator/instructor of curriculum for police recruit training, Milwaukee Area Technical College received the Individual Achievement Award. Mr. Nowicki was recognized for his innovative leadership and sustained dedication to increasing public awareness and improvement of law enforcement standards and training.

The California Commission on Peace Officer Standards and Training (POST), California Law Enforcement Command College in Sacramento, California received the Large Organization Award. They were recognized for demonstrated leadership and innovation in meeting training needs of law enforcement managers and executives through the use of "futures" training methodology. Representing the California POST was Dr. Nora Boehm, executive director.

To underscore the critical role law enforcement training plays in achieving these goals, the FLETC, a bureau of the Treasury Department, has established the Awards of Excellence to recognize individuals and organizations who make significant contributions to the law enforcement training profession. These national awards are granted annually.

"Quality training is the foundation upon which the successful law enforcement officer's career is built," said FLETC Director Charles F. Rinkevich. "As the nation's largest law enforcement training organization, it is appropriate that the FLETC sponsor the awards to recognize outstanding achievements by individuals and organizations in law enforcement training."

(OVER)

The FLETC is an interagency training center serving 70 federal law enforcement training organizations. While the major training effort is providing basic training programs to federal police and investigators, the FLETC also conducts many advanced training programs, and assists federal, state and local agencies in conducting specific training programs. Last year, 24,000 students were trained at the FLETC, either at its headquarters in Glynco, Georgia, or at one of its satellite training centers at Artesia, New Mexico, or Tucson, Arizona.

Treasury Crime Control Initiatives Summary

- * The Bureau of Alcohol, Tobacco and Firearms (ATF) is responsible for the enforcement and administration of Federal laws as well as collecting excise taxes (\$14 billion in FY 93) on alcohol, tobacco and firearms. Its staff of 4,300 -- 2,100 special agents and 850 compliance inspectors in 26 field offices and 300 subordinate offices -- works closely with state and local law enforcement agencies around the country.
- * **Guns in the U.S.** There are an estimated 200 million firearms in civilian hands in the U.S. Nearly 4 million new firearms enter the marketplace annually. Each year an estimated 639,000 Americans will be confronted by a criminal armed with a handgun. Between 130,000 and 270,000 firearms are taken to school every day by juveniles.
- * **Brady Bill** (signed into law on November 30, 1993). The Treasury Department, through ATF, is responsible for drafting and implementing the Federal regulations by February 29, 1994, for the 5-day waiting period to purchase a gun. Justice is responsible for developing the computerized criminal information network for the "Instant Check".

In support of the President's anti-crime commitment, Treasury supports the following initiatives:

- * **Federal Firearms License (FFL) Reform.** Federal law requires that all persons who engage in the business of selling firearms be licensed by ATF. At present there are 284,000 FFL holders in the U.S.; over 70 percent of those are not "engaged in the business" as required by law. We strongly support Senator Simon's FFL reform package included in the Senate Crime Bill, which would:
 - require the submission of photos and fingerprints with an FFL application;
 - require FFLs to notify promptly ATF and local authorities of firearms thefts;
 - impose additional recordkeeping requirements for FFLs and greater penalties for non-compliance; and
 - require FFLs to comply with local business ordinances.

In addition, Treasury proposes to:

 - increase the FFL fee to \$600 per year by 1995;
 - increase the penalty from a misdemeanor to a felony for willful falsification of FFL records; and
 - provide ATF the authority to immediately revoke a license upon the felony conviction of the licensee.
- * **Treasury supports other Senate-passed Crime Bill legislation:**
 - a ban on the manufacture, sale and possession of semi-automatic assault weapons;
 - prohibitions on large capacity ammunition cartridges;
 - a ban on cop-killer bullets which are designed to pierce bullet proof vests; and
 - a prohibition on the transfer or sale of handguns to juveniles.
- * **New York City Pilot Project.** ATF, in cooperation with the New York City Police Department has developed a pilot firearms dealer licensing project which was designed to deny FFLs to dealers who intended to use their license for criminal purposes, thereby limiting the number of illegal firearms in the city. Since the program began, 90 percent of the FFL applications have either been withdrawn or denied. Previously, 90 percent were granted. For most firearms sold on the black market in New York City, the black market price is four times that of the state of origin. We propose to expand this project to other cities with serious gun violence problems.
- * **Intelligence.** Treasury proposes to expand our firearms trace capability to assist Federal, State and local law enforcement in their criminal investigations. We plan to expand a pilot project currently in Washington, D.C., called Operation Ceasefire. Ceasefire utilizes new technology to identify projectiles found at crime scenes, and has provided valuable information to law enforcement linking otherwise unconnected cases.
- * **Law Enforcement.** Treasury proposes to expand law enforcement programs, such as "Achilles" which targets armed career criminals; and Project Uptown which focuses on crime infested public housing. In addition, ATF will study the illegal gun markets in the 10 major counties where 23 percent of the nation's felony crimes are reported.
- * **Explosives.** Explosives are currently sold over the counter without a background check. Treasury is developing legislative changes which will in part include the issuance of permits to buy explosives.
- * **Prevention:**
 - **G.R.E.A.T.** With the leadership of Senator DeConcini, ATF has developed the Gang Resistance Education and Training (G.R.E.A.T.) program, a year-round, school based program designed to help children become responsible members of society, resist negative pressures, learn how to resolve conflicts and understand how gangs and drugs negatively impact the quality of their lives. G.R.E.A.T. is underway in 12 cities; Treasury supports the Senate Crime bill provision to add 50 new sites.
 - **Project Outreach.** Recognizing that poverty, unemployment, and community disillusionment contribute to the nation's crime crisis, Treasury law enforcement agents and other employees volunteer their time to reduce the demand for drugs, teach CPR, tutor children, and other endeavors to improve their communities.



DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

10/10/93 10:30

AMT 10001445

TREASURY DEPARTMENT ANTI-GUN, ANTI-VIOLENCE PROGRAM

The Treasury Department, through the Bureau of Alcohol, Tobacco and Firearms (ATF), has responsibility for enforcing federal gun control laws, regulating the firearms industry, and collecting taxes on firearms and ammunition.

ATF is responsible for the enforcement and administration of federal laws as well as collecting excise taxes (\$14 billion in FY 93) on alcohol, tobacco and firearms. ATF has a staff of 4,300, including 2,100 special agents and 850 compliance inspectors in 26 field offices and 300 subordinate offices and 3 overseas offices, working closely with state and local law enforcement agencies around the country.

There are potentially 200 million firearms in civilian hands in the United States. Nearly four million new firearms enter the marketplace annually. It is estimated that each year, nearly 639,000 Americans will be confronted by a criminal armed with a handgun. Between 130,000 and 270,000 firearms are taken to school every day by juveniles.

Treasury will seek \$10 million to carry out initiatives related to enforcing federal gun control laws and curbing violence from a combination of existing and new resources. Moreover, \$71 million for additional initiatives already is provided for in the Senate-passed crime bill. The Treasury Department will work with the Congress to achieve this level of funding.

Brady Law:

-- The signing of the Brady law on November 30, named after President Reagan's Press Secretary, James Brady, took seven years to enact. The bill requires that all handgun purchasers will undergo a background check before they actually get a handgun. A recent study showed that nearly 30% of criminals in state prisons went to a gun shop to obtain firearms.

-- This is an important improvement in the way guns are sold. Treasury will ensure that implementing regulations are in place by February 28, when the waiting period and background check provisions become effective.

Effective 11/30/93:

* Raises initial fee for federal dealer's or pawnbroker's license from \$10 a year to \$200 for initial three years and \$90 for a three year renewal.

- * Federal Firearms Licensees (FFLs) are required to submit reports to state or local law enforcement agencies when selling two or more handguns in five working days.

- * Common carriers prohibited from placing labels or written notices on packages indicating the packages contain firearms. On interstate or foreign commerce deliveries, the carrier is required to get a written receipt from the recipient of a package containing firearm(s).

- * Penalty for not complying with multiple sales or common carrier provisions by licensee or carrier is not more than five years imprisonment and/or \$250,000 fine.

- * It is a federal felony to steal firearms from the business inventory of a Federal Firearms Licensee (FFL). Penalty: Not more than ten years imprisonment and/or \$250,000 fine.

Effective 2/28/94:

-- Unlawful for Federal Firearms Licensee (FFL) to sell a handgun to nonlicensee unless:

- * obtains statements from purchaser verifying identity and that purchaser is not prohibited from receiving or possessing a firearm.

- * verifies identity of purchaser by examining identification documents required by ATF (e.g. driver's license).

- * notifies "local chief law enforcement officer" within 24 hours with information from buyer. (Note: The Departments of Treasury and Justice are working on the designation of "local chief law enforcement officer". The designee may vary from jurisdiction to jurisdiction.)

- * gives copy of purchaser's statement to "local chief law enforcement officer" within 24 hours.

- * waits five business days before transferring handgun to purchaser.

-- **Exceptions:**

- * statement from local chief law enforcement officer that handgun needed because of threat to life of purchaser or family.

- * State handgun license issued within past five years and state law requires

that an authorized government official verify that possession of a handgun is not in violation of law.

* State law requires that an authorized government official verify that available information does not indicate that the transferee's possession would be in violation of law.

* Handguns approved for transfer under the National Firearms Act.

* Certification by ATF that compliance is impracticable because the remoteness of the FFL premises in relation to the location of the chief law enforcement officer.

-- Penalties for FFL non-compliance

* Criminal penalties: Not more than one year imprisonment and/or \$100,000 fine.

* Administrative action: Revocation of license.

-- The Treasury Department is responsible for implementing Brady law through regulations and enforcement of law as it pertains to licensees, shippers, and purchasers.

-- The Justice Department is responsible for developing a national computerized records system allowing an instant check of purchasers. Waiting period will be replaced by instant check in five years. Justice is also responsible for ensuring police departments comply with time limits on retention of records and receiving certifications of compliance.

-- State and local agencies are responsible for making "a reasonable effort" to determine if purchaser is a prohibited person. Responsible for complying with records retention and certification requirements. Also required to respond in 20 days to a request from a purchaser for the reason they were prohibited from making a purchase. State and local agencies are protected from civil liability arising from failure to prevent a transaction or from preventing a sale to a non-prohibited person.

-- ATF is developing model state and local legislation providing a system for agencies to recoup the cost of the background checks through licensed firearms dealers. There is no provision for federal funds to offset the cost to law enforcement agencies of conducting the checks.

Federal Firearms License Reform

-- Federal law requires that all persons who engage in the business of manufacturing, importing and selling firearms must be licensed by the Bureau of Alcohol, Tobacco and Firearms. The law also requires that persons who obtain such licenses must engage in the business. Licenses must be issued to all applicants who are not prohibited persons, who are 21 years of age and older and who have a premises from which they will conduct such business.

-- Federal law does not require that the licensee be in compliance with state and local laws to obtain a license.

-- Currently, there are over 284,000 licenses. ATF has only 240 inspectors dedicated to the inspection of these licensees to ensure compliance with the law.

-- Over 70% of the persons holding licenses are not engaged in the business as required by law.

-- The Treasury Department is supporting the reforms of the federal firearms licensing program contained in the Senate Crime Bill including:

- * requiring the submission of photographs and fingerprints by all applicants to insure adequate identification of applicants.

- * requiring certification by applicant of compliance with state and local laws. Applicant for license must certify compliance and be in compliance within 30 days of obtaining a federal license. Chief law enforcement officer must be notified by applicant of intent to conduct a firearms' business.

- * ATF required to notify chief state and local law enforcement officers of names and addresses of licenses issued.

- * FFL's must respond in 24 hours to ATF requests for information when a firearm is being traced.

- * FFL's must report thefts and losses of firearms within 48 hours to ATF and local authorities.

-- The Treasury Department is seeking enhancement of these reforms to include:

- * Raise the license fee to \$600 a year. This matches the cost of issuing the license.
- * Establish immediate revocation of a license upon the felony conviction of the Federal Firearms Licensee(FFL).
- * Establish periodic reports by FFL's ensuring that authorized business operation is occurring.
- * Reform the definition of prohibited person. Currently, the definition is dependent on a myriad of conflicting state statutes.
- * Increase the penalty from a misdemeanor to a felony for willful falsification of records by an FFL.
- * ATF will work with state and local agencies to replicate a successful project in New York City in which local authorities and ATF inspectors are preventing 90% of FFLs from being issued by ensuring full compliance with all applicable laws. Formerly, 90% of license applications were approved.

Intelligence

-- It is essential that ATF be able to provide responses to gun trace requests quickly in order to help solve violent crimes. Equally important is that ATF be able to process the intelligence gained from traces to spot illicit trafficking operations and criminal sources of firearms.

-- The President has expressed a commitment to support modernization and automation at ATF's National Tracing Center as essential to achieve the full potential of this vital intelligence.

-- Legislation (covered under FFL reform) is necessary to allow ATF access to essential information.

-- Automation is essential for ATF to be able to realize the full potential of its tracing capability. ATF is statutorily prohibited from maintaining a data base of current business records. However, FFL holders are required to submit

their business records to ATF when they go out of business. These records are currently housed in boxes.

-- Nearly 40% of all traces require ATF to search these retired records from the archives. Information reported on multiple sales and stolen firearms as required in Brady and the crime bill should be automated and integrated into a system useful to law enforcement.

-- ATF is now on-line with the most sophisticated ballistics computer program in the world. Project Ceasefire identifies the markings left on projectiles and cartridge casings and the computer automatically matches identical entries.

-- Expanding this program from the pilot effort in Washington, DC to six additional cities will cost \$5.2 million. These cities are New York, Atlanta, Houston, Los Angeles, Chicago and St. Louis. Expansion of Project Ceasefire will be funded through the Treasury Asset Forfeiture Fund.

Law Enforcement

-- ATF's Achilles Program emphasizes prosecution of the armed recidivist offender. These career criminals, perhaps 15% of the criminal population, account for over 70% of serious crime.

-- In 1986, statutes were passed mandating prison terms ranging from five years to life, without probation or parole, for subjects convicted of using firearms while trafficking in narcotics and for violent career criminals who possess firearms.

-- With the recognition that there is a violent marriage between guns and drug trafficking, ATF committed itself to focusing these statutes in such a way that would make weapons the "Achilles' heel" by which the powerful drug dealers and armed career criminals could be brought down.

-- As part of this program, ATF has special Achilles Task Forces in 22 cities. The task forces, with the help of state and local police, focus their efforts in the highest crime areas. In fiscal year 1993, this program resulted in the prevention of an estimated 220,000 serious crimes at a cost savings to American taxpayers of \$570 million. The Department will develop plans to expand the Achilles Task Forces to additional cities.

-- Project Uptown focuses ATF's jurisdiction into high crime public housing in New York City and Baltimore. It began as a joint effort between ATF and the New York City Housing Authority Police Department, aimed at addressing crime in selected public housing projects. Focusing on armed criminals and

gun wielding drug dealers, the task force was begun in 1989 and has been credited with the nearly 40% decrease in violent crime in New York public housing projects. In 1993, Project Uptown was extended to include a similar joint effort in Baltimore. This program will be expanded to Chicago and New Orleans.

-- ATF will conduct studies of the illicit gun trafficking patterns and trends in the 10 major urban areas where 20% of the nation's sentencings for felony crimes are reported. These areas are:

- * Los Angeles, California
- * New York City, New York
- * Cook County, Illinois
- * Harris County, Texas
- * San Diego, California
- * Orange County, California
- * Maricopa County, Arizona
- * Wayne County, Michigan
- * Dade County, Florida
- * Dallas, Texas

-- The Federal Law Enforcement Training Center (FLETC), will develop a training program for rural drug law enforcement officers.

-- New threats to the lives of the public safety officer appear almost daily. Devastating bullets such as the Black Talon and the armor piercing M39B have no place in the open marketplace. Treasury supports language in the Crime Bill to restrict such ammunition, and is working with the Department of Justice to develop a performance standard to be used to ban similar ammunition which may be developed in the future.

Explosives

-- Under current law, explosives are sold over the counter with no background check on the purchaser. The possession of explosives by convicted criminals is not prohibited. Deadly precursor chemicals are sold with no reporting to the government.

-- The Administration will make recommendations to the Congress requiring a tighter system of ensuring that explosives purchasers are legitimate and qualified, and that purchasers have a permit to buy explosives.

-- In addition, the Administration will seek tightening of the reporting

requirements governing the sale of explosives and the shipping of key precursor chemicals.

-- The Treasury Department also will undertake research into a state-of-the-art tagging system to aid in the identification and tracing of explosives used in criminal bombings.

Prevention

-- Sponsored by Senator Dennis DeConcini, ATF introduced the Gang Resistance Education and Training Program (GREAT) in 1991.

-- Nearly 500 police officers have received training in implementing the program in their cities. Over 100,000 at risk youngsters have been reached by this program which teaches self reliance, self esteem and resistance to negative peer pressure and drug awareness education. This program also focuses on alternatives to gang violence.

-- Currently, GREAT is being implemented in 12 cities. The Department supports the Senate Crime Bill initiative to fund the participation of 50 additional cities. This will cost \$40 million, half of which would go directly to state and local law enforcement.

-- Project Outreach is a Treasury-wide program that brings to communities and schools volunteers from Treasury law enforcement agencies. The agents and employees teach skills such as CPR, provide tutoring, and serve as positive role models for the young people.

DEPARTMENT OF THE TREASURY

TREASURY



NEWS

1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR RELEASE AT 2:30 P.M.
January 4, 1994

CONTACT: Office of Financing
202/219-3350

TREASURY'S WEEKLY BILL OFFERING

The Treasury will auction two series of Treasury bills totaling approximately \$25,200 million, to be issued January 13, 1994. This offering will result in a paydown for the Treasury of about \$500 million, as the maturing 13-week and 26-week bills are outstanding in the amount of \$25,698 million. In addition to the maturing 13-week and 26-week bills, there are \$14,809 million of maturing 52-week bills. The disposition of this latter amount was announced last week.

Federal Reserve Banks hold \$10,085 million of bills for their own accounts in the three maturing issues. These may be refunded at the weighted average discount rate of accepted competitive tenders.

Federal Reserve Banks hold \$4,013 million of the three maturing issues as agents for foreign and international monetary authorities. These may be refunded within the offering amount at the weighted average discount rate of accepted competitive tenders. Additional amounts may be issued for such accounts if the aggregate amount of new bids exceeds the aggregate amount of maturing bills. For purposes of determining such additional amounts, foreign and international monetary authorities are considered to hold \$3,662 million of the original 13-week and 26-week issues.

Tenders for the bills will be received at Federal Reserve Banks and Branches and at the Bureau of the Public Debt, Washington, D. C. This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular (31 CFR Part 356, published as a final rule on January 5, 1993, and effective March 1, 1993) for the sale and issue by the Treasury to the public of marketable Treasury bills, notes, and bonds.

Details about each of the new securities are given in the attached offering highlights.

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Attachment

**HIGHLIGHTS OF TREASURY OFFERINGS OF WEEKLY BILLS
TO BE ISSUED JANUARY 13, 1994**

		January 4, 1994
<u>Offering Amount</u>	\$12,600 million	\$12,600 million
<u>Description of Offering:</u>		
Term and type of security	91-day bill	182-day bill
CUSIP number	912794 J9 6	912794 M4 3
Auction date	January 10, 1994	January 10, 1994
Issue date	January 13, 1994	January 13, 1994
Maturity date	April 14, 1994	July 14, 1994
Original issue date	October 14, 1993	January 13, 1994
Currently outstanding	\$12,986 million	---
Minimum bid amount	\$10,000	\$10,000
Multiples	\$ 1,000	\$ 1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

- | | |
|-------------------------------|--|
| Noncompetitive bids | Accepted in full up to \$1,000,000 at the average discount rate of accepted competitive bids. |
| Competitive bids | (1) Must be expressed as a discount rate with two decimals, e.g., 7.10%. |
| | (2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is \$2 billion or greater. |
| | (3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders. |

**Maximum Recognized Bid
at a Single Yield**

35% of public offering

Maximum Award 35% of public offering

Receipt of Tenders:

Noncompetitive tenders Prior to 12:00 noon Eastern standard time on auction day

Competitive tenders Prior to 1:00 p.m. Eastern standard time on auction day

Payment Terms Full payment with tender or by charge to a funds account at a Federal Reserve Bank on issue date

TREASURY



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TEXT AS PREPARED FOR DELIVERY

EMBARGOED FOR RELEASE

UNTIL DELIVERY

(Approximately 10 a.m. EST)

REMARKS BY TREASURY SECRETARY LLOYD BENTSEN
THE BROOKINGS INSTITUTION
WASHINGTON D.C.
JANUARY 5, 1994

Today, I want to provide a wrap-up and reflect on where we've been on economic policy. It's been a little over a year since President Clinton asked me to join the Administration. I accepted because I knew he'd put the economy at the top of his agenda -- and he has.

First, let's talk results. We have an economy that's growing at a steady, sustainable, and non-inflationary rate. I'm confident the good news will continue in '94 for a number of reasons, but mostly because we showed Americans that government can take tough, painful actions to cut costs.

The number I want every American to remember is the \$500 billion that we've pledged to take out of the system over the next five years. As a result of deficit reduction, our long-term interest rates have tumbled. Rates on a 30-year mortgage are 7.2 percent -- close to a 25-year low.

Neither the Federal Reserve nor an administration can control long-term interest rates. Underlying economic fundamentals are the major influence, but an administration can contribute to those with a reversal of deficit increases and a major deficit reduction.

Does anyone seriously believe interest rates also would have reduced if the deficit had not been addressed?

I've been in government for a while. I saw the last President send up four budgets that were dead on arrival. This President took on the deficit, took on trade issues, is taking on health care -- and he deserves a lot of credit for taking on things that haven't always been popular with every constituent.

Low interest rates have boosted some of our most vital industries like autos and housing, and that has spread to furniture and building supplies and other areas. For eight months, we've seen increases in retail sales.

And inflation is low -- 2.8 percent. In the past 28 years, there's been only one year when we've seen inflation lower than today.

GDP has grown from 0.8 percent the first quarter, to 1.9 percent the second quarter, to 2.9 percent the third quarter, and I think you'll see 4 to 5 percent growth fourth quarter. If you don't think that's steady and solid progress, look at Japan or Europe -- where it's negligible or negative.

We're making progress on jobs. Unemployment is down to 6.4 percent, versus 7.3 percent at the end of 1992. You see a lot of coverage about big companies laying off workers. But it doesn't make the front page when thousands of small companies each hire one or two people. Since last January, the private sector has added more jobs than during the previous four years. And not hamburger-flippers, but good paying jobs.

These numbers are not amazing -- we have a ways to go before we declare victory. But let me tell you what we're trying to achieve, not in quantitative terms, but in the quality of life. My parents raised us with the hope that we'd live a better life than they did. That's the American dream. America's great achievement has been helping millions of parents realize this dream.

But over the past generation, we've seen that hope begin to fade. For the first time in years we've seen real incomes actually fall. Children don't look confidently toward the future, and their parents worry about the world their kids will inherit. We want to reverse that. To do this we have our sights set on the 21st Century -- on a business climate that encourages growth, and job creation, and a higher standard of living for all Americans.

We don't expect -- nor should anyone expect -- immediate success. We didn't get where we are overnight and we can't get where we want to go overnight. So we haven't advocated the kind of radical policies that would leave us weakened in the end. This Administration has committed itself to a different task. We want to get the fundamentals right.

We want the kind of growth that made this country strong -- growth that businesses can plan around, growth that will not offer families boom then bust, growth that will not drive up interest rates, and growth that will keep inflation under control. For nearly a year, through our domestic initiatives and international agreements, we have worked on these challenges. I doubt any Democrat or Republican would argue with our ambition. Where we differ is in our approach.

This Administration believes that government must use every ounce of its energy, every drop of its influence to help create the kind of high-paying, productive, private-sector jobs that have given Americans the world's highest standard of living.

The American people elected Bill Clinton to take on the tough problems. We had problems.

Government wasn't doing a good job breaking down the barriers that prevent business success -- instead government was creating barriers through excessive regulation and through the deficit, which led to high interest rates. Government wasn't doing enough to break down the barriers that some countries put up to keep out American goods and services overseas.

Another problem was that government failed to make the most basic investments in infrastructure and technology.

We also saw the economy leave some people behind. People just weren't getting the training they needed or even access to the fundamental right of health care coverage.

So we started tackling the problems -- in three ways. One, to help business. Two, to increase investment. And three, to help the worker. Let me take them one at a time.

First, business. We wanted to create the conditions where American business could compete and grow. Some say the way to help business is with a big, sudden tax break -- but that just wouldn't make good fiscal or business sense. That was the policy of the 1980s that ended up damaging the real estate industry and led to excesses in the financial community. These kinds of policies would lead to boom and then gloom -- the very kind of economy we want to avoid.

Instead, we set out to liberate private capital. We wanted to cut the deficit, to get control of the federal budget. Year after year, CEOs have made one simple plea: cut government spending and lower the deficit. The President came into office and cut popular programs in order to cut the deficit. We cut billions in government spending, and it wasn't easy.

We did deficit reduction to free up private capital for productive use in the private sector. We did it to lower interest rates. And we did it so businesses could invest more in technology and training to make their workers more productive and increase our national competitiveness.

Low interest rates aren't enough if banks won't lend. So we went after the credit crunch that has tied bankers' hands and dried up lending. We protected safety and soundness while stopping government from strangling the capital markets. We went after the kinds of regulations that led to ridiculous reporting requirements, prevented bankers from making loans to small businesses, and required expensive appraisals on small pieces of real estate.

We're also pursuing fundamental reform of the banking system. If our banks are to compete internationally and give American businesses access to the global credit markets, they need the flexibility to operate in a rational way. That's why this Administration supports interstate branching. It's also why we support consolidation of the regulatory bodies to cut down on excessive, wasteful, and contradictory regulation.

We also increased the expensing allotment for small business to help them buy new equipment and create more jobs, and we renewed the R&D tax credit.

But no business will invest in capacity or create jobs without markets for their products. So we've placed a high priority on opening foreign markets to our goods and services.

The President can take great pride in the passage of NAFTA. He showed that free trade does not have to mean irresponsible trade. With NAFTA we expect U.S. exports to increase and we think it will create 200,000 new high-paying jobs. And we put in place important programs to help workers compete in this new environment.

Ambassador Kantor worked hard to make sure we got a good GATT. With GATT, we are talking about creating thousands of jobs. I've seen conservative estimates that it can add \$300 billion to the world economy by 2002.

And we're hard at work on the most difficult market of all: Japan. Through our framework agreement we set up a process for lowering barriers to American exports.

For years, the U.S. entered agreements and had no way of tracking progress. This addresses that problem. It also links our macroeconomic goals with our efforts to open specific markets. We're working to encourage domestic growth in Japan so that Japanese businesses and consumers have the ability to buy our products.

The need for domestic demand growth is an important point. Japan, with its huge trade surplus, cannot look to the United States and other countries to make up for slack demand at home. Allowing the yen to slide is not an acceptable way out of recession for Japan. We want to see Japan's surplus reduced significantly, and this will require strong domestic demand in Japan, more open markets, and exchange rates that reflect the underlying cost competitiveness of Japan and its trading partners.

Strengthening the G-7 process has been important. For the first time in recent memory, the U.S. is operating from a position of strength. For years our allies have asked us to cut our deficits. We've done that. And it changes the way our ideas are received. Now we're the ones encouraging the other countries to do things to stimulate their economies.

We're also encouraging companies to export and I applaud the Commerce Secretary's efforts on the issue of export controls. We've taken controls off products, which will be a real help in states like California.

And let me say something about Asia -- which I know is an area of interest here at Brookings. In fact, over the holidays I studied one of your books, "A Fragile Relationship."

Immediately after the summit in Moscow, I will be making my first trip to the region since becoming Treasury Secretary. I want to follow up on the progress made in Seattle at the meeting of the Asia Pacific Economic Cooperation organization that President Clinton called together.

Our nation has had, and will continue to have, a significant focus on our economic and security alliances with our European partners. That will not change. But we must also recognize that the United States has a substantial interest in the Pacific region.

The Asian Pacific region is the fastest growing economic region on the globe. Fully two-thirds of our trade deficit is with just two countries there -- Japan and China. We need to make a greater effort to see that the growth taking place in the Pacific encourages growth not only here in the United States but also among other industrial nations.

I've made this point a number of times in the past year when I was talking about NAFTA or GATT, and I'll make it again today. Exports are a driving force in our economy. Since the middle of the last decade half of our increase in income and almost all of our new manufacturing jobs have come about because of exports. It becomes clearer every day that the way to make our economy grow is to get better access to more markets.

And where are those markets? In Asia and in the Pacific, and in Latin America -- places where economies are taking off and they need the goods and the services that America can provide.

Look at the growth rates in the countries I'll be visiting. Indonesia, which has the fourth largest population in the world, has had average real growth rates of over 6 percent in the past 25 years. In Thailand, which is a regional leader in financial liberalization, the annual growth rate in the GDP has been over 7 percent for the past five years. And in China, which now is the world's third-largest economy, GDP growth rose 13 percent last year.

There are other issues that must be raised besides economic ones, such as human rights in China. But one of the ways to promote human rights is to encourage market reform and trade. They can be the engine of political change.

So I'll be talking with my counterparts in the region about our economic relationships, about having an APEC finance ministers meeting sometime next year, and about how each of us sees APEC as a vehicle to further growth and development in our respective nations. I also expect to talk about sustaining the growth we've seen, about how development can be financed, and about how capital markets can be developed.

This is a region to which we've had historic ties, and one I believe can play an increasingly important global role.

So, we've worked hard to help businesses -- our first goal.

Second, we wanted to increase the level of public investment in critical areas of the economy. We're addressing our deteriorating physical infrastructure -- the essential mechanism through which goods and services flow to users around the country and around the world.

And combatting crime will be an important priority. Yesterday, I gave a speech on crime and visited with a number of heads of law enforcement organizations. It was the first speech I gave this year -- and I scheduled it that way for a reason. There was some symbolism there. I wanted to show the high priority that I place this year on Treasury's law enforcement efforts -- on our efforts to enforce the Brady Bill, and to reduce the number of gun dealers, and to get guns out of the hands of children. During the campaign, the President pledged to put 100,000 new police officers on the streets, and we need to see that happens.

The other piece of our investment strategy focuses on innovation. The National Information Infrastructure is one example. The private sector is poised to build broadband information highways across the nation.

We've also made critical investments in local communities. With our empowerment zone program, distressed communities will get financial and technical assistance to help attract business and rebuild their communities.

And with our community development bank and Community Reinvestment Act initiatives, we will help ensure that all businesses and potential entrepreneurs have access to the capital they need to grow.

We'll also invest in defense conversion, so that those who helped us win the Cold War will find new jobs.

Through public investment, we will ensure that public users, like schools, hospitals and libraries, are not left on the curbside. But we will only make these investments in a very targeted way.

We've been working on the '95 fiscal year budget, and money is tight. After netting out investments, nine out of 14 Cabinet Departments will have their budgets cut below last year's, and we want to cut the government payrolls by 250,000 people. The President has made cuts, so that he could take that money and invest it instead on things he thought were more important to this country's future. He has re-prioritized our budget.

But let me say, that even with these investments, the '95 deficit will still come in far lower than anticipated -- in the range of \$190 billion, as opposed to the \$302 billion forecast in December of 1992 before the enactment of the President's deficit reduction plan.

Now, the third, and final problem I'll talk about, is the American worker. If it is government's job to create the right environment for businesses to succeed, it is also the government's responsibility to give each American the opportunity to share in that growth. And all citizens are responsible for bettering themselves to take advantage of these opportunities.

But give American workers access to the right skills, the right education, and decent health care, and they can compete with anyone in the world. If we're serious about raising the standard of living, we must first raise the level of training and education in this country.

Some say these investments run contrary to our efforts to encourage private-sector growth. They believe that you can't be pro-business and pro-worker. That's wrong.

The battle to reform our health care system is a perfect example. We think it's wrong that people are locked into jobs for fear of losing their health insurance. And we think it's wrong that our corporations spend more than their foreign competitors on health care.

People who work for a living should have insurance and they should help pay for it. It's the government's responsibility to make the system work, but it's the employers and the employees responsibility to pay for it. Many companies are already providing health care coverage. They know the benefits of a healthy, productive workforce. Often these same companies are the ones that invest in vital resources in job training and education.

Not all companies make this investment. So this Administration has committed to providing incentives for company-sponsored training and funds to train the unemployed who want to get back to work.

This Administration has stood up for workers who want to keep learning. We've also committed to young people who will form the workforce of the future. Head Start makes good economic sense. I applaud the Labor Secretary's goal of creating a re-employment rather than an un-employment insurance system.

In the past, we may have provided incentives for businesses to create jobs, but not the right incentives for people to take them. That's why the Earned Income Tax Credit program is so important. We've increased it by \$23 billion and provided an additional tax cut for millions of working families. It's our most successful effort to get people off welfare and into productive jobs. It puts their incentive back in work and allows working families to live in dignity.

So, that's our strategy. Help business. Increase investment. And help workers. We've seen real progress. We've put policies in place. We've seen the markets respond.

And this year I'd like to see us achieve 3 percent real growth -- and hold inflation to approximately 3 percent. This should allow interest rates to remain relatively low and reduce further the unemployment rate.

Let me end with this. I was at a meeting in France three years ago. A European got up and said: "Look at the great changes in the world. The end of the Cold War. Europe and Asia emerging as the world leaders. And America on the decline." It's a little ironic that three years later much of Europe and Japan are in a recession, and America is not just a political and a military leader -- we remain the world's economic leader -- the engine of growth in the world.

It's been a good first year -- solid, steady, non-inflationary growth -- and we're planning to sustain this one.

TREASURY



NEWS

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FOR IMMEDIATE RELEASE
January 5, 1994

CONTACT: Scott Dykema
(202) 622-2960

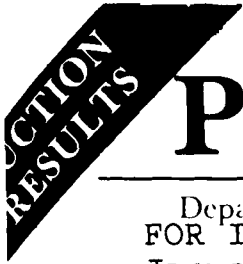
BENTSEN TO VISIT RUSSIA, ASIA

Treasury Secretary Lloyd Bentsen will accompany President Clinton to Moscow next week for a summit meeting with Russian President Boris Yeltsin. After the summit, Bentsen will meet with key officials during visits to China, Indonesia and Thailand to talk about ways of strengthening economic relations.

"My first trip overseas as Secretary was to London last February to strengthen economic ties among the industrial countries. But we also need to look beyond the G-7 to the emerging markets. I plan to begin the new year with a trip to Asia. I want to make sure that we can compete for a growing share of the rapidly expanding markets there. My agenda is simple: to strengthen economic relations and improve opportunities for American goods, investment and financial services."

After attending the January 12-15 summit in Moscow between President Clinton and Russian President Boris Yeltsin, Bentsen will visit those nations January 16-22 .

Bentsen will visit Jakarta January 16-17 and then will be in Bangkok January 17-19. He'll then be in Beijing January 19-21 and in Shanghai January 21-22. Bentsen will return to the United States January 23.



PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239
FOR IMMEDIATE RELEASE
January 6, 1994

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 52-WEEK BILLS

Tenders for \$16,029 million of 52-week bills to be issued January 13, 1994 and to mature January 12, 1995 were accepted today (CUSIP: 912794P81).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	<u>Discount</u> <u>Rate</u>	<u>Investment</u> <u>Rate</u>	<u>Price</u>
Low	3.50%	3.65%	96.461
High	3.52%	3.67%	96.441
Average	3.52%	3.67%	96.441

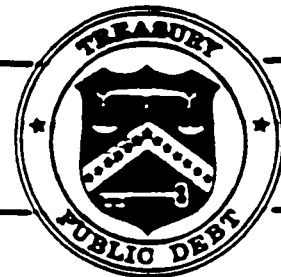
Tenders at the high discount rate were allotted 17%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	<u>Received</u>	<u>Accepted</u>
TOTALS	\$63,046,553	\$16,029,478
Type		
Competitive	\$58,213,550	\$11,196,475
Noncompetitive	567,503	567,503
Subtotal, Public	\$58,781,053	\$11,763,978
Federal Reserve	3,950,000	3,950,000
Foreign Official		
Institutions	315,500	315,500
TOTALS	\$63,046,553	\$16,029,478

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239



FOR RELEASE AT 3:00 PM
January 6, 1994

Contact: Peter Hollenbach
(202) 219-3302

PUBLIC DEBT ANNOUNCES ACTIVITY FOR SECURITIES IN THE STRIPS PROGRAM FOR DECEMBER 1993

Treasury's Bureau of the Public Debt announced activity figures for the month of December 1993, of securities within the Separate Trading of Registered Interest and Principal of Securities program (STRIPS).

Dollar Amounts in Thousands

Principal Outstanding (Eligible Securities)	\$739,824,969
Held in Unstripped Form	\$535,365,914
Held in Stripped Form	\$204,459,055
Reconstituted in December	\$12,994,100

The accompanying table gives a breakdown of STRIPS activity by individual loan description. The balances in this table are subject to audit and subsequent revision. These monthly figures are included in Table VI of the Monthly Statement of the Public Debt, entitled "Holdings of Treasury Securities in Stripped Form."

Information about "Holdings of Treasury Securities in Stripped Form" is now available on the Department of Commerce's Economic Bulletin Board (EBB). The EBB, which can be accessed using personal computers, is an inexpensive service provided by the Department of Commerce. For more information concerning this service call 202-482-1986.

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TABLE VI—HOLDINGS OF TREASURY SECURITIES IN STRIPPED FORM, DECEMBER 31, 1993—
(In thousands)

Loan Description	Maturity Date	Private Amount Outstanding			Residuals This Month*
		Total	Portion held in Unstripped Form	Portion held in Stripped Form	
11-5/8% Note C-1994	11/15/94	50,658,554	55,098,554	\$1,580,000	987,200
11-1/4% Note A-1995	2/15/95	6,933,881	5,693,081	1,240,800	74,400
11-1/4% Note B-1995	5/15/95	7,127,088	4,398,288	2,780,800	0
10-1/2% Note C-1995	8/15/95	7,955,801	5,058,301	2,897,500	34,800
9-1/2% Note D-1995	11/15/95	7,318,950	3,768,950	3,548,000	113,200
8-7/8% Note A-1996	2/15/96	8,446,840	7,847,240	798,400	0
7-3/8% Note C-1996	5/15/96	20,085,843	19,373,843	712,000	97,800
7-1/4% Note D-1996	11/15/96	20,258,810	17,971,810	2,287,200	30,400
8-1/2% Note A-1997	5/15/97	9,921,237	8,754,037	1,167,200	46,000
8-5/8% Note B-1997	8/15/97	9,382,836	7,980,036	1,372,800	28,800
8-7/8% Note C-1997	11/15/97	9,808,329	7,483,129	2,315,200	216,000
8-1/8% Note A-1998	2/15/98	9,158,088	8,488,588	669,400	96,800
9% Note B-1998	5/15/98	9,188,387	6,708,587	2,468,800	76,800
9-1/4% Note C-1998	8/15/98	11,342,848	9,428,848	1,916,000	45,800
8-7/8% Note D-1998	11/15/98	9,808,875	7,194,075	2,708,800	180,000
8-7/8% Note A-1999	2/15/99	9,718,823	8,687,823	1,032,000	144,000
9-1/8% Note B-1999	5/15/99	10,047,103	8,880,303	3,196,800	0
8% Note C-1999	8/15/99	10,163,844	8,808,194	1,358,450	21,000
7-7/8% Note D-1999	11/15/99	10,773,980	8,604,380	2,169,600	0
8-1/2% Note A-2000	2/15/00	10,673,033	9,738,233	936,800	67,800
8-7/8% Note B-2000	5/15/00	10,488,230	6,683,430	3,812,800	142,400
8-3/4% Note C-2000	8/15/00	11,080,846	8,694,726	2,386,920	406,440
8-1/2% Note D-2000	11/15/00	11,518,882	9,083,882	2,428,000	148,200
7-3/4% Note A-2001	2/15/01	11,312,802	9,880,002	1,332,800	52,800
8% Note B-2001	5/15/01	12,388,083	10,488,858	1,901,225	174,000
7-7/8% Note C-2001	8/15/01	12,338,185	10,978,185	1,360,000	113,800
7-1/2% Note D-2001	11/15/01	24,228,102	23,078,902	1,149,200	117,200
7-1/2% Note A-2002	5/15/02	11,714,387	10,632,677	881,520	0
6-3/8% Note B-2002	8/15/02	23,888,015	23,588,215	280,800	51,200
6-1/4% Note A-2003	2/15/03	23,582,691	23,580,195	2,496	0
5-3/4% Note B-2003	5/15/03	28,011,375	28,010,575	800	107,200
11-5/8% Bond 2004	11/15/04	8,301,808	6,158,408	2,142,400	644,800
12% Bond 2005	5/15/05	4,280,758	3,340,558	920,200	400,800
10-3/4% Bond 2005	8/15/05	9,288,713	8,628,513	643,200	308,800
9-3/8% Bond 2006	2/15/06	4,755,916	4,755,276	640	0
11-3/4% Bond 2009-14	11/15/14	6,005,584	4,011,184	1,994,400	608,800
11-1/4% Bond 2015	2/15/15	12,667,799	6,737,079	5,930,720	1,615,040
10-5/8% Bond 2015	8/15/15	7,148,916	2,672,796	4,477,120	138,880
9-7/8% Bond 2015	11/15/15	6,898,859	2,938,259	3,961,600	512,000
9-1/4% Bond 2016	2/15/16	7,288,854	6,538,854	728,000	767,200
7-1/4% Bond 2016	5/15/16	18,823,551	18,306,751	516,800	0
7-1/2% Bond 2016	11/15/16	18,864,448	17,817,248	1,047,200	104,000
8-3/4% Bond 2017	5/15/17	18,194,189	3,762,849	14,431,520	288,960
8-7/8% Bond 2017	8/15/17	14,016,858	5,732,058	8,284,800	364,800
9-1/8% Bond 2018	5/15/18	6,708,639	1,865,439	6,843,200	57,800
9% Bond 2018	11/15/18	9,032,870	865,470	8,167,400	73,800
8-7/8% Bond 2019	2/15/19	19,250,798	3,088,998	16,180,800	315,200
8-1/8% Bond 2019	8/15/19	20,213,832	14,596,872	5,618,960	907,520
8-1/2% Bond 2020	2/15/20	10,228,868	3,408,068	6,822,800	234,800
8-3/4% Bond 2020	5/15/20	10,158,883	1,883,683	8,275,200	321,920
8-3/4% Bond 2020	8/15/20	21,418,806	3,541,166	17,877,440	458,680
7-7/8% Bond 2021	2/15/21	11,113,373	10,078,173	1,035,200	89,800
8-1/8% Bond 2021	5/15/21	11,958,888	4,078,648	7,882,240	163,200
8-1/8% Bond 2021	8/15/21	12,163,462	7,335,642	4,827,840	166,720
8% Bond 2021	11/15/21	32,798,394	12,679,894	20,118,500	1,477,100
7-1/4% Bond 2022	8/15/22	10,352,790	9,201,580	1,151,200	68,000
7-5/8% Bond 2022	11/15/22	10,688,826	9,008,826	1,692,800	273,800

TABLE VI—HOLDINGS OF TREASURY SECURITIES IN STRIPPED FORM, DECEMBER 31, 1993—Continued

(In thousands)

Loan Description	Maturity Date	Principal Amount Outstanding			Reconstituted This Month ¹
		Total	Portion Held in Unstripped Form	Portion Held in Stripped Form	
7-1/8% Bond 2023	2/15/23	18,374,361	18,142,361	232,000	0
6-1/4% Bond 2023	8/15/23	11,530,334	11,484,350	45,984	0
Total		29,904,695	29,626,711	278,984	0

¹Effective May 1, 1987, securities held in stripped form were eligible for reconstitution to their unstripped form.

Note: On the 4th workday of each month Table VI will be available after 3:00 pm eastern time on the Commerce Department's Economic Bulletin Board (EBB). The telephone number for more information about EBB is (202) 482-1986. The balances in this table are subject to audit and subsequent adjustments.



FOR IMMEDIATE RELEASE
Text as Prepared for Delivery
January 7, 1994

**REMARKS OF TREASURY SECRETARY LLOYD BENTSEN
MOSCOW/ASIA TRIP PRESS CONFERENCE**

I will be leaving early next week for Moscow and the summit, and then we'll be going on to Asia. I'll be visiting China for a broad discussion of our economic relations. And I'll be stopping also in Indonesia and Thailand to discuss regional issues such as the Asia Pacific Economic Cooperation organization and financial services matters.

Let me run down our objectives on the three legs, and then perhaps I can take a few questions.

I will join President Clinton, as I did in Vancouver, in discussing the various facets of our economic relationship with Russia. While I'm there I want to commend the reformers for the progress that has been made in liberalizing and privatizing Russia's economy. And I also want to urge President Yeltsin to deepen the process of market reform.

In addition, we will underscore the West's commitment to provide large-scale financing in support of comprehensive market reform. And we will ask the international community to pay greater attention to the social hardships of Russia's transformation.

Now, as to the rest of the trip:

In China, among the more significant things I will do is reconvene meetings of the Joint Economic Committee. This is a forum at which we and the Chinese talk about bilateral economic issues.

LB-586

(over)

Look at what is going on economically in China. They also are in the midst of an historic economic transformation. In our discussions, I want to stress the shared interest of both countries in China's successful transition to an open, market economy. But let me emphasize, at the same time I will make clear that U.S. concerns about human rights remain fundamental. We will obviously be watching China's actions in this area closely as we move toward the President's MFN decision this year.

The economic dialogue will include China's recent reforms of its foreign exchange, tax, monetary and financial systems. In addition, we'll talk about opening China's markets. And we will discuss areas in which we can cooperate on regional matters such as APEC. We have a full agenda in China.

I also want to make progress on one of our key foreign policy goals -- strengthening regional economic cooperation in Asia. The President's Leaders' Meeting in Seattle last fall was a big step forward. I want to talk with my counterparts in Indonesia and Thailand about the Finance Ministers' meeting I will be hosting this year. This will be an unprecedented opportunity for finance ministers from throughout the region to discuss the economic policies which will shape our future.

We need to start sharing ideas on the challenges we face, such as how can we sustain high growth, for rich and poor countries? And how can we promote economic links that promote region-wide growth? We all have enormous infrastructure needs. We ought to look at how they can be financed. We should look at how we can promote private investment, which has been driving much of the growth. And we need to look at how to have deeper and less volatile capital markets in the region. American investors can benefit from the opportunities available in the region. We need to look at how regional cooperation can make that happen.

In addition, while I am in Bangkok I expect to lay out our approach to financial services in the aftermath of the GATT negotiations.

My emphasis in my discussions with the Asian leaders will be on making the Finance Ministers meeting a cooperative venture. It should be a consensus-building exercise, building on the formula which has worked so well in the APEC trade and investment meetings. I want to stress our common interests, not any country's bilateral agenda. Our common interest is to sustain this region's strong economic performance.

The APEC region is a primary factor in our growth. Half of our exports go there. And those exports are up by two thirds in just five years. We clearly have a stake in the growth strategies of our APEC partners, and they clearly have a stake in ours. It's time for us to begin talking to each other about these economic issues.

TREASURY



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FOR IMMEDIATE RELEASE
Text as Prepared for Delivery
January 7, 1994

REMARKS OF TREASURY SECRETARY LLOYD BENTSEN
WHITE HOUSE TRIP BRIEFING
January 7, 1994

As you know, I will be accompanying the President to the Moscow Summit. The April U.S-Russian Summit was the first such meeting ever attended by a Secretary of the Treasury, and Moscow will be the second. This shows that balance sheets are every bit as important as the balance of power in the new partnership between our two countries.

We are going to Moscow to emphasize our continued steadfast support for Russian reform, and for the Russian reformers.

These reformers have made real progress. For instance, prices for most goods have been freed. If you look at the operations of the Russian economy, price is now a major factor in what is produced and what is consumed. Also, privatization is coming along rapidly with one-third of the industrial labor force in privatized firms. And more than half the small businesses have been converted to private ownership.

Beyond that, we are now seeing real progress in stabilizing the economy. Russian inflation in December was down to 12 percent. But Russia needs more reform, not less, and there's much work to be done.

Our trip to Moscow will give us the opportunity to talk to President Yeltsin about the course of economic reform in 1994. We hope this is a year in which economic reform can be solidified with further progress.

LB-587

(over)

But reform can only move forward if attention is paid to its social consequences. The Russian people face genuine hardship as they seek to shed the legacy of 70 years of communism.

We will also want to speak with President Yeltsin about how Russia and the international financial institutions can energize their relationship. That will allow them together to advance reform and, very importantly, cushion the social impact of this transformation. We are not indifferent to the hardships that building a market economy out of the wreckage of a command economy has created for some of the population.

In addition, we will discuss with President Yeltsin and others how we can strengthen our trade and investment relationships. And we want to cover what we can do to reinvigorate Russia's oil and gas industry, as well as discuss recent changes in the banking system in Russia.

Lastly, I won't be on the European leg with the president before the Summit, but he'll be dealing with a variety of economic issues that are important to us. Let me give you four specifics.

First, he'll be talking with the EC and making the point that there is life after the Uruguay Round of GATT. He wants to make it clear that this is a beginning, not an end in our effort to open markets. Second, he'll be discussing efforts to create jobs and bring down unemployment. If you recall, one of his initiatives is the Jobs Summit in March.

Thirdly, the President will stress that we need to achieve stronger growth in the industrial countries. Finally, he will emphasize the importance of opening our markets in the United States, in Western Europe and Japan, to the products of Eastern Europe and Russia.

TREASURY



NEWS

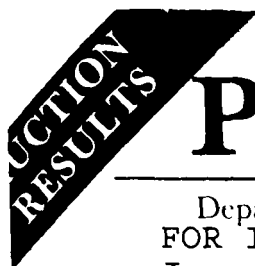
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FOR IMMEDIATE RELEASE
January 7, 1994

STATEMENT OF TREASURY SECRETARY LLOYD BENTSEN

The decline in the unemployment rate, and the creation of 183,000 new jobs, is additional evidence that our economy is demonstrating steady and sustainable growth. Now that unemployment has come down to its lowest level in three years, I believe that our recovery is becoming more deeply rooted and we're regaining some of the ground we lost during the recession.

-30-



PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239
FOR IMMEDIATE RELEASE
January 10, 1994

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Tenders for \$12,844 million of 13-week bills to be issued January 13, 1994 and to mature April 14, 1994 were accepted today (CUSIP: 912794J96).

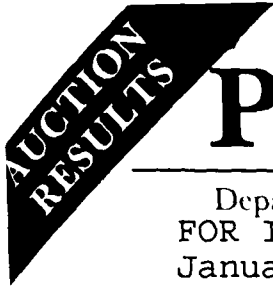
RANGE OF ACCEPTED COMPETITIVE BIDS:

	<u>Discount</u>	<u>Investment</u>	<u>Price</u>
	<u>Rate</u>	<u>Rate</u>	
Low	3.00%	3.06%	99.242
High	3.02%	3.08%	99.237
Average	3.02%	3.08%	99.237

Tenders at the high discount rate were allotted 29%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	<u>Received</u>	<u>Accepted</u>
TOTALS	\$61,686,320	\$12,844,165
Type		
Competitive	\$56,700,906	\$7,858,751
Noncompetitive	<u>1,322,694</u>	<u>1,322,694</u>
Subtotal, Public	\$58,023,600	\$9,181,445
Federal Reserve	3,035,120	3,035,120
Foreign Official		
Institutions	<u>627,600</u>	<u>627,600</u>
TOTALS	\$61,686,320	\$12,844,165



PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239
FOR IMMEDIATE RELEASE
January 10, 1994

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Tenders for \$12,618 million of 26-week bills to be issued January 13, 1994 and to mature July 14, 1994 were accepted today (CUSIP: 912794M43).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	<u>Discount</u> <u>Rate</u>	<u>Investment</u> <u>Rate</u>	<u>Price</u>
Low	3.17%	3.27%	98.397
High	3.18%	3.28%	98.392
Average	3.18%	3.28%	98.392

Tenders at the high discount rate were allotted 47%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	<u>Received</u>	<u>Accepted</u>
TOTALS	\$66,175,181	\$12,617,770
Type		
Competitive	\$59,845,663	\$6,288,252
Noncompetitive	<u>960,518</u>	<u>960,518</u>
Subtotal, Public	\$60,806,181	\$7,248,770
Federal Reserve	3,100,000	3,100,000
Foreign Official		
Institutions	<u>2,269,000</u>	<u>2,269,000</u>
TOTALS	\$66,175,181	\$12,617,770

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FOR IMMEDIATE RELEASE
January 6, 1993

TREASURY SECRETARY LLOYD BENTSEN'S
STATEMENT ON TIP O'NEILL

America lost a great one.

Early in my career, I served in the House with Tip O'Neill. When the Democratic party in Congress needed leadership, he rose to the occasion.

He was a public servant who really did stand up for the public. He'd round up votes to pass legislation -- always doing it for the good of the people he served.

I admired him for his personal qualities, too. No matter how high he rose in life, his commitments to his family and to his home never left him.

DEPARTMENT OF THE TREASURY

TREASURY



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FOR RELEASE AT 2:30 P.M.
January 11, 1994

CONTACT: Howard Schloss
(202) 622-2960

TREASURY CALLS 8-1/2 PERCENT BONDS OF 1994-99

The Treasury today announced the call for redemption at par on May 15, 1994, of the 8-1/2% Treasury Bonds of 1994-99, dated May 15, 1974, due May 15, 1999 (CUSIP No. 912810 BR 8). There are \$2,378 million of these bonds now outstanding, of which \$961 million are held by private investors. Securities not redeemed on May 15, 1994 will cease to earn interest.

These bonds are being called to reduce the cost of financing the public debt. The 8-1/2% coupon on these bonds is significantly above the current cost of securing financing for the five years remaining to their final maturity.

The Treasury plans to refinance the call of the \$961 million that is held by private investors by issuing an additional amount of 5-year notes to be announced on January 19 for settlement at the end of January. In current market conditions, we estimate that the budget outlay savings from the call and refinancing will be about \$150 - \$160 million.

Payment will be made automatically by the Treasury for bonds in book-entry form, whether held on the books of the Federal Reserve Banks or in TREASURY DIRECT accounts. Bonds held in coupon or registered form should be presented for redemption through a financial institution, or to a Federal Reserve Bank or Branch, or to the Department of the Treasury, Washington.

Coupon bonds must have all unmatured coupons attached to the security upon presentation for redemption at par. As required by Department of the Treasury Circular No. 300 (31 CFR 306.27), if any coupons for the ten interest payment dates from November 15, 1994, through May 15, 1999, are missing, the Treasury must deduct the full face amount of the missing coupons from the par value.

DEPARTMENT OF THE TREASURY

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FOR RELEASE AT 2:30 P.M.
January 11, 1994

CONTACT: Office of Financing
202/219-3350

TREASURY'S WEEKLY BILL OFFERING

The Treasury will auction two series of Treasury bills totaling approximately \$25,200 million, to be issued January 20, 1994. This offering will result in a paydown for the Treasury of about \$14,525 million, as maturing bills total \$39,732 million (including the 66-day cash management bills issued November 15, 1993, in the amount of \$14,102 million).

Federal Reserve Banks hold \$6,468 million of the maturing bills for their own accounts, which may be refunded within the offering amount at the weighted average discount rate of accepted competitive tenders.

Federal Reserve Banks hold \$3,681 million as agents for foreign and international monetary authorities, which may be refunded within the offering amount at the weighted average discount rate of accepted competitive tenders. Additional amounts may be issued for such accounts if the aggregate amount of new bids exceeds the aggregate amount of maturing bills.

Tenders for the bills will be received at Federal Reserve Banks and Branches and at the Bureau of the Public Debt, Washington, D. C. This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular (31 CFR Part 356, published as a final rule on January 5, 1993, and effective March 1, 1993) for the sale and issue by the Treasury to the public of marketable Treasury bills, notes, and bonds.

Details about each of the new securities are given in the attached offering highlights.

oOo

Attachment

**HIGHLIGHTS OF TREASURY OFFERINGS OF WEEKLY BILLS
TO BE ISSUED JANUARY 20, 1994**

		January 11, 1994
<u>Offering Amount</u>	\$12,600 million	\$12,600 million
<u>Description of Offering:</u>		
Term and type of security	91-day bill	182-day bill
CUSIP number	912794 K2 9	912794 M5 0
Auction date	January 18, 1994	January 18, 1994
Issue date	January 20, 1994	January 20, 1994
Maturity date	April 21, 1994	July 21, 1994
Original issue date	October 21, 1993	January 20, 1994
Currently outstanding	\$12,916 million	---
Minimum bid amount	\$10,000	\$10,000
Multiples	\$ 1,000	\$ 1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

- | | |
|-------------------------------|--|
| Noncompetitive bids | Accepted in full up to \$1,000,000 at the average discount rate of accepted competitive bids |
| Competitive bids | (1) Must be expressed as a discount rate with two decimals, e.g., 7.10%. |
| | (2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is \$2 billion or greater. |
| | (3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders. |

Maximum Recognized Bid

at a Single Yield 35% of public offering

Maximum Award 35% of public offering

Receipt of Tenders:

Noncompetitive tenders Prior to 12:00 noon Eastern Standard time on auction day

Competitive tenders Prior to 1:00 p.m. Eastern Standard time on auction day

Payment Terms Full payment with tender or by charge to a funds account at a Federal Reserve Bank on issue date



FOR IMMEDIATE RELEASE
January 12, 1994

STATEMENT BY TREASURY SECRETARY LLOYD BENTSEN

We welcome the courageous decision of the member countries of the African Franc Zone to devalue their currency, the CFA Franc. For 45 years it has helped maintain stable business conditions and low inflation in these countries. It has become increasingly overvalued in recent years, however, contributing to high costs, a loss of competitiveness on world markets and resulting disinvestment.

If devaluation is accompanied by appropriate fiscal, monetary and trade policies, it should make the Franc Zone countries more attractive to domestic and foreign private investment. The result should be stronger and more diverse economic growth and better economic opportunities for their citizens. We encourage the International Monetary Fund and the World Bank to lend appropriate technical and financial assistance to the countries taking this important step.

TREASURY



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FOR IMMEDIATE RELEASE
January 12, 1994

Contact: Joan Logue-Kinder
Chris Peacock
956-6422 or
956-6407 in Moscow

BENTSEN ANNOUNCES
NEW SUPPORT IMPLEMENTATION GROUP DIRECTOR

MOSCOW, Russia - Treasury Secretary Lloyd Bentsen announced today in Moscow that the United States has appointed Michael Gillette as Director of the Support Implementation Group (SIG).

"With this appointment, the United States is fulfilling a commitment made by President Clinton to President Yeltsin to provide more timely and effective support for Russia's reform efforts," Secretary Bentsen said.

At the April 1993 Vancouver Summit, President Clinton and President Yeltsin discussed the need to establish a mechanism to ensure more effective implementation of external support for Russian reform. They agreed there were critical bottlenecks facing external support due to obstacles on the part of both Russia and the major industrial countries.

After the Vancouver Summit, the United States took the lead, working with the G-7, in proposing the creation of the SIG. The SIG was designed to break through these bottlenecks. The establishment of SIG was endorsed by the G-7 heads of state and the representatives of the European Community in July at the Tokyo Economic Summit.

The SIG held its inaugural session in Moscow in September 1993, chaired by the Japanese representative. The SIG has met seven times since then. The attendance of the group consists primarily of the senior economic officials of the G-7 embassies in Moscow.

The Russian Government has established a committee, under the supervision of Finance Minister Boris Fedorov, to ensure effective cooperation with the SIG. Representatives of the multilateral financial institutions, including the IMF and the World Bank, based in Moscow, have attended meetings of the SIG.

(more)

LB-594

The SIG is off to an excellent start. It has established a working dialogue with senior Russian officials and begun to document the principle obstacles to the flow of external support.

The United States was asked by the G-7 to nominate the first Director of the SIG and has chosen Michael Gillette for this important task. Mr. Gillette, 56, is a graduate of the United States Military Academy (West Point) and a Rhodes Scholar. He has a distinguished and long record of public service in the U.S. military forces, in the U.S. Department of Energy from 1979-1981, and in the World Bank.



MICHAEL JAMES GILLETTE

- BORN:** Washington, D.C., October 27, 1937
- EDUCATED:** United States Military Academy (West Point), BS 1959
RHODES SCHOLAR, Brasenose College, Oxford University, England, MA 1963
HARVARD BUSINESS SCHOOL, Program for Management Development, 1974
- CAREER:** 1959-70 US Army, Infantry officer. Decorated combat veteran. Systems Analyst, Officer of the Secretary of Defense.
- 1970-79, 1982-present, World Bank. Immediate staff of Robert McNamara, formulated new approaches to programming Bank development activity, instituted management and control systems used today.
- Division Chief, World Bank African Division. Marketed Bank lending and technical assistance and guided Bank economic work in French-speaking West Africa. For two years provided oversight for all development work plus control of administrative budget.
- Five years in Bank Financial Complex. Division Chief for financial analysis during the period of greatest changes in financial policy in Bank history. As Director of Accounting and Deputy Controller introduced several major policy changes in accounting for loan portfolio performance, control over receivables and payables.
- During 1987-1992 as Department Director for French West Africa implemented major and controversial policy shift toward countries that won full approval of Bank President and Board of Directors and remains in force.

(more)

CAREER: As Finance and Policy Advisor to VP(Europe and Central Asia) since 1992, supported international effort to assist accounting reforms and foster development of accounting industry to serve banks and enterprises.

1979-81, U.S. Department of Energy, Deputy Assistant Secretary, Policy. Oversight of all conservation and renewable energy programs and policy.

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FOR IMMEDIATE RELEASE
Text as prepared for delivery
January 13, 1994

STATEMENT OF TREASURY SECRETARY LLOYD BENTSEN
MOSCOW, RUSSIA
January 13, 1994

Russia is at a critical juncture, but I sense a strong commitment to press on and make these reforms work.

President Clinton and President Yeltsin had a discussion about the progress that has been made so far, and it's substantial, in reforming the Russian economy. They talked about how privatization has come along so well, 70,000 small businesses and 10,000 large ones converted. They discussed how inflation is down from 30 percent a month -- and that's 2,300 percent a year -- to 12 percent a month, how Russia's budget deficit was reduced from 20 percent of GDP to 9 percent last year, and how dollar wages have risen three-fold.

After President Yeltsin and Deputy Prime Minister Boris Fedorov described Russia's impressive economic record, President Clinton said it was a real achievement and a story we have to get out to the world.

And I told Mr. Yeltsin that I've traveled the world and met a lot of economic teams and yours is one of the best.

President Clinton and President Yeltsin agreed that Russia has a strong economic team and that there can be no turning back from fighting inflation and continuing to privatize.

And President Clinton promised that as long as Russia keeps reforming, we'll work with the G-7, the IMF and the World Bank to get this support delivered as rapidly as possible.

President Clinton assured President Yeltsin of the strong support the West has for the reforms that are being made. We don't want this momentum to slow.

President Clinton also agreed with President Yeltsin that more attention has to be paid to easing some of the hardships that we're hearing about. We talked about finding ways to cut through some of the red tape that can get in the way of our support. In that regard, the Support Implementation Group can play an important role. We discussed how Russia and the International Financial Institutions can cooperate more effectively so we can have more reform, and more support. And we discussed trade and investment issues.

Before we had the larger bilateral, I met with Mr. Fedorov and First Deputy Prime Minister Yegor Gaydar. We three of us had a good talk about a wide range of economic subjects.

I found Fedorov and Gaydar quite eager to carry on these reforms, and even accelerate them. And that's the way this has got to go. I also assured Mr. Gaydar that the West wants to see foreign assistance advance as fast as the reforms advance.

When Mr. Fedorov and I were talking about how privatization is going, he told me that people used to line up for bread here in Moscow, but now the lines for shares in these businesses.

Finally, Secretary Christopher and I met with the new American Chamber of Commerce, and I told them how we're urging the Russians to create the kind of body of law that encourages the private sector to come invest in Russia.

TREASURY



NEWS

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January 13, 1994

REMARKS BY ASSISTANT SECRETARY FOR ENFORCEMENT
RONALD K. NOBLE

ANNOUNCEMENT OF THOMAS CONSTANTINE AS
ADMINISTRATOR-DESIGNATE OF
THE DRUG ENFORCEMENT ADMINISTRATION

I wear several hats today as I welcome Thomas Constantine to the federal law enforcement community. As an official of the Department of Treasury, I speak on behalf of Secretary Bentsen and Treasury. As head of Treasury enforcement, I speak on behalf of all the Treasury Enforcement Bureaus, Customs, ATF, Secret Service, IRS, FinCEN, FLETC -- from the directors and commissioners to those working in the field. And I speak as an individual citizen who hopes that we can make our streets safer and our communities more drug-free.

In each of these roles, I applaud your nomination, Superintendent Constantine, to be Administrator of the Drug Enforcement Administration. You have dedicated your career to law enforcement, and at each stage you have achieved outstanding success. Now, you bring to DEA vital grass-roots knowledge and leadership skills. But your job and skills transcend DEA; you are now a crucial part of the Administration's efforts to deal with the drug epidemic. I join Attorney General Janet Reno and Dr. Lee Brown in welcoming you to the Administration's team and believe you will make an invaluable contribution towards reducing the amount of drugs and drug violence in our country.

My welcome comes from all elements of Treasury because all elements of Treasury are committed to working with DEA and its new Administrator to make sure that the laws of this country are enforced, that crimes are stopped, and that all criminals are punished appropriately. From Customs and its anti-smuggling program to FinCEN and its analytic capabilities, from ATF's anti-gun and anti-gang agenda to FLETC's training programs, from

(more)

LB-596

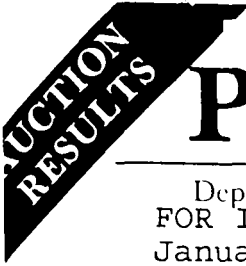
Secret Service's financial crime enforcement to IRS's anti-money laundering efforts, Treasury harbors numerous powerful tools that can be used effectively to implement the President's drug control strategy. In the world we now live in, where criminals respect no jurisdictional limits and criminals ply their trade throughout the country and world, when drug crimes go hand-in-hand with guns and violence and when drug dealers use our financial system to launder their ill-gotten gains, federal, state and local law enforcement in combination with our communities, must work together to confront the vast criminal network.

By cooperating we make the best use of the extraordinary expertise of each element of U.S. law enforcement. As Director Freeh put it -- we must share our toys, and we must work toward our shared goals. *Individually*, a single federal agency or a local police department can limit criminal activity, *together* we can have a far greater impact on crime. *Individually*, we can arrest criminals, *together* we can dismantle criminal infrastructures. *Individually*, we can confiscate drugs at the border or drugs being sold in a school, *together* we can diminish the drug trade and drug culture and lessen our children's exposure and vulnerability to drugs.

Two weeks ago, you demonstrated your personal commitment to cooperation by participating in a joint investigation into the tragic Buffalo bombings. That investigation involved ATF, FBI, the Postal Inspection Service, the New York State Police and various local law enforcement agencies. Only because all involved worked together were we able to detain all suspects within 24 hours of the bombings.

I know that you, as I, already share a relationship of trust and confidence with FBI Director Louis Freeh, a relationship that will prove essential to coordinating the anti-drug efforts of this Administration. Superintendent Constantine, I pledge the cooperation of the Treasury Department to your future efforts to address drug-related crime. And I will make it my personal goal to help you develop mutually beneficial relationships with Treasury officials -- including the leadership of the bureaus gathered here today to welcome you on board.

Before concluding I want to repeat that my welcome comes not only from the policy makers in Washington but from our agents and field personnel, who work daily with DEA and who have learned to respect and value the talents, courage and expertise of DEA agents. I look forward to working with you, and anticipate that cooperation among Treasury, Justice, and our various bureaus and agencies will result in significant advances in this country's drug enforcement efforts.



PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239
FOR IMMEDIATE RELEASE
January 18, 1994

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Tenders for \$12,680 million of 13-week bills to be issued January 20, 1994 and to mature April 21, 1994 were accepted today (CUSIP: 912794K29).

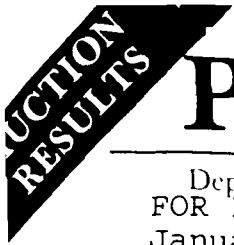
RANGE OF ACCEPTED COMPETITIVE BIDS:

	<u>Discount</u> <u>Rate</u>	<u>Investment</u> <u>Rate</u>	<u>Price</u>
Low	2.98%	3.04%	99.247
High	2.99%	3.06%	99.244
Average	2.99%	3.06%	99.244

Tenders at the high discount rate were allotted 33%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	<u>Received</u>	<u>Accepted</u>
TOTALS	\$52,425,686	\$12,680,355
Type		
Competitive	\$47,548,966	\$7,803,635
Noncompetitive	<u>1,255,260</u>	<u>1,255,260</u>
Subtotal, Public	\$48,804,226	\$9,058,895
Federal Reserve	3,267,660	3,267,660
Foreign Official		
Institutions	<u>353,800</u>	<u>353,800</u>
TOTALS	\$52,425,686	\$12,680,355



PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239
FOR IMMEDIATE RELEASE
January 18, 1994

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Tenders for \$12,644 million of 26-week bills to be issued January 20, 1994 and to mature July 21, 1994 were accepted today (CUSIP: 912794M50).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	<u>Discount</u>	<u>Investment</u>	
	<u>Rate</u>	<u>Rate</u>	<u>Price</u>
Low	3.15%	3.24%	98.408
High	3.15%	3.24%	98.408
Average	3.15%	3.24%	98.408

Tenders at the high discount rate were allotted 78%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	<u>Received</u>	<u>Accepted</u>
TOTALS	\$64,524,461	\$12,644,273
Type		
Competitive	\$57,864,737	\$5,984,549
Noncompetitive	<u>1,084,124</u>	<u>1,084,124</u>
Subtotal, Public	\$58,948,861	\$7,068,673
Federal Reserve	3,200,000	3,200,000
Foreign Official		
Institutions	<u>2,375,600</u>	<u>2,375,600</u>
TOTALS	\$64,524,461	\$12,644,273

DEPARTMENT OF THE TREASURY

TREASURY



NEWS

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FOR RELEASE AT 2:30 P.M.
January 18, 1994

CONTACT: Office of Financing
202/219-3350

TREASURY'S WEEKLY BILL OFFERING

The Treasury will auction two series of Treasury bills totaling approximately \$25,200 million, to be issued January 27, 1994. This offering will result in a paydown for the Treasury of about \$125 million, as the maturing weekly bills are outstanding in the amount of \$25,319 million.

Federal Reserve Banks hold \$6,304 million of the maturing bills for their own accounts, which may be refunded within the offering amount at the weighted average discount rate of accepted competitive tenders.

Federal Reserve Banks hold \$2,734 million as agents for foreign and international monetary authorities, which may be refunded within the offering amount at the weighted average discount rate of accepted competitive tenders. Additional amounts may be issued for such accounts if the aggregate amount of new bids exceeds the aggregate amount of maturing bills.

Tenders for the bills will be received at Federal Reserve Banks and Branches and at the Bureau of the Public Debt, Washington, D. C. This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular (31 CFR Part 356, published as a final rule on January 5, 1993, and effective March 1, 1993) for the sale and issue by the Treasury to the public of marketable Treasury bills, notes, and bonds.

Details about each of the new securities are given in the attached offering highlights.

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Attachment

**HIGHLIGHTS OF TREASURY OFFERINGS OF WEEKLY BILLS
TO BE ISSUED JANUARY 27, 1994**

January 18, 1994

<u>Offering Amount</u>	\$12,600 million	\$12,600 million
<u>Description of Offering:</u>		
Term and type of security	91-day bill	182-day bill
CUSIP number	912794 K3 7	912794 L5 1
Auction date	January 24, 1994	January 24, 1994
Issue date	January 27, 1994	January 27, 1994
Maturity date	April 28, 1994	July 28, 1994
Original issue date	October 28, 1993	July 29, 1993
Currently outstanding	\$13,074 million	\$15,267 million
Minimum bid amount	\$10,000	\$10,000
Multiples	\$ 1,000	\$ 1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

- | | |
|-------------------------------|--|
| Noncompetitive bids | Accepted in full up to \$1,000,000 at the average discount rate of accepted competitive bids |
| Competitive bids | (1) Must be expressed as a discount rate with two decimals, e.g., 7.10%. |
| | (2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is \$2 billion or greater. |
| | (3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders. |

Maximum Recognized Bid

at a Single Yield 35% of public offering

Maximum Award 35% of public offering

Receipt of Tenders:

- | | |
|----------------------------------|--|
| Noncompetitive tenders | Prior to 12:00 noon Eastern Standard time on auction day |
| Competitive tenders | Prior to 1:00 p.m. Eastern Standard time on auction day |

Payment Terms Full payment with tender or by charge to a funds account at a Federal Reserve Bank on issue date

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FOR RELEASE AT 2:30 P.M.
January 19, 1994

CONTACT: Office of Financing
202/219-3350

TREASURY TO AUCTION 2-YEAR AND 5-YEAR NOTES
TOTALING \$29,000 MILLION

The Treasury will auction \$17,000 million of 2-year notes and \$12,000 million of 5-year notes to refund \$14,493 million of publicly-held securities maturing January 31, 1994, and to raise about \$14,500 million new cash.

The 5-year notes announced today include an amount sufficient to refinance the call, announced on January 11, 1994, of \$961 million held by private investors of the 8 1/2% Treasury Bonds of 1994-99.

In addition to the public holdings, Federal Reserve Banks hold \$639 million of the maturing securities for their own accounts, which may be refunded by issuing additional amounts of the new securities.

The maturing securities held by the public include \$1,521 million held by Federal Reserve Banks as agents for foreign and international monetary authorities. Amounts bid for these accounts by Federal Reserve Banks will be added to the offering.

Both the 2-year and 5-year note auctions will be conducted in the single-price auction format. All competitive and non-competitive awards will be at the highest yield of accepted competitive tenders.

Tenders will be received at Federal Reserve Banks and Branches and at the Bureau of the Public Debt, Washington, D. C. This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular (31 CFR Part 356, published as a final rule on January 5, 1993, and effective March 1, 1993) for the sale and issue by the Treasury to the public of marketable Treasury bills, notes, and bonds.

Details about each of the new securities are given in the attached offering highlights.

oOo

Attachment

HIGHLIGHTS OF TREASURY OFFERINGS TO THE PUBLIC OF
2-YEAR AND 5-YEAR NOTES TO BE ISSUED JANUARY 31, 1994

January 19, 1994

<u>Offering Amount</u>	\$17,000 million	\$12,000 million
<u>Description of Offering:</u>		
Term and type of security	2-year notes	5-year notes
Series	Series AC-1996	Series J-1999
CUSIP number	912827 N5 7	912827 N6 5
Auction date	January 25, 1994	January 26, 1994
Issue date	January 31, 1994	January 31, 1994
Dated date	January 31, 1994	January 31, 1994
Maturity date	January 31, 1996	January 31, 1999
Interest rate	Determined based on the highest accepted bid	Determined based on the highest accepted bid
Yield	Determined at auction	Determined at auction
Interest Payment dates	July 31 and January 31	July 31 and January 31
Minimum bid amount	\$5,000	\$1,000
Multiples	\$1,000	\$1,000
Accrued interest payable by investor	None	None
Premium or discount	Determined at auction	Determined at auction

The following rules apply to all securities mentioned above:

Submission of Bids:

- Noncompetitive bids . . . Accepted in full up to \$5,000,000 at the highest accepted yield
- Competitive bids (1) Must be expressed as a yield with two decimals, e.g., 7.10%
- (2) Net long position for each bidder must be reported when the
 sum of the total bid amount, at all yields, and the net long
 position is \$2 billion or greater.
- (3) Net long position must be determined as of one half-hour prior
 to the closing time for receipt of competitive tenders.

Maximum Recognized Bid

at a Single Yield . . . 35% of public offering

Maximum Award 35% of public offering

Receipt of Tenders:

Noncompetitive tenders . . . Prior to 12:00 noon Eastern Standard time on auction day

Competitive tenders Prior to 1:00 p.m. Eastern Standard time on auction day

Payment Terms Full payment with tender or by charge to a funds account
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TREASURY



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STATEMENT OF TREASURY SECRETARY LLOYD BENTSEN
DEPARTURE PRESS CONFERENCE
BEIJING, CHINA
JANUARY 21, 1994

We're winding up our visit to Beijing and I wanted to take a few minutes with you to let you have my impressions of the trip.

We had a very productive set of discussions.

I have a much greater appreciation of China's economic accomplishments, and of the opportunities and challenges that lie ahead. This is a very different country than the one I visited in 1978.

I came here with three objectives. The first was to pursue America's economic interests in China.

Even before I arrived there was progress. We reached an important agreement on textiles, and China decided to unify its exchange rates. We also saw China make commitments in the context of the Joint Economic Committee to open its financial markets by allowing branches in areas that have previously been closed to foreign banks. In addition, the Chinese also said they are willing to allow foreign banks, on an experimental basis, to engage in local currency business.

We have a lot more to do. But we have now in place, in the form of working groups under the Joint Economic Committee, a framework in which to resolve these issues.

My second objective in coming to China was to support the reform efforts in which the entire world has such a great stake. Mr. Zhu Rongji and I had a good talk about the challenges ahead. In the joint statement we released on the conclusion of the JEC, we announced an intensified program of technical assistance.

We also discussed the Asia Pacific Economic Cooperation organization and the upcoming finance minister's meeting. With China's infrastructure needs and the huge capital flows it has been experiencing, the agenda promises to be especially relevant to China.

(MORE)

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While we were talking about international economic integration, we also touched on the GATT. I was able to talk with the Chinese authorities about the next stage of the process of gaining entry to GATT, which begins in a few weeks here in Beijing.

My third objective was to make clear that our concerns about human rights remain fundamental. There has been progress, but more remains to be done.

I had good, frank discussions with each of the senior officials. I think we all understand where the MFN issue now stands. I think they understand the standards laid out in the executive order. They have heard the same message from the American people, from recent Congressional delegations, and in the message I carried from the President.

I am pleased with the progress on prison labor. But let me just say that this is just one part of the Executive Order. And the important point is overall progress on human rights when it's time for the President to make his decision.

I leave this afternoon for Shanghai where I am eager to see first hand the role that the new entrepreneurs are playing in China's impressive economic growth.

DEPARTMENT OF THE TREASURY

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FOR IMMEDIATE RELEASE
Text as Prepared for Delivery
January 23, 1994

STATEMENT OF TREASURY SECRETARY LLOYD BENTSEN
TOKYO FRAMEWORK BILATERAL PRESS CONFERENCE
TOKYO, JAPAN

President Clinton asked me to stop in Japan and talk with Japan's leaders about our framework discussions, and the importance of our strong bilateral relations.

We had some very candid discussions this afternoon with the Prime Minister and the Finance Minister. We took stock of where things stand on our framework agreement and our economic relations with Japan.

I told the Prime Minister that President Clinton is committed to opening markets. We've seen real progress in the past year. Look at the GATT, and NAFTA, and what's happening in APEC. With the summit approaching early next month, attention is shifting to Japan and markets that are not as open as our own.

What we're looking for in the framework is progress in Japan getting into step with the world economy. Japan is out of step right now. It has a continuing trade surplus. It has the lowest penetration of manufactured imports, and it has the lowest foreign investment levels among the major nations.

We covered a number of points with the Prime Minister.

I told him that we want a good set of agreements in the three areas with a February 11th deadline. From our perspective, we would far prefer no agreements to weak agreements. If we do not have credible agreements by the time of the summit, we would have to re-examine the basis of the framework.

(MORE)

The second major point is that we need to see a sustained and strong fiscal stimulus by the Japanese. Under the framework the United States agreed to cut its deficit. We have done that. Japan agreed to do what was necessary to achieve strong domestic demand-led growth, and a highly significant reduction in its current account imbalance. If you look at the figures, that hasn't happened yet. In addition, the forecasts are not very encouraging. We're looking for strong and sustained fiscal action.

There will be a lot of negotiating in the next several weeks. No one should doubt the United States' determination to see an open Japanese market. We're prepared to negotiate on a good faith, pragmatic basis over the next several weeks.



STATEMENT OF TREASURY SECRETARY LLOYD BENTSEN
DEPARTURE PRESS CONFERENCE
BEIJING, CHINA
JANUARY 21, 1994

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(MORE)

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ADDRESS OF RICHARD S. CARNELL
ASSISTANT SECRETARY OF THE TREASURY
FOR FINANCIAL INSTITUTIONS
TO
WOMEN IN HOUSING AND FINANCE
LEGISLATIVE AND REGULATORY TASK FORCES
WASHINGTON, D.C.
JANUARY 24, 1994

Introduction

I'm here today to present a dispassionate overview of what -- surprisingly -- has become a passionate debate on the benefits of consolidating into a new Federal Banking Commission the depository institution regulation that is now parcelled out among four federal agencies. Each of the four agencies has essentially the same regulatory powers and functions. Because of this overlap, depository institutions must carry excessive regulatory costs and burdens. These costs are passed on -- in one way or another -- to customers. Our plan to consolidate regulatory functions -- which I modestly term the Administration's proposal -- would make the government operate more efficiently. It is one small effort to eliminate needless bureaucracy. Banks would benefit, business would benefit, consumers would benefit -- almost everyone would benefit -- from our modest proposal.

On the administrative level, our proposal is simply the governmental equivalent of a private manufacturing firm putting all of its accountants in one office, instead of each division of the company operating an accounting department of its own. Streamlining operations, it's called.

Of course, that analogy breaks down fairly quickly once you rise above the level of administration -- who works where and at what desk. In banking, the problem is more than just a duplicative examination workforce. The regulatory agencies often have differing substantive standards and procedural requirements, so that depository institutions overseen by two or more of the agencies are often subject to conflicting regulations, and thus to needless confusion, inordinate delays and unnecessary paperwork.

For example, a bank holding company that owns a national bank, a state nonmember bank, and a thrift, will have four federal regulators: the Office of the Comptroller of the Currency for the national bank, the Federal Deposit Insurance Corporation for the state bank, the Office of Thrift Supervision for the thrift, and the Fed for the holding company. Each agency regulates a piece of the whole, sometimes applying different rules to similar situations, sometimes applying the same rules differently. In thousands of cases, as in this

example, the bank holding company regulator is not even the regulator of any of the holding company's depository institution subsidiaries.

But the benefits of our proposal go beyond reduced costs. Under the current system, regulators are sometimes constrained from taking needed action by the knowledge that the action could prompt an institution to switch charters to a more lax regulator. That is to say, the current system of multiple regulators undercuts the effectiveness of banking regulation. This "competition in laxity" -- a term much beloved and belabored by former Federal Reserve Board Chairman Arthur Burns -- would be ended by our proposal.

Further, in reinventing bank regulation by eliminating redundancy and waste, we're promoting the competitiveness of our banking industry, which in turn will boost economic growth and productivity. Will agency consolidation change the world? No. Will it contribute to greater economic well-being? Undeniably. Every dollar that pays for unnecessary and redundant regulation adds to the cost of financial services. Under our proposal, banks and thrifts will focus on what they are supposed to do -- carry on their business -- instead of wasting time dealing with multiple regulators or exploiting the current system by playing one regulator off against another.

Specific Benefits

Let's take a moment to look at some of the specific benefits our proposal would bring to banks, businesses, and consumers.

First of all, in addition to cost savings and an end to duplication and waste, the Administration's proposal would result in another major benefit for banks. It would give the industry a single federal agency charged with -- and accountable for -- ensuring the long-term vitality of banking. The current set-up is too poorly structured to safeguard the viability of the bank franchise -- and that is a design flaw. Having too many regulators means that nobody is accountable. And any regulator who assumes accountability has only limited ability to influence the overall structure and effectiveness of the federal supervisory system. A single regulator, whose mission is supervision and regulation, will be more efficient and more responsive to the industry's problems and concerns than is the arrangement we have now. Further, the Administration's proposal will lead to quicker attention to significant policy issues by eliminating the need for time-consuming, cumbersome inter-agency negotiations, which often produce unsatisfactory results. The design flaw in the current system isn't just theorizing. In the late 1980s, the warning signs were clear that banks had overinvested in commercial real estate loans, but the regulators could not agree on a unified strategy to address the problem. As we know only too well, this failure to act led to enormous financial losses.

Correcting this flaw would particularly benefit smaller, community-oriented depository institutions. Right now, most community banks have regulators with higher priorities: conducting monetary policy and managing the deposit insurance system. The

Federal Banking Commission will have no higher priorities -- regulation and supervision would be its focus.

Second, the Administration's proposal would be good for business because it would help restore stability to a banking industry that -- over the past decade -- swung between granting credit to anyone with a pulse and granting credit to no one. When federal banking policy has been adrift, businesses suffer. And small businesses have been hit especially hard, since they depend heavily on the banking sector for credit.

In one important sense, the current supervisory structure destabilizes banking: Simply trying to coordinate policies and regulations between the four agencies can take months of effort, involving hundreds of people in complex negotiations. And still, in the end, coordination often proves impossible. In recent years, it has sometimes literally taken an Act of Congress to get the regulators to coordinate.

Let's not forget why we have federal banking supervision -- not simply because we care about banks in and of themselves, but because we care about the support banks provide the economy. America's business community faces increasingly competitive markets. It needs a banking system that can keep pace with it. It does not have one, in part because of the current regulatory structure. The Administration's proposal would strengthen banking, and a stronger banking system could support the economy, and business, that much more.

Third, the Administration's proposal would benefit consumers. Just as with business, it would assure consumers a stable banking system that met their convenience and needs -- in this case, one that provides individuals with a safe place to keep their money and a stable source of credit. Over the past decade, millions of consumers have lost the bank branches they used to do business with and have been forced to find new sources of credit and new places to keep their savings.

The proposal will also provide a system consumers can understand. The current system is so complex that most consumers have no idea who to complain to when something goes wrong.

The proposal will give consumer interests something they have never had before: a federal regulator that takes them seriously because, again, it is focused on bank supervision, not on monetary policy or deposit insurance.

Criticisms Addressed

The Administration's proposal is simple and straightforward -- just like the system of banking supervision we're trying to create with it. Yet it seems that from the moment we announced it last November 22, some critics have engaged in a campaign to bring every conceivable argument -- the logical and the illogical, the thoughtful and the fallacious -- before the public. None of these arguments has been compelling, despite the forceful and

urgent tone used by those who make them. I want to address several of those arguments today.

Before I do so, I must note that any recommendation for change seems to spark opposition. This is understandable. By its very nature, change is disruptive and it produces uncertainty by requiring us to develop new ways to meet on-going responsibilities, or to give up some longstanding responsibilities, or perhaps both. So proposing change invariably starts a lot of political maneuvering.

Monetary Policy Responsibilities. Some critics of the proposal argue that the Federal Reserve's ability to carry out its responsibilities as the Nation's central bank depends on it having supervisory authority over banks and bank holding companies -- that is to say, requires intimate knowledge of the condition of banks that can be gained only through direct examinations.

Contrary to the assertions made by these critics, the Fed can carry out sound monetary policy without being the primary federal regulator of all or some banks. What the Fed does need is information about the flow of funds throughout the economy and on conditions in financial markets and financial institutions.

The reality is that today the Fed supervises only 7 percent of all FDIC-insured depository institutions -- and only 15 percent of depository institution assets. Most Fed-supervised banks are relatively small -- more than two-thirds have less than \$100 million in assets. Obviously, the integrity of monetary policy and the stability of the financial system do not rest on continued Fed oversight of these banks. It's interesting to note that several central banks in major industrialized countries get along fine without any involvement in bank regulation or supervision.

Of course, we want to avoid any possibility of impeding the Fed from getting all the information it desires about the overall state of the banking system and in the condition of the largest banking companies. Under the Administration's proposal, it will have that information. A representative of the Fed will sit on the 5-person board of the new banking agency. The Fed will be privy to all the Commission's deliberations. And the Fed will have access to every report the banking agency's examiners file.

Further, Federal Reserve examiners will be able to participate actively in the Commission's examinations of key institutions. Considering that the Fed currently examines only 7 of the top 25 banks, the Administration's proposal represents an expansion of the Fed's information-gathering capacity. So the argument that the Fed needs to be a primary federal regulator of banks to get the information it needs to conduct monetary policy is simply not persuasive, given the facts.

The Administration strongly believes that the Fed -- as our nation's central bank -- must conduct monetary policy, provide discount window lending, oversee the payment

system, and coordinate actions with other central banks. Under our proposal, none of those powers change. The Fed will continue to provide credit through the discount window, regulate the payment system, and manage the growth of the money supply -- and will retain the rulemaking and other authority necessary to carry out those responsibilities. Furthermore, the Fed will still participate in market oversight of government securities dealers and brokers, as part of its responsibilities for open market operations.

Responding to Crises. Another claim critics make is that the Fed needs to maintain its examination and supervision authority to respond to crises in the financial system. There are several flaws in this argument as well.

First, banks no longer dominate the financial system. That's not to say that banks are unimportant, but it is to say that the Fed's role in systemic stability has been focused for some time on markets rather than banks -- and quite rightly so. That's where its real interests are. Second, in the last couple of decades, most of the crises in financial markets were not triggered by problems in banks. That was the case in the failure of Drexel Burnham Lambert in 1990, the October 1987 stock market crash, the collapse of private deposit insurance funds in Rhode Island, Ohio, and Maryland, the collapse of the silver market, and the bankruptcy of the Penn Central Railroad.

Third, whatever the likelihood that banks might cause a future crisis, recent legislation, such as the FDIC Improvement Act of 1991, has greatly reduced it. Regulators must close or sell a bank before it dissipates its capital. The Fed itself must limit healthy banks' credit exposure to weak banks. Thus, the Fed doing routine examinations of some banks won't be the key to its preventing future catastrophes.

Fourth, should a crisis occur and people lose confidence in financial markets or in one or more of their crucial participants, the Fed must provide liquidity quickly. But it can't lend to an insolvent institution. Unless we're prepared to consolidate all bank supervision under the Fed -- and neither the Fed nor the Administration advocate that -- then for many banks, the Fed and the bank supervisor are going to have to work together to make the decision to lend through the discount window. If this arrangement can work for many banks, why can't it work for all?

Finally, the Federal Reserve lends to banks only on a fully secured basis. Indeed, it traditionally accepts only the highest quality collateral, government securities. It doesn't take knowledge about banking to evaluate government securities. Even if the Fed were to lend against other types of assets, then it still -- in the words of former FDIC Chairman William Isaac, "doesn't take an examiner to be a fully secured lender."

"Moral Suasion". In an unrelated claim, some critics argue that the Fed needs supervisory authority in order to have "moral suasion" over banks. But given the Fed's control over discount window lending and the payment system, its role in the Federal Banking Commission, its participation in the Commission's examinations, and the power of

position the Fed Chairman holds, the central bank won't need to be able to threaten institutions with supervisory actions to get them to respond to its wishes.

Although this proposal would shift some of the Fed's current functions to the Commission, but those functions are not essential to the Fed's operations as a central bank. And unless we're willing to face those kinds of decisions, we cannot make government more efficient.

Concentrating Authority. Opening the battle on another front, some critics claim that the Administration's proposal would concentrate too much power over the banking industry in a single agency -- and that "monopolizing" regulatory authority over banks in a single federal agency would damage the public interest.

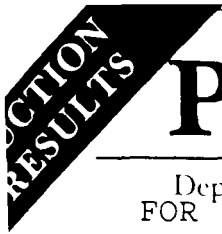
Certainly, the proposal would concentrate bank supervisory authority -- that's the flip side to eliminating redundancies. The critics here are taking the virtue of the proposal and trying to make it into a vice. Consolidation would eliminate inefficiencies and the potential for an institution to get conflicting advice from different bank federal regulators. Those are tangible benefits. The critics say that agency consolidation would be a bad thing because the new Commission would "monopolize" regulatory authority -- but never credibly explain why it would be a bad thing, why it would be damaging. They are using a loaded term -- "monopolize" -- to raise a vague, threatening specter -- a specter that dissolves in the light of analysis. The danger cannot be because banks dominate the market for financial services -- with about a third of the financial services industry's assets, they don't. What's the problem? Where is the danger?

Conclusion

In conclusion, if you were to give the Administration's proposal a fair trial on the charges levelled against it, you would have to throw out the charges for lack of evidence. We want to save money -- ultimately, for the consumer -- by reorganizing a function to make it more efficient. Businesses in this country do that sort of thing every day, but when the government tries to do it -- simply as a matter of dollars and cents -- suddenly this managerial issue becomes a battle between good and evil. We want to straighten out a bureaucratic mess in one small corner of government -- banking regulation -- but some critics depict our efforts as imperiling the financial system. I can't see how any reasonable, objective person who really understands our proposal could reach those conclusions.

Give our proposal a fair trial in your own minds -- that's all we're asking. Because when you do, we believe you'll find it as reasonable -- and as needed -- as we do.

Thank you. I'll be happy to respond to any questions.



PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239
FOR IMMEDIATE RELEASE
January 24, 1994

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Tenders for \$12,683 million of 13-week bills to be issued January 27, 1994 and to mature April 28, 1994 were accepted today (CUSIP: 912794K37).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	<u>Discount</u> Rate	<u>Investment</u> Rate	<u>Price</u>
Low	2.95%	3.01%	99.254
High	2.96%	3.02%	99.252
Average	2.96%	3.02%	99.252

Tenders at the high discount rate were allotted 93%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	<u>Received</u>	<u>Accepted</u>
TOTALS	\$67,868,148	\$12,683,119
Type		
Competitive	\$63,438,270	\$8,253,241
Noncompetitive	<u>1,006,978</u>	<u>1,006,978</u>
Subtotal, Public	\$64,445,248	\$9,260,219
Federal Reserve	3,153,900	3,153,900
Foreign Official		
Institutions	<u>269,000</u>	<u>269,000</u>
TOTALS	\$67,868,148	\$12,683,119



PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239
FOR IMMEDIATE RELEASE CONTACT: Office of Financing
January 24, 1994 202-219-3350

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Tenders for \$12,676 million of 26-week bills to be issued January 27, 1994 and to mature July 28, 1994 were accepted today (CUSIP: 912794L51).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	<u>Discount</u> <u>Rate</u>	<u>Investment</u> <u>Rate</u>	<u>Price</u>
Low	3.13%	3.22%	98.418
High	3.14%	3.23%	98.413
Average	3.14%	3.23%	98.413

Tenders at the high discount rate were allotted 15%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	<u>Received</u>	<u>Accepted</u>
TOTALS	\$60,437,498	\$12,675,989
Type		
Competitive	\$54,234,317	\$6,472,808
Noncompetitive	<u>901,281</u>	<u>901,281</u>
Subtotal, Public	\$55,135,598	\$7,374,089
Federal Reserve	3,150,000	3,150,000
Foreign Official		
Institutions	<u>2,151,900</u>	<u>2,151,900</u>
TOTALS	\$60,437,498	\$12,675,989

TREASURY



NEWS

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FOR IMMEDIATE RELEASE
January 22, 1994

STATEMENT BY TREASURY SECRETARY LLOYD BENTSEN

Russia's economic future depends on the vigor with which it implements President Yeltsin's commitment to reform. I am troubled by some of the indications we are getting out of Russia. There is no way to have a healthy economy without controlling inflation, and no way to slow inflation without controlling budget deficits and credit growth. The capacity of the International Financial Institutions to provide direct support will depend on Russia taking credible measures to reduce inflation. The G-7 and the IFIs continue to be prepared to rapidly reinforce stabilization and reform.

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For Immediate Release

January 24, 1994

Monthly Release of U.S. Reserve Assets

The Treasury Department today released U.S. reserve assets data for the month of December 1993.

As indicated in this table, U.S. reserve assets amounted to \$73,442 million at the end of December 1993, down from \$74,042 million in November 1993.

End of Month	Total Reserve Assets	U.S. Reserve Assets (in millions of dollars)			
		Gold Stock <u>1/</u>	Special Drawing Rights <u>2/3/</u>	Foreign Currencies <u>4/</u>	Reserve Position in IMF <u>2/</u>
<u>1993</u>					
November	74,042	11,054	9,091	42,070	11,827
December	73,442	11,053	9,039	41,532	11,818

1/ Valued at \$42.2222 per fine troy ounce.

2/ Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of selected member countries. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974.

3/ Includes allocations of SDRs by the IMF plus transactions in SDRs.

4/ Valued at current market exchange rates.

DEPARTMENT OF THE TREASURY

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Transcripts
of
Public Speaking Engagements

Moscow
January 12, 1994

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Transcripts
of

Secretary Bentsen's
Public Speaking Engagements

Jakarta, Indonesia
January 17, 1994

REMARKS OF TREASURY SECRETARY LLOYD BENTSEN
American Chamber of Commerce in Indonesia
Jakarta, Indonesia
January 17, 1994

Unofficial transcript of remarks as delivered, followed by questions and answers from members of AMCHAM Indonesia:

SECRETARY BENTSEN: Thank you very much Mr. Chairman. I've had quite an involvement with Chambers of Commerce. What the chairman did not say, I spent 16 years building a business of my own. In turn, I served on a number of International Boards of Directors while I was in business.

I just left Moscow where I joined in the organization of the first meeting of the American Chamber of Commerce in Moscow. I was on the Board of Directors of the Chamber of Commerce in Houston Texas, so I understand something about where you're coming from.

In building a business and doing that for 16 years and then going to the Senate, I must tell you I never intended to spend 22 years there. But that I did. Seems to me every time someone else decided they wanted the job, I thought I must be overlooking something in it and I decided to stay on.
(laughter)

I told my kids, I said, I don't want any one of you going into politics, we can afford only one at a time. And I said, besides that don't you ever get into a business where they pay you off in plaques. I said, either get something you can eat or put in the bank, whatever the career is that you go into.
(laughter)

But I am delighted to have a chance to be with you and visit with you for a few minutes. Let me tell you, too, that I think the United States government, the United States has got its act and put it together.

I believe American business is as competitive as it has ever been. Squeezed out a lot of the fat. But at the same time that you saw those big headlines about 20,000 being laid off here and 5,000 being laid off there, a lot of out-sourcing was being done to small business. They were adding five welders over here, three computer workers over there, ten case workers over there. And it added up to over 2 million jobs last year

Over 2 million, and they weren't just hamburger-flipping jobs. Some good jobs in that one. So we have seen more businesses, more jobs added in 1993 than we saw in the preceding four years.

One of the reasons is that we were serious about cutting that deficit. Five hundred billion over five years, and we are ahead of schedule on it. The skepticism, the cynicism about are they really going to carry through with it -- we've been doing it. And that is one of the reasons you are seeing the lowest interest rates, long-term, that you've seen in 25 years. It's one of the reasons you are seeing the low short-term rates that you're seeing today.

One of the problems that I can remember so well for American business just five, ten years ago -- the Japanese having interest rates, long-term, one percent. And then they'd have some (inaudible) out there, with the conversion factor to accompany them, were selling 100 times earnings. Or the rate set by the Bundesbank, and that cost of capital gave those countries and their businesses an enormous competitive advantage. Not true anymore.

You're seeing very competitive rates for American business. And that's one of the reasons that I think that American business is in better shape in the way of competition than it has been in many years -- ready to take them on. Take them on around the world.

What you are also seeing on the part of this government is that we want to assist, we want to help. We'll push your businesses in any way we can. That's why you're seeing these embassies with the attitude of trying to assist.

Are there things we can do better? -- Of course there are. That's one of the reasons that I am here, to listen to your input and what you think we can do to help make it better. To look at what's happened in this last year insofar as trade, what's been taken on and what's been won. NAFTA -- Oh, I admit there are some broken arms left in the Congress, but nevertheless we've pulled it off and put it together.

This is the fastest growing area in the world. The second fastest growing area is Latin America. And we want to be a part of both of those and participating. As we look at the kind of jobs that are created, two and a half million jobs in the United States dependent on products that we're exporting to this part of the world. That's why it's important.

I know that a lot of people tend to look at trade for the United States in this part of the world through the prism of what the relationship is with Japan. And we are working on that with a framework agreement. But it is much more than just Japan, to see what we're doing throughout this part of the world and how much we want to be a part of it.

Let me give you an example of what trade means to us. The fact that since the mid-1980s half of our increased income and almost all of our increase in manufacturing jobs have been brought about because of exports. One job in every eight in

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the United States exists because of trade. And the U.S. trade with Asia has grown faster than with any other region of the world.

The APEC nations produce more than half of all the goods and services in the world. More than half of all the other regions in the world. We now get 60 percent of our imports from APEC nations, and those countries buy approximately half of our total exports. That's what we're looking at, that's why it's important, that's why we are emphasizing this part of the world. If we were to increase our market share by just one percent in Asia, that would add another 300,000 jobs for the United States.

Here is another number that I think is important. Trade between the United States and its APEC partners is 172 percent larger than our trade with the European community.

Now, if you recall, President Clinton met with APEC heads in Seattle in November. That was a sign of how important we think this part of the world is to us.

The emphasis in my discussions today, and those I will hold during the week, and the meetings I will have, will be how we can make this a cooperative venture. It ought to be a consensus-building exercise, building on that formula which worked so well in the APEC trade and investment meetings. I want to stress our common interests, not any one country's bilateral agenda. Our common interest is to sustain this region's economic growth.

I also will be listening to my counterparts about their views on the APEC Finance Minister's meeting which we will be having in March, and we'll be doing that one in Hawaii.

Before I wind up things and take some questions, I want to cover a few specific things that may be on your minds, particularly here in Indonesia.

It is critical to the development of this region, and to the global economy, that we make certain that investment flows are not impeded. A free flow of capital is vital to bringing the benefits of the developed world to the citizens of the developing world.

As many of you are aware, this issue was among our top concerns during the recent GATT negotiations. The United States wants to open up the financial markets of the world. And I believe that other economies should be just as open as ours.

One of my friends made the point very well when he said, After World War II, and as we were trying to help other countries of the world improve their standard of living, put their act back together, we made amazing concessions in the way of opening up our market. It was just as though you were playing golf with a

fellow that had just started the game and you gave him an enormous handicap. But as he got his swing back together, and as he began to sink his putts, we never adjusted the handicap. And that is why it's important that we get ourselves on an equal footing and open up these markets.

This economy has had absolutely remarkable success -- to have a country that for 25 years has had almost a 7- percent compounded growth; that has had 60 percent of its people living below the poverty line and now has approximately 15 percent.

To see what's going to happen in the way of investment and upgraded infrastructure in this country and to many of the countries around the world who are straining at the seams on the infrastructure now overloaded. Meeting those challenges will be a great payoff for the private sector. And they are going to require those things that make that market effectively work. They'll also require things that make it easier to move capital into Indonesia.

I think that the Indonesian government has recognized that they have to liberalize the investment regime, and they've done some of that. But there's more to be done in the way of deregulation. I believe it can be done here and elsewhere throughout the region. That's one of the things I'll be discussing while I'm here.

Now let me close with a couple of thoughts.

There is a lot of development work to be done here in Indonesia. And I know your companies have been disadvantaged here and elsewhere, because of the concessional financing that our competitors have available to them. So I want you to know that where there's an American company in the running for a contract, we're not at all above stepping up to argue you point of view. And if more than one of you American Companies, forgive me, but we'll do it in a generic way.

And finally, let me wind up by saying my main theme: we'll work to get the climate right for you to do business, and work to get those tariffs and other barriers down. And since our companies have become leaner and more competitive over the years, I think you are going to do well.

Thank you, and now let me ask for questions. Mr. Chairman, let me put in a couple of ground rules. First, stand up and give me your name and who you are associated with. And no six-part questions. I usually can't remember past the second one. And, for the moment, I am the only one who is supposed to make a speech, OK? Let's go ahead.

Q: Mr. Secretary, I chair the Trade Expansion Committee in the Chamber. You made mention of financing, of export credit financing and so forth. What do you see as the prospects for more funding and a more aggressive approach by EXIM bank, which, as you noted, export financing, and particularly project financing, are extremely important here?

BENTSEN: On the Export/Import Bank were you asking?

Q: Yes sir.

BENTSEN: You had your hand over the mike there.

Well, I tell you it's tough to get additional funds because of the budget constraints and what we are trying to accomplish in that regard. There is... It is an absolute priority to increase trade, to do what we can to level the playing field out there. But insofar as major, major new appropriations for that purpose, it is an uphill fight. The budgetary caps are serious. They're real. And you can say, well, now, in the long run it's going to pay off very handsomely. But the long run for us is five years. That's the budget we are set up on. I'd like to tell you just what you want to hear, but I can't, you know.

Q: Mr. Secretary my name is John Bates and I'm with (inaudible) Indonesia here. I wanted to ask you, you mentioned that one of the big advantages that the U.S. is now experiencing is lower inflation rates relative to other trading partners. I know you cannot see through your crystal ball into the future, but if five years is your time horizon, do you expect the U.S. interest rates to remain competitive to those foreign countries we are dealing with in the APEC area? Thank you.

BENTSEN: I've learned not to make predictions on interest rates. I will tell you that people like those four or five fellows right seated over there, they'll remind you of what you've done, those are reporters, you see. They'll take it down on me. I will tell you this, I refinanced my home recently. And I did it with an arm, I did not take a thirty-year mortgage. (laughter, applause)

Q: Mr. Secretary, I'm Marvin Turner with an engineering company from New York. And to follow up on the Exim Bank point, I would register a concern. I am involved in negotiations at the moment where the use of Exim financing would be helpful. Our major concern is the time required to handle paperwork and to take advantage of those facilities.

BENTSEN: And so it always is with government. And I understand that concern. I do not have a direct responsibility with Exim bank; I can punt that one. But I share the concern. Whatever we can do to help influence it, we will, to try to accelerate it. Sometimes it takes so long it becomes academic, it's after the fact and you lost the deal.

Q: Mr. Secretary, Jim Philgo. I just wanted to make one point and ask for a feeling on the timing for this. I don't know if anyone has mentioned to you (that) Indonesia would be an excellent stepping stone into the Vietnamese market. And I

would certainly like to have your idea of when that embargo will be ended so we can begin moving American interests into Vietnam. Thank you.

BENTSEN: Well I'd say that decision has not been made, but I think that it will be forthcoming quite soon. I think that you have seen progress being made in that direction by the Vietnamese and by the United States government. But we share the concern. I cannot give you a definitive date because we have not decided. I wish I could. But what you have seen is an easing of getting involved in the contracts where you've had some financing that has been brought about by the bank and letting American business to a degree take advantage of that. Some of the reports we are getting back are quite encouraging, what we've heard.

Q: Mr. Secretary I think that everyone here understands that the Administration has been a strong supporter of free trade and of Indonesia and we always, being 12,000 miles away from Washington, wonder how we as businessmen here can help in Washington selling Indonesia's story and how that creates opportunities and jobs in the United States. Could you give us your comments on that?

BENTSEN: Well I went into that, I thought, some, but the fastest growing market around the world today is in this part of the world. We want to be a part of it; we want a closer relationship; we want a better understanding; we want Indonesia to have a higher profile back home and particularly for American businessmen. And not just some of the big companies that are represented here. We want some of the middle companies, the middle size to show an interest. That's where a lot of our growth is coming in the United States today. By smaller entrepreneurs who are ready to take some risks. And I think that what we are seeing now, with the kind of cooperation we are getting out of our government and the embassies in these various parts of the world, it makes it easier for the medium-sized company to understand and be able to participate. I'm really amazed at the modesty and the lack of aggressive point being made on something like 9/11. I really thought I was going to get a question on 9/11. But I had some earlier talking to me about it and I want to go back and do some further research on it. I have not been back on the 9/11 issue for some time. I do recall that I held hearings throughout this part of the world when I was a United States Senator. At that time, as I recall, you all talked me into pushing it up to \$70,000. I asked this morning, I said, what is it now? They said \$70,000 and that was a few years ago, so we'll go take a look at it.

Q: My name is Ari Anardi. I'm from the U.S.-Indonesian Bilateral Committee of the Indonesian Chamber of Commerce. Although there are a lot of positive signs with U.S.-Indonesian relations, there are still some clouds on the horizon, namely

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the GSP issue, IMET, Feingold. What do you see as the prospects for those and overcoming some of those difficulties? Thank you.

BENTSEN: This Administration does not support the Feingold Amendment. And what we need and what we have to see, we have seen. We have seen a movement in the right direction on human rights, on labor relations; we think more has to be done in order for us to be able to get affirmative decisions in regard to GSP.

Q: My name is Bob Wick, I'm with General Motors Taiwan. I'm President of the Chamber in Taiwan. Currently there continues to be a 15-year-old ban on high-level visits to Taiwan. We have noticed in Taiwan that you've come out to the region, but you've left us off your itinerary, even though Taiwan is the sixth largest trading partner of the United States. Do you have any idea or can you tell me if and when that ban will be lifted so that we can get the same kind of support for U.S. business in Taiwan that our competitors from other countries receive from their governments?

BENTSEN: Let me assure you that it is not... I didn't go, did not deny going to Taiwan for any political reason or any policy reason. It was, we just didn't have time in the agenda, in the itinerary to make it to some of the other countries, whatever other countries are involved. As I said, I had a 16-hour flight getting here. But we have a very crowded and full agenda, itinerary. I don't have a definitive answer for the other.

Well thank you very much, good to be with you this morning.

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REMARKS OF TREASURY SECRETARY LLOYD BENTSEN
Indonesian Economists Association
Jakarta, Indonesia
January 17, 1993

SECRETARY BENTSEN: Thank you for your generous remarks. I am delighted to be here. I understand we have about 200 economists that are present. That must mean we have at least 300 opinions.

But at least there is one thing I'm sure that we can agree on. Last time I was here it was about 20 years ago. What an incredible difference in Indonesia. The difference between night and day what has taken place.

To see a country that's had a compounded, almost 7 percent increase in its GDP. To see it moving from, at that time, about 60 percent of the people below the poverty line. And today, about 15 percent. Indonesia is the envy of much of the world as to what you've been able to accomplish.

And it's not just Indonesia that is doing well. This entire region is the fastest growing area in the world today. As you look at it, this area is growing three times as fast as the rest of the world. The three countries that I'm visiting on this trip will have approximately 10 percent of the world's output. Every one of those countries is growing at a rate in excess of any of the industrialized nations.

What's happening where we see this kind of economic growth. Well, we're seeing trade cooperation. Not military confrontation. Trade and growth promotes stability and prosperity. And they also promote security. There's a clear linkage between the two. You don't have to be able to chart supply and demand to figure out the issues of economic policy are now a central feature in international relations.

I was in Moscow last week. I looked at a situation where you had President Yeltsin, President Clinton and President Kravchuk. Those three going together to rid this world of ours of over 1,700 nuclear warheads and missiles. At the same time, for the third summit in less than a year, I was there talking with President Yeltsin and the reformers about keeping the momentum going in the reform program. We announced a number of things that I think will help keep up that momentum.

You know,, a decade ago if we had said that we had Summit participants in a vigorous discussion, that would have really been a diplomatic code that would have said that we were shouting at each other about throw-weights and missiles. Today it means we're talking very forthrightly about critical problems of opening up markets and investment. Or how to restore growth amongst the industrialized world. The kinds of issues that most effect our lives.

The bottom line is that economic policy today is foreign policy.

Now to explain our approach to microeconomic policy, let me go back for just a minute. President Yelsin realized, no President Clinton realized, that if we were to be taken very seriously in so far as counsel to the rest of the world that we had to get our act in order back home. That we had to straighten out our own problems first. We have done just that.

We've taken 500 billion dollars out of our deficit projections over the next 5 years. There are all kinds of skeptics that said are they really going to do this. In reality, we're ahead of schedule in that regard. Our growth rate now, it's steady and it's growing. Our unemployment is the lowest that it has been in three years. Our economy today is the best performer amongst the G-7 countries. It was because of good macroeconomic policy that will sustain it and keep it going that way. We're talking about open, competitive trade policies and markets. An emphasis on people. The same kinds of things that have allowed this region to strengthen its economies.

Our pursuit of those trade policies by the way has given this administration what I think is probably the most successful year of any administration on trade since World War II - GATT, NAFTA and the APEC leaders meeting.

Our willingness to make the tough decisions and sometimes politically very difficult decisions and painful ones. That's what's helped bring about the turn about in United States' growth in the last year. It's given us creditability in our dealings with other nations.

The strength of that domestic progress gives us the foundation, I think, for an ambitious international agenda. The elements most applicable in the Asian and Pacific region are the opening up of markets, the expanding of trade. These are the elements most likely to support the two goals: creating jobs and economic stability.

Let me elaborate. The success of nations such as Indonesia, that's absolutely critical to the United States. It's increasingly important to our economic well being. Since the middle of the last decade, half of our increase in income, half of our increase in income, has become of increased exports and trade. Almost all of our industrial jobs have been created because of exports. Those are jobs at higher wages than the average job in our country. One job in every eight in the United States today is directly attributable to exports.

But beyond that, promoting prosperity abroad, simultaneously I think promotes stability and security. Dollars spent on developing additional trade can be even more important for

security and stability then dollars spent on a new destroyer. Democracies don't make war on each other. Their economies are less likely to be made worthless by hyperinflation.

Look around this region. Pick out the stable nations. Look at their economic policies. They're moving more and more toward a market economy. Sound stabilization economic policies. Limits in government price distortion. Declines in trade barriers and exchange controls. Tax and tariff policies that favor capital spending. In addition, there is often an emphasis on public infrastructure development and that in turn helps private investment.

Around these countries, if you look at it, the infrastructure, some of them are strained right to the limit. Whether you are talking about telecommunications, or you're talking about the road structures, those are things where you are going to want to encourage more private investment coming into these countries.

There is often an emphasis on people spending. On trying to help them on basic education, to make them more internationally competitive. Now compare that with the countries that have conflict and the answer is obvious. Economic growth helps bring about stability.

Take Indonesia for an example. If you go back three decades, before this strong growth that you've seen, we all know what the case was. There was political turmoil. There was significant poverty.

Today under President Suharto's leadership, the poverty level, substantially down. Education levels have risen significantly. Per capita GDP has bounced back strongly. Virtually every social indicator in Indonesia is up.

Indonesia made a wise choice back in 1970 when it took the unconventional approach of removing controls on external capital accounts at an early stage in the development process. That meant that the policy makers received very sensitive market reactions. And could help them get back on track on where their objectives really were.

The reconstruction of Indonesia's economy, and that of other nations in this region, has had both an economic and, I think, a political dimension. Indonesia is now a regional leader, politically and economically. President Suharto's pragmatic and wise leadership of the non-aligned nations is highly regarded by the United States of America. President Clinton is proud that he's passing the baton of leadership of the APEC to President Suharto. Looking forward to attending the fall meeting of APEC here in Jakarta.

What has been done here in Indonesia has been replicated in many of the nations of the Pacific and in Asia. It serves as

an example to other nations seeking a path out of poverty. Indonesia, as head of the Non-Aligned Movement, can build on its own record of constructive development, on its role as a world leader.

I want to concentrate now on the key elements of our policy in so far as Asia is concerned. We want to encourage continued regional cooperation and integration. We want to see open markets. We want to reinforce the accomplishments of the Uruguay Round. And we want to preserve and enhance this region's security.

One point here: Let me make it clear that while economic matters have risen in importance, there is absolutely no diminution in our commitment to the security of our allies, here in Asia, the Pacific or in Europe.

Now as to Asia and the Pacific, this administration recognizes there's more to Asia than Japan. Too often when we talk about Asia, it's viewed in the context of the bilateral trade deficits with Japan and with China. They add to 68 billion dollars. That's two thirds of our trade deficit.

But this region is just more than two countries. We did more than \$7 billion in imports and export business with Indonesia in 1992. Add if you add to that Thailand, we're up to \$18 billion. We get 60 percent of our imports from this region. Are we involved? Are we interested? Well of course we are when we see that kind of commerce amongst our nations. Asia and the Pacific buy 50 percent of our exports. Our imports from Asia have risen by two thirds in just the past five years. So you can see what that trend is. What you mean to us and what we mean to you.

Trade clearly is a major factor in the growth not only of the United States, but also of the Asian and the Pacific nations. It's made the difference, with increasing investment and development, and rising levels of income of all of our people. But there's more to be done.

While we've seen tremendous growth over the last two decades, incomes in this region are less than one third of what they are in Europe. Asian nations have substantial infrastructure needs. We anticipate that Indonesia alone over the next decade will be spending and will be needing approximately \$100 billion, on expenditures, on your infrastructure.

We'll be trading more and more with the Asian region and we will become more and more interested in Jakarta's growth. Already our exports are more responsive to growth in Asia than they are to changes in growth in Europe.

Our relationships must reflect the growing nature of our economic ties to Asia. We have involved ourselves with the OECD, with NATO, with the G-7 process. Those are the more

traditional organizations for industrialized nations. We need to develop an architecture for our relations with what might best be described as the new industrializing nations.

Meeting those demands requires the development of regional capital markets and it requires more efficient domestic financial systems. That will ensure that finance flows to these areas and to the best projects. And that's why we're so interested in liberalizing investment rules and the opening of your financial markets to foreign firms. Their access to capital and their expertise can be valuable aids to growth throughout this region.

Oh, I know the feeling of protectionism by financial institutions. But I can assure you that if you expand these markets, you will strengthen these countries and you will see further progress.

We also see a crucial role for the Asian Development Bank in meeting Asia's needs. That's what APEC is about. And that's why I proposed bringing the finance ministers into a discussion on regional economic issues.

I want to let you know that we have invited APEC finance ministers to meet informally in Hawaii on March 18th and 19th. I'm looking forward to it as a way for us to begin talking with one another about facing the challenges that lie ahead of us, such as development, opening markets, making investments, and sustaining growth. Seeing that not just the big companies come, but try to encourage some of the medium size companies to participate, some of the entrepreneurs to come.

Let me give you an example of what's happening at home. You read the headlines in the business section and it says 10,000 laid off by GM, 20,000 laid off by this company, 15,000 laid off by another company. And you say we are really headed down the tube, we're in real trouble.

What the headlines don't say, is that this little company hired 5 more welders. This one took 6 more computer workers. This took 12 more case workers and this took a dozen more file clerks. What you've seen during that period of the headlines in the business section talking about people laid off, we've actually seen more than 2 million new jobs, net new jobs, created in the United States of America. More jobs than in the previous four years of our country. Those are not just hamburger flipping jobs. A lot of those are good paying jobs. We've been able to adjust the infrastructure and make that kind of a net gain.

What we want to do is work together in making connections amongst ourselves. Building up these relationships. I look at it this way. It's best to build a relationship and to start cooperating when you don't have critical problems. When our economies are doing well. The Asian economies are doing well.

We don't have any crisis to deal with. When I pick up the phone I want to be able to see a face on the other end of it. To have that kind of a personal relationship. That's what we're seeking.

During my discussions here and in Thailand, and in China, I will be listening to my counterparts for their views on how with these informal meeting we can share ideas. I want to make a cooperative venture to make it that. I want to stress our common interest, not in any country's bilateral agenda. Our common interest is to sustain non-inflationary growth amongst all of our people.

Now if you recall at the November meeting of the Leaders, it was agreed that we should address the challenges of ensuring that non-inflationary growth, of financing investment and infrastructure development, and promoting capital market development. In addition, they suggested we ought to talk about the need to promote foreign investment, mobilize domestic savings through developing financial markets, and examine the issues of the environment and of poverty.

I must say I got an education by President Suharto on some of the things that you're doing in the rain forest. Some of the things that you're trying to correct and seeing that you protect that environment. I never listened to so many numbers. I finally decided they had a computer up there being able to bring out as many details as you did in that program. And that's encouraging.

We have agenda in the region other than economic. There is the security dimension, of course. But our foreign policy has always been shaped by our values and ideals, in addition to our economic and security interests. Americans, and their elected representatives, won't put aside their hopes and ideals just to make a buck.

President Clinton came to office with a strong commitment to promoting democracy and human rights, to putting people first. I know that some read this commitment with apprehension. We are not trying to argue that our way is the only way, just that democracy and market economies produce what people want. I want to encourage changes, such as more openness, respect for internationally recognized human rights, economic reform and liberalization. They are the infrastructure of economic success and political stability.

Let me close by reminding you that President Clinton's first trip out of the country after becoming President was to this region. And he made it clear that we are working for a New Pacific Community. The United States intends to be actively engaged here as a partner, in a way that encourages economic growth, and political stability.

Thank you very much. I would be delighted to take a few questions if you like. Looks like this crowd has all the answers.

Q: Thank you excellency. I think, having heard from you about your statement is really encouraging us about our two countries relations. I think a lot has to be done, economy, and what I foresee that we still have a few things to settle. The first thing that I foresee is this is no psychology for us, there is the GSP problems that we are facing with United States. Even the number is quite small according to us, but the psychology is fairly important things about our, for our two countries relations. Especially, I mean, for our business community here.

I like to ask what your government is trying to do with GSP because this is something that we have a deadline of February, next month. Because this is very important for us, that is one thing.

The second thing that I'd like to raise is after we deregulate our financial.....

BENTSEN: Now, let me interrupt just a minute. I'll take a two part question, but please no six part questions.

Q: The second part is you know you see that we have to deregulate our financial sectors and we know that capital market is playing a very important role in the future. But I don't see any interest of the security business of the United States coming here. Where a lot of companies from Europe and Japan is here. What are the reasons because that also happened in the past, that we have big companies in oil and gas where the American business center here, but not in manufacturing. How do you foresee, because we know that American manufacturing company is more and more competitive. And that is something that we have to work together in helping this manufacturing sector also move in good size. I have some experience, because we have some investment there in manufacturing and we know how competitive we can be together. And that is I didn't know what is the answer, what is the government role of the United States to encourage the private sectors?. Also to look as important as what I have heard from your statements today.

What can we do together and what kind of role your government can do to encourage them to foresee the futures of our two countries relations, thank you.

BENTSEN. Let me say first on the GSP that we are very interested, obviously, in human rights. We are interested in worker relations and we are seeing progress taking place in Indonesia on that. We would hope for more in that regard. And that's what's being evaluated by the committee as the come to the February 15th date. We are looking forward to you submission on January 20 in that regard.

We understand too, that when we talk about workers' rights, these are the kinds of things that Indonesia itself is interested in. It's not just from the outside. You know that's what you need and you realize that. And trying to build up this economy and the relationship of its people.

So that's one that we agree on as far as trying to bring about. And we both want to see further progress in that regard, I'm sure.

In so far as the next one, when you talk about investments here. Part of it is needing a high profile for Indonesia in the United States. A better understanding of what is happening here. That's one of the reasons I'm here. That's one of the reasons you've seen two Congressional delegations within this month. For further emphasis, a further focus insofar as this part of the world, I think that will bring further interest by American business. Now when you get to the very large international companies who have relationships and investments around the world, they are knowledgeable, but when you get to the middle size companies, the entrepreneurial type, the ones I was referring to earlier, now that's what I want to see more of. Hopefully, we can help in that regard. Thank you very much.

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PRESS CONFERENCE WITH TREASURY SECRETARY LLOYD BENTSEN
Kintamani Restaurant - Hotel Borobudur International
Jakarta, Indonesia
January 17, 1994
2:00 p.m. local time

(Unofficial transcript of the Secretary's opening statement and questions and answers:)

BENTSEN: It certainly won't be a long statement because you've heard my speech and I won't be repeating that or try to avoid it. I had a very productive meeting with President Soeharto this morning. We talked about a further developing relationship between our countries, about how President Clinton was so pleased to see the leadership passed on for the APEC countries to President Soeharto as the Chairman for this year. We discussed again the Finance Ministers Meeting to be held on March the 18th and the 19th in Hawaii and getting his suggestions and his counsel and advice as to what that agenda should be, what we can do in furthering trade, opening up markets amongst our countries. With that, let me open it up to you folks and let you ask what questions you might have in mind.

Q: Can we take it for granted that President Clinton will come here in November, regardless of any questions over human rights or labor rights here in Indonesia?

BENTSEN: Well, I would anticipate President Clinton is going to be here. I'm optimistic insofar as progress being made on human rights and workers' relationships. I discussed that during the speech. Obviously, it's a matter of concern to us and deep interest that progress be made. It is being made. And we expect more of it to be done. The question of GSP has not been resolved. That committee will be meeting on February 15 to make that decision. We're looking forward to the submission of the report from Indonesia on January the 20th. We obviously have not seen that at this point.

Q: I have two questions. One is that I heard that in the meeting with President Soeharto you requested more openness of foreign stock shares in the joint venture law of Indonesia. Can I get a comment on that? What is your intention? And the second question is now there is a very big project involving Indonesia and the United States about the development of natural gas in Natuna Island. What is your opinion? Did you discuss this matter with the Indonesian side?

BENTSEN: In meeting with Minister Mohammed and with President Soeharto, we discussed the situation of opening up financial markets and talking about national treatment, trying to encourage that. We think that that'll bring more investment here, more financing here. That's important for this country in developing its infrastructure. As far as the investment laws, you've made some advances. There are more things that can be done on the questions of divestiture and that type of

thing. On the question to do with the development of other islands, outer islands, is that what you asked? (clarification from aside).

I'm optimistic that in that situation where we have some very competitive bids that that's going to be one that the American investment and interest will be - we'll win that one.

Q: Now that we have the GATT agreement --

BENTSEN: Where are you? (Laughter) I thought there was a voice from on high coming in here.

Q: Now that the world has concluded the GATT negotiations, is it still relevant to have APEC?

BENTSEN: Absolutely not. No, I don't think so at all. I think that what APEC can do insofar as multilateral development in this area is the exchange of ideas are not in any rigid coordinated approach, but a contribution of what's working for one country and not working for another and how those things can be improved. Insofar as GATT, that is not the end of trade negotiations. It will continue. It is an ongoing process. You have reached a plateau and then you will further negotiate amongst all of the nations of GATT. That will continue to proceed.

Q: I just wonder whether you also point this out in your statement today after your meeting with the President of Indonesia in which you said President Clinton came to office with a strong commitment to promoting human rights and whether this is conditional, whether you have conditions for U.S. commitment to Indonesia.

BENTSEN: Well, in discussing it with Minister Mohammed and with President Soeharto, once again we emphasized President Clinton's interest in human rights, our government's interest in human rights, and labor relations. There's no question about that Indonesia itself wants to make headway in those areas and what they're doing. They're making substantial progress. We hope there's more and we think there should be more. You understand insofar as workers' rights, some of those things being done are things that you feel is important for the relationship of your workers within this country. So it is a fulfillment of an objective that we're interested in and that you're interested in.

Q: Mr. Secretary, I have a philosophical question from your speech. Secretary Christopher recently gave a speech in which he said "all diplomacy is economics". You just gave a speech in which you emphasized that basically all economics today is foreign policy. I'm interested in this overlap that is quite apparent between the Secretary of State these days and the Secretary of the Treasury. How do you see your jobs? I mean

they're obviously different. I don't mean this facetiously. But with this overlap, how do you distinguish between the two? Would the real Secretary of State or the real Secretary of the Treasury, please stand up? How have they have converged and how do you separate them?

BENTSEN: I think what you see is something that's complementary, where they play off each other and its compatible objective that we are trying to bring about. So that is encouraging as far as I am concerned. Let me give you another example, insofar as the trade negotiations, the USTR, economic. I strongly support the USTR, but that doesn't keep us from helping and trying to assist in any we could on NAFTA, or being very much a part of the GATT negotiations. Mickey Kantor remained in constant communication with me. We're in good communications, Secretary Christopher and I are. I think that, hopefully, we're helpful to each other.

Q: You mentioned that you see that there is an improvement in the Indonesian economy. How do you measure the value of improvement and what yardstick are you using in measuring the value? My understanding is the value cannot be quantified, the value of this improvement. How do you quantify this? With concern to human rights and so on?

BENTSEN: I think that they're compatible, development of human rights and labor relations. You've seen associations that have been created apart from the major labor union. That kind of progress is being made. Insofar as human rights, I think also as you develop your economy and you develop more middle-income folks, that human rights are very compatible with that and further democratization with that. Those things complement each other.

Q: Sir, can you tell me whether the issue of the Fair Trade in Financial Services Act with reference to Indonesia has been discussed here and whether Indonesia has any cause for concern in this regard?

BENTSEN: We did not discuss the Financial Services Act in itself. We did discuss further opening up of financial services and continuing negotiations on that. That type of thing, sort of thing, we'll be exchanging ideas on in the Finance Ministers Meetings.

Q: Two days ago Malaysia's financial minister, Dato Anwar Ibrahim, was here and he said that Malaysia was making up its mind about APEC since Soeharto is going to be the chairman of the APEC summit meeting here in Jakarta. Now, I'd like to know about the American stance on EAEC? Thank you.

BENTSEN: The American stance on Malaysia --

Q: on EAEC, the East Asia Economic Caucus.

BENTSEN: We would hope that all these countries would attend. I think it's important to them. I think it's helpful to them. I think abstention will not help them in that process. I think there's much to be learned and gained by this kind of an exchange and interchange.

Q: I just want to make some clarification of what you said just now. Did you say that the Indonesian government told you that apart from the major labor union, the official one, the government will allow one more or more than one more, another labor union? Thank you.

BENTSEN: It's my understanding that some associations have been made of laborers. I do not know beyond that detail.

Q: Can you tell me about the APEC Finance Ministers meeting, when and where and what they will talk about?

BENTSEN: The Finance Ministers Meetings will start on April 18th in Hawaii. It'll start with a dinner that I will host for those in attendance. I would anticipate we'd have a full day on Saturday. I'll host another luncheon on Saturday and hopefully, we would have completed our work by Saturday night. I would think we would not have any kind of rigid, highly structured meeting. I want it to be informal. I don't want to have to listen to a whole bunch of prepared speeches. I want an exchange of ideas. I give enough prepared speeches myself.

Q: How can you say that we have improved in human rights problem because there was a very big strike in the labor movement? And then we have the handicap to apply, the minimum wage standard, that was constructed by the government.

BENTSEN: I was given the report on what the commanding general had said insofar as the actions of the army, involving labor and strikes. I was told a set of regulations had been drafted in that regard. Those are steps in the right direction. What we're looking toward is the carrying out and the further commitment of those things that we understand have happened thus far. Thank you very much.

(end transcript)

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Transcripts
of

Secretary Bentsen's
Public Speaking Engagements

Bangkok, Thailand
January 18, 1994

Subject: Transcript of Remarks by Treasury Secretary Lloyd Bentsen at a luncheon hosted by the Thai Bankers' Association, Federation of Thai Industries and Board of Trade, Bangkok, Thailand, January 18, 1994

Begin transcript.

Mr. Chairman, thank you very much for that most generous introduction.

This is my fourth visit to Bangkok. Each time I come away impressed at how much this city has grown, how much you've improved the standard of living of your people, how much you've increased your productivity. I must tell you that that traffic, though, coming from the airport, reminds me a little bit of the gridlock in Washington before President Clinton was elected.

But I am impressed with the vibrancy of this economy. I look at the power of your economy and it is formidable. Living standards are rising so rapidly. The growth rate in Thailand for the past few years has led the entire region. And that's a region of growth. So that's a remarkable achievement that has taken place.

It has translated into benefits for Thai citizens. Education levels are coming up. Average income more than doubled over the last eight years. That's quite a record. They tell me that the average income in Bangkok is approaching \$5,000.

Thailand has come so far and so fast because its leaders have pursued policies that are conducive to growth, with fairly stable prices. It's amazing what good economic policy can do. My economists keep telling me that.

Thailand is looking to the future. I had a chance this morning to visit the stock exchange. That's quite an operation. I'm not above bragging about it -- I want to tell you that we're delighted that we helped this stock exchange computerize, and that our Securities and Exchange Commission cooperated with you in the creation of a similar body here.

I think that the move to computerized trading demonstrates why Bangkok is such a draw for the financial industry. Now I know a little bit about this business. I spent 16 years in the private sector, very deeply involved in this sector of our economy.

I want to talk to you today about that aspect of our economy. In particular, I want to discuss how the United States expects to deal with the unfinished financial services agenda insofar as the Uruguay Round (is concerned).

But first, I want to talk briefly about how and why the Clinton Administration has put such an emphasis on global economic associations. The international economy is central to our economic prospects and to our domestic economy.

You can see from the president's recent summit in Moscow, economic policy is an increasingly important part of foreign policy.

Now, our international economic agenda has several items on it. But the ones most applicable to this region -- promoting growth, opening markets, expanding trade -- these are the elements that most likely do best in supporting the two goals of our foreign policy, and that's creating jobs for our citizens through trade, and supporting stability, harmony and democracy throughout the world.

I want to detail briefly how we set the stage for our international economic agenda. We did it by attacking our own problems here at home -- back in the United States -- taking them on first. I can recall going to meetings in the past where they'd say, you know, "Don't tell us what to do about our economies 'til you get your own house in order." We took on the deficit and the budget with a commitment to a reduction over the next five years of \$500 billion. That releases an enormous amount of money for capital markets. And it had an impact far outside of our borders. It used to be that we were at a competitive disadvantage on interest rates. We saw interest rates for some of our competitors at one percent, and then out there at some point they'd have some warrants with a conversion factor on a stock that was 100 to 1 times earnings. We saw the competition from the Bundesbank and the interest rates there. But now we have the lowest interest rates our country has seen in two decades. And we see inflation under control.

In the past year alone we've created over two million jobs. Oh, we read in the Business Section, "IBM has laid off 10,000"; "General Motors has laid off 20,000." But what does not make the

headlines is the outsourcing that has taken place to small business. What doesn't make the headlines is this little company added five welders and this one added six computer workers and this one added 15 file clerks, that type of thing. We're no longer at a competitive disadvantage on those. Not anymore.

What we're seeing today is an economy that is growing again and this year things look good for steady growth and low inflation. We're outperforming the economies of the other G-7 countries. And we did it with sound macroeconomic policies. And what we're seeing today, I think, is a sustaining of that growth with open, competitive trade policies and markets. Let me give you an example of that -- what happened to our automobile industry. To see foreign competitors coming in and producing a better car. Producing it at a lower cost. Not true anymore. Now the quality of our automobiles is world competitive. And the cost is world competitive. And you see, we're restoring our market share in those things. Progress is made by competing, not retreating.

Asia and the Pacific are central to our economic policy. Let me touch on two areas with respect to the region before I discuss the area of financial services.

On the question of Vietnam, the President has taken two steps to recognize the progress we have made toward meeting our objective of the fullest possible accounting on our MIAs and our POWs. The first step was the decision in September to restore Vietnam's access to international financial institutions. The second was to relax the embargo to allow U.S. firms to bid on projects that would be funded by those institutions.

I want to say that I am encouraged by the statements of Senator Kerry and Johnston. They have recommended that we move forward with ending the embargo, based on progress we have seen thus far. As has been the case with other issues, a strategy of engagement with Vietnam may be the most effective way to promote our goal of accounting for our POWs and MIAs.

Now the second area that I want to mention is the Asia Pacific Economic Cooperation organization -- APEC. I tell you, we have so many acronyms in Washington. I'm going to see if we can't get a dictionary published on just acronyms.

One of the reasons for my trip to this region is to discuss APEC. I announced yesterday that I will be hosting in Hawaii on March the 18th and 19th a meeting with my counterparts, financial ministers throughout this area, and we'll be discussing with them what they think ought to be on that agenda, what we can do for economic cooperation, for growth throughout this area with a minimum of inflation. A common interest. I believe we should also be discussing the financing of investment and infrastructure investment, and promoting capital market development for all of our nations.

Question: Mr. Secretary, you talked earlier in your speech about the importance of exports for the U.S. economy to revive it and certainly for Thailand exports have been the driving force behind the economy. In Thailand recently they have talked about some changes in the value of the baht which have all the central bankers saying that that is absurd. But I'm curious about the value of the U.S. dollar versus the Japanese yen in terms of stimulating exports because Japan is certainly an important trading partner to Thailand as well. So are you happy with the value of the dollar versus the yen at the present. Thank You.

Answer: Well, I've been Secretary of the Treasury long enough not to answer a question like that. If I did somebody would be running for the wire service. I have no comment on the currency exchange. Like someone was asking the other day to comment on what was going to happen on long-term interest rates in the United States and I said I can't comment on that one either but I can tell you this, that I refinanced the mortgage on my home and I did not take a thirty-year mortgage.

Question: Peter Mytri Ungphakorn from the Bangkok Post. Could you explain a little bit more about what your vision for the APEC finance ministers meeting is. Some people suggested that it might be like G-7 finance ministers. Is that possible?

Answer: I don't look at it as being that tightly constructed. What I want to see, in hosting the finance ministers, is a rather relaxed agenda. I don't want to listen to too many prepared speeches. I've given too many of those myself. But I want a free exchange of ideas: what works in this part, what doesn't work over here and how we can develop more trade among ourselves. Let me give you an example of that one. There are other countries of the world that have a higher per capita income than we do. But we have the highest standard of living, of any major industrial country in the world. And that is because of competition. And that is because of the prices to our consumers and the quality of products that result there from. But I think we all benefit by increased trade. Let me give you another example. The country of Columbia, and Venezuela, I don't remember the exact number of flights in all, but it was something like three or four flights a week between the two capitals. And now they brought together an improvement in the trade relationship and a lowering of the tariffs between the two countries and they're having several flights a day between those two capitals. That kind of an exchange, that's happening around the world today, and I think we ought to promote more of that. It improves the standard of living of the people on all sides, and I think it adds to stability of governments. But another question. Yes sir?

Question: Thank you. Mark Timm, Knight-Ridder Financial News. Mr. Bentsen, I'm wondering if you can give us any insights on how the U.S.-Japanese trade framework talks will have an impact on this region and perhaps give us your thoughts on how well those talks are progressing.

Now that, of course, brings me to financial services. As many countries in this region have demonstrated, a well-developed, efficient financial services sector is critical to economic progress. Let me offer a parallel to illustrate why we believe financial services makes a very major contribution to economic growth. I think that sector is a little bit like the nervous system. It sends signals to the industrial muscle as to where those resources ought to go, where they'll have the most effective growth, the highest return. The financial services sector in the United States is more than six percent of our GDP, a third of a trillion dollars. That's more than a thousand dollars for every citizen in the United States, and our financial services is in a substantial surplus.

The service sector as a whole is a major element of our economy. Two thirds of our output is in services. Service exports are a major counterbalance to our imports of manufactured products. Let me give you an example. In 1992, we had a services surplus of \$61 billion and a merchandise trade deficit of \$96 billion. We covered more than two thirds of our merchandise trade deficit with our services surplus. Our services are now a driving force in our economy. Since the middle of the last decade, half the increase in income has been due to those exports. One job in every eight in the United States is attributable to exports. And those jobs pay substantially higher wages and salaries than the other jobs in our economy.

Now look at a few figures to see the impact of the financial services here in Bangkok, seventh largest element in the Thai economy and growing rapidly. The last year for which I saw figures had commercial bank assets almost at Thailand's GDP level.

Bank profits are rising, partly because of the financial deregulation measures undertaken by the Government of Thailand in recent years. And that includes liberalizing interest rate controls, relaxing foreign exchange controls and reducing controls on the asset management of banks.

Here in Thailand the participation in the economy of international financial firms has meant an influx of capital, and that capital has helped build factories and create jobs.

What you've also seen is more equity capital coming in. You're not seeing a repetition of what happened in Latin America years ago, with such a reliance on debt as took place at that time. And with the support of the Central Bank, Thai banks are moving into the international market -- I was sitting here talking to my colleagues and some of them were telling me about what they're beginning to do through the United States, the services there. They're discovering that an efficient and open financial services industry helps integrate both the regional and the global economy. Now from our perspective, that contributes to our goal to sustain growth, which in turn both creates jobs and enhances stability.

The United States has one of the most open financial markets in the world. We believe that greater market access in financial services is absolutely critical to assisting in creating economic growth for all nations. One of the Uruguay Round's great benefits was to take an overall global approach to the liberalization of trade in services. I want to recognize the fact that Thailand made a very effective contribution in that Uruguay Round and we're appreciative of that.

Those of you who followed the negotiations know what a high priority the United States placed on the area of services in the financial field. But we were left with an unfinished agenda. And frankly I'm disappointed we did not see more countries willing to liberalize.

The agreement we reached last month in Geneva allows countries to review their commitments in the six months after this agreement enters into force. Now during that period, our exemption from the Most-Favored-Nation principle -- that is, the right to discriminate between countries and among countries -- will be suspended in this sector.

We have a two-year window to negotiate an agreement in financial services which can be incorporated in GATT.

I want to say today that the United States is eager to set up a network of bilateral financial policy talks with our major trading partners in this area.

There are three principles that are going to guide our negotiations.

First, we want to open up markets, not close ours. We will look for agreements that offer reasonable market access and national treatment. We are prepared to guarantee full market access and national treatment in the future to countries that give our firms satisfactory access and national treatment.

Second, we will negotiate constructively. We won't take any step during those negotiations and discussions that harms the existing operation of firms already in our markets. And beyond that, we will not unreasonably refuse access to nations that aren't already in United States markets.

And third, our objective remains a multilateral, MFN-based agreement that treats all nations alike. However, we cannot accept a situation in which other nations retain the right to discriminate against our firms while they are permitted to expand into our market.

So we are willing to work with nations which want to liberalize.

We will approach our negotiations in a reasonable and a pragmatic manner. We understand that many nations consider their financial system to be an integral part of their development strategy, and that it must remain largely in domestic hands. We understand that there can be legitimate concerns about over-banking in small economies. We accept that greater access by foreign firms should not unduly disrupt domestic markets.

We live in the real world. We recognize that others have concerns about our views. We are prepared to accommodate legitimate concerns and financial services negotiations, just as we did in the North American Free Trade Agreement -- in NAFTA.

Liberalization is a process. It doesn't happen just by flipping a switch. We are prepared to consider transitional arrangements that provide breathing room for domestic firms to let them adjust to greater competition.

I strongly believe that financial market integration and liberalization is in our mutual interest. The increase in capital flows in the 1960s, when capital began flowing in significant amounts to developing nations, has been a major contributor to the growth rates we have seen in East Asia. Opening markets and lowering barriers is a crucial element in sustained growth rates.

I can't help but recall that after World War II, when the economies of many countries were devastated and we thought we had to do what we could to increase trade to help them restore their economies and create jobs, we substantially lowered the tariffs in the United States. It was a bit like having a golf match where you have someone who is just learning how to play golf and you give him a big handicap. The problem we have in the United States is that some of these folks have become awfully good golfers in the meantime, and we haven't done what we should do and lower that handicap.

With that, let me say that I was looking at some Thai proverbs the other day. I found one that I thought was perfectly suited for closing a speech. And I won't try to say it in Thai, because I don't want to do that to your beautiful language. But the proverb goes something like this: "Speech is silver; silence is golden."

Thank you very much.

I'd like to open it up to questions. I might have a few groundrules if I could. Whomsoever wants to ask a question, if you'd take a mike and speak in a loud, clear voice, give us your name and your association if you like, and please, no six-part questions. And for the moment, I'm the only one that's supposed to be making a speech.

Facilitator: Yes, we do have all the microphones on the floor. Would anyone like to ask questions? Yes, please?

Answer: Once again, I think that improvement in trade spills over for all of us to some degree. We have not made significant, satisfactory progress yet in the framework agreements with Japan. Much remains to be done. That's more of an answer than you expected, wasn't it? Any other question?

Question: My name is Owart Phromratanapongse from TV Channel 3 and radio program. I have to organize radio program about stock market almost every day. I would just like your comment on stock markets in Asia, especially this time why they plunge so much.

(Laughter)

Answer: Thank you very much, it's great to be here.

(Laughter and applause)

End transcript.

Subject: Transcript of the on-the-record press conference by Treasury Secretary Lloyd Bentsen at the Regent Hotel, Bangkok, Thailand, January 18, 1994 (1700 hrs.)

Following is text of Secretary Bentsen's press conference, hosted by Foreign Correspondents Club of Thailand.

begin transcript.

Lee Miller, Moderator (from Foreign Correspondents Club of Thailand):

Good afternoon ladies and gentlemen, welcome to another of our featured press conferences with dignitaries from around the world for the foreign correspondents club of Thailand. Today we have the Secretary of the Treasury of the United States of America, Mr. Lloyd Bentsen. Mr. Bentsen has been Secretary of the Treasury for about a year now. Prior to that he was a United States Senator from Texas for more than twenty years. He became chairman of the Senate Finance Committee in 1987. In 1988 he was the Democratic Party nominee for Vice-President and he is famous during that campaign for telling then Vice-President Dan Quayle that he was no Jack Kennedy. Mr. Bentsen received a law degree from the University of Texas School of Law and I think we all have his biography here. What he is also noteworthy for as a government official is that he had a long and outstanding career in the private sector which made him if not the obvious choice, certainly a fine choice for Secretary of the Treasury which is

why he was confirmed so easily as I recall. I think Mr. Bentsen has an opening address or some opening remarks and then we will turn the floor over to some questions.

Secretary Bentsen: Thank you very much. Wish I had copyrighted that comment.

Well I am glad to be here again and it is always amazing and impressive to see how Thailand has grown from the last trip. We have had a relatively short stay here but a most productive time. In the meeting with the Prime Minister and with the Finance Minister and the Governor of the Central Bank, we covered quite a number of points.

With the Prime Minister I was delighted to have him tell me that at the meeting in Morocco when they do some of the wrap-up of those things that are not quite finished on the Uruguay Round, that the government of Thailand will increase and improve its offer on financial services. That is important and that is helpful because this is one of the major financial areas of this part of the world. The United States has a major stake in the prosperity and continued growth of Thailand; as they in turn, have in our country. We further agreed that we would continue negotiations in the context of GATT on financial services. In addition to that we agreed that we would expedite the negotiations on the tax treaty that has been underway for almost twenty years. It is certainly time that we rev it up (as heard), so they will be coming to Washington on February the seventh to hopefully bring that to a successful conclusion which in turn will help both countries settle some of the differences in the way taxes are treated here and in our country and be a further benefit to American business operating here. And finally we have agreed that it is important that we do some additional things in the way of striking deals that will help both countries in this fastest growing part of the world. I would state that in addition to that and a final point that the Treasury Department has had representation in the Tokyo office for quite some time but I am going home to look at my budget and see if we can't do some additional representation of Treasury in this part of the World. With that I would like to open up to any questions you might have.

The one ground rule here is to please state your name and your affiliation. So if we have any questions? Please use the microphone so everyone can hear you.

Tom Freidman (The New York Times): Mr. Secretary, during your stay in Indonesia and here you have referred to the fact that we are very close on establishing an end of the embargo with Vietnam. And I wondered if you could take us through, basically, elaborate on that a little bit. Where are we exactly? What will need to be done from now until that point when we get there? How is this thing developing?

Secretary Bentsen: Well, I think it is progressing well. What we have seen, we've seen the President of the United States take the additional step of helping Vietnam qualify for loans in the international financial institutions and then take the second step that says that American business can get in there and compete for loans that are made to Vietnam coming out of those institutions. Since that time we have had delegations going to Vietnam with encouraging reports back about the cooperation of the government and the assistance they have given in the search for MIAs and POWs so the progress is there and I am optimistic that we will finally get that behind us.

Question (unidentified reporter): If I may ask a question and it is sort of a follow-up to something you said at lunch today. In general -- not to be specific -- are you generally happy with where the currency values around the world are? In general.

Secretary Bentsen: I really learned not to comment on that. Thank you. Yes, Clay?

Clay Chandler (The Washington Post): I wonder if you can tell us a little bit more about what you think still has to happen before there can be a break-through or announcement on the Vietnam issue? Where do you see sort of the major remaining obstacles to be? Could you elaborate a little on that?

Secretary Bentsen: I have not been that involved in it. All I know is that I'm told that we are making some progress and that it is quite encouraging. I'm optimistic as far as getting it lifted.

Loh Hui Yin (Business Times, Singapore): Can you tell us more about the Treasury's plans for this part of the world? Any office you are planning to open?

Secretary Bentsen: Not till I go back and look at my budget and decide what I can do in that regard. But I do think it is important that we add Treasury representation, additional representation to that we already have in Tokyo. And more in this part of the World. But I have not made a decision on that.

Thanong Khantong (The Nation): Mr. Secretary, during your talks with the Prime Minister did you raise any specific points about financial liberalization that you would like Thailand to under take.

Secretary Bentsen: Well I discussed with him the Chrysler situation actually, he spoke up on that, the finance minister did I believe in detail to say that question concerning the tax considerations on Chrysler had been resolved satisfactorily.

John Schurb (freelance journalist): Do you have any particular expectations for the upcoming APEC meeting with the finance ministers of the region?

Secretary Bentsen: That was one of the things I was doing here, was talking to the Prime Minister and the Finance Minister as to what they thought should be on the agenda and in the way of what further cooperation should be accomplished in trying to bring about mutual growth and trying to keep inflation down, what works in one country and what doesn't work in another. And I did the same thing in Indonesia in getting their ideas as to what should be on the agenda. I want it to be an informal meeting. I don't want it to be highly structured. And, with all due deference to the press, I hope we don't even have a formal communique. The problem with a formal communique is that you spend half the time and most of the night trying to define (as heard) what this one word means or that one. I want it to be something where you get a good exchange of ideas. And I don't look on it as something where we try to develop some coordinated effort insofar as what's done by all of these countries acting together, because there is a great deal of variance in the economies of each of these countries.

Mark Timm (Knight Ridder) Mr. Secretary, I know that there has been some talk about the U.S. government maybe bringing up some short term interest rates. In December the retail index actually went down, so inflation seems to be certainly under control. In that context, what do you think about interest rates at this stage?

Secretary Bentsen: Let me tell you what the underlying economic things are and that really should have substantial influence on these rates. We are looking at inflation being well contained. We're looking at labor unit costs (remaining) quite constant. We're looking at a cushion of labor still available. We're looking at an increase in productivity and a substantial investment in equipment on the part of business. Those things keep, I think, at the present time, are not putting any pressure on interest rates. And that's about as close as you are going to get me to say anything about them.

Reporter: Thank you.

Mark Memmott (USA Today): This morning you met with bankers from around Asia. I wonder if you could tell us what issues they brought to your attention and what, if any, message you brought to them?

Secretary Bentsen: What you are seeing all around the world is a concern about foreign banks coming in and what they mean. In this instance, I was telling them that they are going to need additional capital. It is important to them. And it is also important that they not do it just by borrowing, but that they get more equity money in here. And, in turn, American business and foreign business that wants to come in here has been utilizing often major financial institutions back in their own country. And having some of that available to them will encourage more capital coming into this country, will help it

grow, will bring about more trade, and will strengthen their financial system; that they will benefit by it. I think that's one of the reasons that you are seeing the Prime Minister telling me that in Morocco -- and the Finance Minister telling me -- that they are going to strengthen their (garbled) financial services. That's encouraging.

Bill Murray (AP Dow Jones): Can you elaborate on that, did he give you any indication how they are going to strengthen their offer?

Secretary Bentsen: He did not give me the details. He just said, 'we'll strengthen our offer.' And, they were helpful to us on the closing days of the GATT. And (garbled) but we're appreciative of that, whatever it may be.

Peter Mytri Ungphakorn (Bangkok Post): Several weeks ago when the United States was talking about the GATT talks and financial services liberalization, Southeast Asian countries were identified as a target group for liberalization; that you were objecting to protectionism here. Is that one of the reasons why you've visited Indonesia and Thailand on this trip?

Secretary Bentsen: It is not just Indonesia and Thailand. It is just a limitation of time, not being able to make more of the countries. But I went to these two countries in particular because of their expanding growth and particularly Bangkok, looking at its stock exchange which has certainly been modernized and computerized. I am delighted that we were part -- our country had a part -- in helping them, insofar as the computerization, insofar as setting up their own SEC, that ours came to counsel with them in that regard. And so those are things that highlighted the importance of this area, and made me want to come here. It has been quite productive.

John Schurb (freelance): What are your expectations on your next stop, Beijing, and your discussions with the Chinese government?

Secretary Bentsen: Well, I will be talking about human rights, about labor relations, and of course I will be talking about the economy and what we can do, the ever expanding surplus with us. I am delighted to see that the concerns we had over textiles have been resolved, before I got there. That is a step forward. That is helpful to us. But there are other areas where we think their markets should be opened up more, and obviously financial services is one of those, and trying to encourage that. We see a very fast expanding economy developing in China and it is going to be more and more important insofar as the economies around the world. And we certainly want to have a relationship that is productive for both of us in that regard. And to the extent that we can get them to further open up those markets to our products, I think that is an imperative. We will be pushing very hard on that one.

Jim Gerstenzang (Los Angeles Times): (garbled) I realize that it has been quite a while that the embargo has been in effect with Vietnam, but, given their human rights record, and the various other problems, what is the rush?

Secretary Bentsen: Well, it has been going on about twenty years now. Some of us older fellows think you ought to end these things. Get them done. And get it behind us. I think we can. We've seen quite a bit of cooperation coming out of Vietnam in that regard.

Peter Mytri Ungphakorn (Bangkok Post): If you don't mind me asking another on a bilateral issue. You talked about hoping for the tax treaty to be concluded. I understand one of the major sticking points is your (garbled) in which Board of Investment privileges would be wiped out, under the double taxation agreement. Are you willing, were you able to offer to Mr. Chuan or Mr. Tarrin the possibility that Board of Investment privileges would be retained with the knowledge . . .

Secretary Bentsen: We did not negotiate this afternoon concerning that. We agreed that we wanted to make our best efforts on both sides to finally get this resolved after twenty years. And that, hopefully, will be done as we begin negotiations on February 7.

Thank you very much.

End transcript.

DEPARTMENT OF THE TREASURY

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Transcript
of

Secretary Bentsen's
Press Conference

Beijing
January 19, 1994

1. LLOYD BENTSEN, U.S. SECRETARY OF THE TREASURY, GAVE AN ON-THE-RECORD PRESS BRIEFING ON JANUARY 19, 1994, THE FIRST DAY OF HIS OFFICIAL VISIT TO BEIJING. THE PRESS BRIEFING WAS ATTENDED BY AMERICAN AND SOME THIRD-COUNTRY JOURNALISTS AND WAS HELD AT THE CHINA WORLD HOTEL.

(BEGIN TRANSCRIPT)

SECRETARY BENTSEN: GOOD AFTERNOON. I MET THIS AFTERNOON WITH PREMIER LI PENG. I ALSO MET WITH MY COUNTERPART, THE FINANCE MINISTER, MR. LIU ZHONGLI. I THINK THESE WERE SUBSTANTIVE MEETINGS AND I BELIEVE ALSO THE BEGINNING OF A VERY USEFUL DIALOGUE WHILE WE'RE HERE. IT'S REALLY TIME TO RE-ENGAGE CHINA ON ECONOMIC ISSUES. WE NEED TO HELP CHINA REFORM. WE NEED A FORUM TO ADDRESS OUR BILATERAL CONCERNS. THAT'S WHY PRESIDENT CLINTON ASKED ME TO COME TO CHINA. I HAVE THREE OBJECTIVES ON THIS TRIP.

FIRST, I AM HERE TO PURSUE, OF COURSE, OUR ECONOMIC INTERESTS IN CHINA. IT'S IN OUR INTEREST AND IT'S IN CHINA'S INTEREST TO OPEN THEIR MARKETS. THE BENEFITS OF TRADE AND INVESTMENT CAN'T HELP CHINA UNLESS CHINA LETS IT HAPPEN.

AND SECOND, I WANT TO DEMONSTRATE OUR SUPPORT FOR ECONOMIC REFORMS IN CHINA. ASIA IS THE FASTEST GROWING ELEMENT IN THE GLOBAL ECONOMY. AND THAT MAKES A SUCCESS OF CHINA'S TRANSFORMATION TO A MARKET ECONOMY ALL THE MORE IMPORTANT.

AND THIRD, I'M MAKING IT CLEAR THAT PROGRESS ON HUMAN RIGHTS IS BASIC TO OUR RELATIONSHIP. I WILL SAY THAT THERE HAS BEEN PROGRESS, BUT SO FAR IT HASN'T GONE FAR ENOUGH.

BEYOND THOSE OBJECTIVES, ON FRIDAY I WILL BE CO-CHAIRING THE FIRST MEETING OF THE JOINT ECONOMIC COMMITTEE SINCE 1987. THIS REVITALIZED FORUM OFFERS THE UNITED STATES AND CHINA A PLACE TO TALK ABOUT OUR MUTUAL ECONOMIC CONCERNS AND SOLUTIONS TO OUR PROBLEMS. THEY WERE VERY USEFUL SESSIONS, AND I TOLD THE CHINESE THAT I AM IMPRESSED WITH HOW RAPIDLY CHINA IS GROWING AND CHANGING.

THANK YOU, I'LL ACCEPT YOUR QUESTIONS AS YOU HAVE THEM.
QUESTION: MR. SECRETARY, DID YOU HEAR ANYTHING TODAY IN YOUR TWO MEETINGS THAT WOULD, IN ANY WAY ENCOURAGE

YOU TO MODIFY YOUR STATEMENT THAT WHILE THERE HAS BEEN PROGRESS, IT HAS NOT BEEN ENOUGH? WAS THERE ANY MOVEMENT TO SHRINK THAT DISTANCE AT ALL? WAS THERE ANYTHING THAT WIDENED IT?

SECRETARY BENTSEN I DID NOT SEE ANY DIFFERENCE IN THE STATEMENT THAT I MADE PREVIOUSLY.

QUESTION: COULD YOU JUST TELL US A LITTLE MORE SPECIFICALLY EXACTLY WHAT THE MESSAGE IS THAT YOU WILL BE DELIVERING TO JIANG ZEMIN TOMORROW OR EVEN WHAT YOU TOLD LI PENG TODAY ON HUMAN RIGHTS AND MFN?

SECRETARY BENTSEN: WELL, I TOLD HIM OF OUR CONCERN FOR HUMAN RIGHTS ON THE PART OF THE AMERICAN PEOPLE, ON THE PART OF THE PRESIDENT, AND IN SO FAR AS THE CONGRESS. AND THAT SOME PROGRESS HAD BEEN MADE BUT WE WERE EXPECTING MORE, BEFORE THIS PRESIDENT HAS TO MAKE HIS DECISION IN JUNE OF THIS YEAR. WE GOT INTO QUESTIONS ON INTELLECTUAL PROPERTY RIGHTS, COMPLIMENTING THEM ON STARTING THAT REGIME. BUT WE'RE VERY CONCERNED ABOUT ENFORCEMENT ON IT, LOOKING AT THE ENORMOUS EXPORTS OF CDS, WITH VIOLATIONS OF COPYRIGHTS AND NO OBSERVANCE OF COPYRIGHTS.

QUESTION: DID YOU GET ANY RESPONSE FROM THE PEOPLE

TODAY TO YOUR CONCERNS ON HUMAN RIGHTS? DID THEY SAY ANYTHING TO YOU ABOUT WHAT THEY'RE DOING, ANYTHING NE THAT THEY'RE PLANNING TO DO?

SECRETARY BENTSEN: NOTHING BEYOND WHAT THEY HAVE PREVIOUSLY STATED.

QUESTION: ON THE HUMAN RIGHTS ISSUE, NOT TO BEAT IT TO A PULP, BUT DID YOU SAY SPECIFICALLY WHAT IT WAS, DID YOU MAKE ANY SUGGESTIONS FOR WHAT IT WAS THAT THE UNITED STATES MIGHT BE LOOKING FOR?

SECRETARY BENTSEN: NO, I DID NOT TRY TO DEAL IN INDIVIDUAL CASES. I WAS PLEASED TO SEE THAT THEY HAD RELEASED THE TWO TIBETANS, BUT AGAIN, WAS SPEAKING THAT WE WANTED TO SEE MORE BEING ACCOMPLISHED. AND THAT THAT WAS AN IMPERATIVE FOR THE PRESIDENT AND IN TURN FOR THE UNITED STATES CONGRESS.

QUESTION: CAN YOU CHARACTERIZE WHERE YOU THINK THE U.S. AND CHINA ARE NOW IN RESOLVING THIS ISSUE AND HOW CLOSE OR HOW FAR AWAY YOU THINK THE CHINESE ARE TO WINNING MFN RENEWAL? HOW MUCH PROGRESS HAVE THEY MADE? HAVE THEY SHOWN THAT THEY ARE WILLING TO CHANGE OR TO DO ANYTHING CONCRETELY BEYOND JUST WORDS, BEYOND JUST RHETORIC?

SECRETARY BENTSEN: WELL, WE HAVE SEEN SOME SPECIFICS IN THAT REGARD. WE HAD A VERY FRANK DISCUSSION ON IT. AND I THINK IT WAS A HELPFUL DISCUSSION.

QUESTION: BEFORE YOU LEFT THE STATES, SOME PEOPLE THERE WERE SAYING THAT THE CHINESE MAY BE HOPING TO JUST DO A LITTLE BIT MORE AND THERE'S ENOUGH REASON WHY THE UNITED STATES WOULD WANT TO CONTINUE THE MFN, THAT NO MORE PROGRESS WOULD REALLY BE NECESSARY. AFTER THE MEETINGS TODAY, CAN THERE BE ANY CONFUSION ON THEIR PART, HOW FORCEFULLY WAS THIS PUT?--

SECRETARY BENTSEN: WE HAD A VERY FRANK DISCUSSION THAT IT WAS IMPORTANT TO THE UNITED STATES PRESIDENT, THAT IT WAS IMPORTANT TO (UNCLEAR), THAT IT WAS IMPORTANT TO THE CONGRESS. I THINK THERE CAN BE NO ILLUSION ABOUT THAT, NO MISUNDERSTANDING ABOUT THAT.

QUESTION: HOW MUCH DO YOU SEE THE RECENTLY AGREED TEXTILE AGREEMENT INFLUENCING THIS TRIP THAT YOU ARE ON NOW?

SECRETARY BENTSEN: WELL, I AM VERY PLEASED TO SEE THAT AGREEMENT. I THINK THAT ENCOURAGES THE ECONOMIC COOPERATION BETWEEN THE TWO COUNTRIES. I THINK THAT'S AN IMPERATIVE. TO HEAR THE CONCERNS ABOUT INTELLECTUAL PROPERTY RIGHTS AND WHAT CAN BE DONE IN THAT REGARD. THAT'S ENCOURAGING TO ME. WHAT YOU ARE SEEING CHINA DO, SINCE THE LAST TIME I WAS HERE, IS AN AMAZING PROGRESSION IN THEIR HUMAN WELFARE THINGS, IN SO FAR AS

INFANT MORTALITY, IN SO FAR AS MORTALITY OVERALL, IN SO FAR AS IMPROVEMENTS IN EDUCATION. BUT COUPLED WITH THAT, WE WANT TO SEE AN IMPROVEMENT IN HUMAN RIGHTS. QUESTION: MR. SECRETARY, THERE ARE A LOT OF PEOPLE ON BOTH SIDES OF THE PACIFIC WHO HAVE BEEN WAITING FOR THE CLINTON ADMINISTRATION TO DEFINE THIS YEAR WHAT IT MEANS BY OVERALL SIGNIFICANT PROGRESS. YOU'RE THE HIGHEST, MOST SENIOR OFFICIAL WHO'S BEEN HERE. IS THIS DEFINITION COMING TO CLOSURE?

SECRETARY BENTSEN: WELL, I THINK IT IS BETTER UNDERSTOOD AS WE CONTINUE TO PROGRESS. MY OBJECTIVE TOO, OF COURSE, AND MY RESPONSIBILITY, IS THE ECONOMIC SIDE OF THE ISSUE, AND WE WILL BE REJUVENATING THE JEC TO DISCUSS SOME OF THE ECONOMIC CONCERNS AND WHAT CAN BE DONE IN THAT REGARD.

QUESTION: WITH RESPECT TO THE ECONOMIC ISSUES AND YOUR CONCERNS IN THAT ARENA, DO YOU SEE THE CHANCE THROUGH OVERLY EMPHASIZING A TOO-RAPID CHANGE IN CHINA FOR THE U.S. TO BECOME DISADVANTAGED RELATIVE TO THE EUROPEANS AND THE JAPANESE, WITH RESPECT TO TRADE? WE CERTAINLY ARE SEEING SOME OF THAT AS WE LOOK AT SOME OF THE LARGER INFRASTRUCTURE PROJECTS HERE IN CHINA WITH TREMENDOUS THREATS FROM THE EUROPEANS AND THE JAPANESE, RELATIVE TO WHAT THE AMERICANS CAN OFFER. WOULD YOU CARE TO COMMENT ON THAT?

SECRETARY BENTSEN: WELL, I THINK THE AMERICANS HAVE A LOT TO OFFER IN SO FAR AS THE INFRASTRUCTURE, IMPROVEMENTS TO THE INFRASTRUCTURE. WE TALKED ABOUT SOME OF THAT, WE TALKED ABOUT POWER, WE TALKED ABOUT TELECOMMUNICATIONS, WE TALKED ABOUT AIRCRAFT. WE'RE EXTREMELY COMPETITIVE IN ALL OF THOSE AREAS. AND THOSE THINGS WE DISCUSSED.

QUESTION: YOU'RE SAYING YOU'RE PREPARED TO GIVE SOME OF THESE MARKETS UP IF THE CHINESE DON'T MOVE FAST ENOUGH, IN THE DIRECTION THAT THEY'RE CLEARLY ALREADY MOVING?

SECRETARY BENTSEN: WELL, THE DECISION ON MFN WILL BE DEPENDENT ON THE PROGRESS IN SO FAR AS HUMAN RIGHTS. IT'S A PART OF THAT DECISION.

QUESTION: RECENTLY A NUMBER OF CHINESE DISSIDENTS-- PEOPLE WHO HAVE SPENT LONG PERIODS OF TIME IN DETENTION--HAVE SAID THAT THEY SUPPORT EXTENSION OF MFN FOR CHINA. COULD SOMETHING LIKE THAT INFLUENCE THE U.S. DECISION?

SECRETARY BENTSEN: WHAT WE'RE LOOKING FOR IS CONCRETE SERIOUS PROGRESS. SOME OF THAT HAS BEEN MADE. WE ANTICIPATE AND HOPE MORE.

QUESTION: JAPAN AND CHINA ARE THE U.S.'S LARGEST MARKETS IN ASIA. I'M JUST WONDERING AS FAR AS CHINA'S MARKET ACCESS NEGOTIATIONS ARE GOING, HOW DO YOU SEE ITS IMPLEMENTATION OF THE AGREEMENT? AND WITH YOUR NEGOTIATIONS WITH JAPAN, I UNDERSTAND THAT TALKS ARE STALLED ON OPENING TELECOM AND MEDICAL EQUIPMENT. AND WHY ARE THESE STALLED? AND ALSO, DO YOU THINK THAT THE YEN/DOLLAR RATE IS SATISFACTORY AND WHAT ARE YOUR COMMENTS ON THE YUAN BEING FLOATED?

SECRETARY BENTSEN: HOW MUCH TIME DO WE HAVE HERE? (LAUGHTER) WELL, OBVIOUSLY THE FRAMEWORK TALKS ARE NOT PROGRESSING AS WELL AS THEY SHOULD. AND WE HAVE TO SEE FURTHER ADVANCE BY THE JAPANESE. AND THAT IS A VERY SERIOUS CONCERN TO US. DO YOU WANT TO TRY FOR A COUPLE OF THE OTHERS?

QUESTION: GIVEN THE WAY AMERICAN BUSINESS (INAUDIBLE) OVER THE LONG TERM, DO YOU EXPECT TO SEE OR WOULD YOU LIKE TO SEE A DECOUPLING OF MFN AND THE HUMAN RIGHTS QUESTION?

SECRETARY BENTSEN: OH NO, I DON'T ... I DON'T THINK THAT'S GOING TO BE THE CASE. THAT'S NOT THE POLICY OF OUR GOVERNMENT. THEY ARE COUPLED.

QUESTION: YOU SAID EARLIER THAT YOU ARE, THAT THEY ARE, YOU ARE LOOKING FOR CONCRETE PROGRESS IN HUMAN RIGHTS. DO YOU EXPECT AND ANTICIPATE MORE? IS THERE ANYTHING--

SECRETARY BENTSEN: I'M AN OPTIMIST TO START WITH, SO, SO I'M HOPING FOR MORE, EXPECTING MORE.

QUESTION: BUT IS IT SOMETHING THAT THE CHINESE HAVE INDICATED, AND ARE THERE SIGNALS THAT THEY HAVE GIVEN YOU THAT ARE DIFFERENT FROM?

SECRETARY BENTSEN: THAT'S AS MUCH OF AN ANSWER AS YOU'RE GOING TO GET.

QUESTION: CAN YOU GIVE US SOME SPECIFICS ABOUT THE WORK OF THE JEC? WHAT IS ON YOUR AGENDA, WHAT ARE YOU HOPING TO ACCOMPLISH? I MEAN SOME SPECIFIC GOALS, NOW THAT IT IS GETTING RESTARTED FOR THE FIRST TIME SINCE '87.

SECRETARY BENTSEN: YOU MEAN IF WE ARE TALKING ABOUT THE ECONOMY NOW?

QUESTION: THE JEC, THE JOINT ECONOMIC--

SECRETARY BENTSEN: OH, THE JEC. OH WELL, I THINK THAT PROVIDES US A FORUM TO EXCHANGE VIEWS AND TRY TO ... (NOISE FROM MICROPHONE) ... YOU ALL RIGHT? (LAUGHTER) TO TRY TO RESOLVE DIFFERENCES.

WE GOT INTO THAT IN THE DIALOGUE WITH THE PREMIER. IN SO FAR AS THAT WE'RE NOT MIRRORS OF EACH OTHER, THERE

ARE DIFFERENCES IN OUR CULTURE, DIFFERENCES IN OUR ECONOMIES, AND THAT WE'RE THE LARGEST DEVELOPED COUNTRY IN THE WORLD AND THAT THEY ARE THE LARGEST DEVELOPING COUNTRY IN THE WORLD. AND THOSE TWO CAN PLAY OFF OF EACH OTHER AND BE MUTUALLY BENEFICIAL.

SO IN TALKING ABOUT WHAT WE CAN DO TO FURTHER PROGRESS AND GROWTH WITH MINIMUM INFLATION, THOSE ARE THE TYPES OF THINGS WE'LL BE DISCUSSING AT THE JEC. IT PROVIDES US THAT KIND OF A FORUM, THAT('S) HELPFUL.

THEN IN TURN, I TALKED TO HIM ABOUT THE SEATTLE MEETING AND THE AGREEMENT BY THE LEADERS OF OUR COUNTRIES THAT WE WOULD HAVE IN THE PACIFIC, THAT I WOULD BE HOSTING A MEETING OF THE FINANCE MINISTERS. AND I'M DOING THAT IN HAWAII ON MARCH THE 18TH AND THE 19TH WHICH THEY'VE AGREED TO ATTEND. AND AGREED TO ADD SOME OTHER THINGS TO THE AGENDA TO BE DISCUSSED. I WAS ASKING FOR THEIR COUNSEL ON THAT. WE'LL BE HAVING A MEETING OF THE DEPUTIES TO FURTHER DISCUSS THAT AGENDA AND WHAT SHOULD BE ON IT.

JOAN LOGUE-KINDER, TREASURY ASST. SECRETARY (DESIGNATE), PUBLIC AFFAIRS: THE SECRETARY HAS TIME FOR TWO MORE QUESTIONS.

QUESTION: DECEMBER 31ST WAS THE DEADLINE FOR CHINA TO MEET SOME OF THE REQUIREMENTS UNDER THE MARKET ACCESS AGREEMENT OF LAST

YEAR. I UNDERSTAND THE CHINESE AT THE LAST MINUTE CAME THROUGH WITH SOME EXPLANATIONS, RESPONSES--ARE THEY SATISFACTORY? DID THEY INDEED MEET THE REQUIREMENTS BY THAT TIME?

SECRETARY BENTSEN: I DON'T KNOW THE DETAIL ON THAT, YOU'D HAVE TO TALK TO USTR, BUT OBVIOUSLY WE'VE MADE SUBSTANTIAL PROGRESS ON THE TEXT OF THE AGREEMENT. NOW THAT'S A MAJOR PLUS.

QUESTION: YOU MENTIONED SUBSTANTIAL IMPROVEMENTS IN HUMAN WELFARE. ARE IMPROVEMENTS IN HUMAN WELFARE PART OF YOUR DEFINITION FOR IMPROVEMENTS IN HUMAN RIGHTS OR DO YOU CONSIDER--

SECRETARY BENTSEN: NO, THAT'S NOT ...

QUESTION: THAT'S COMPLETELY SEPARATE ...

SECRETARY BENTSEN: THEY'RE TWO DIFFERENT... WHEN I WAS TALKING ABOUT HUMAN WELFARE, I WAS TALKING ABOUT THE INCREASED LEVELS OF EDUCATION THAT HAVE BEEN ACCOMPLISHED. I WAS TALKING ABOUT WHAT THEY'VE BEEN ABLE TO DO ON INFANT MORTALITY, WHAT THEY'VE BEEN ABLE TO DO OVERALL ON HEALTH. I'VE SEEN VERY SUBSTANTIAL

PROGRESS SINCE THE LAST TIME I WAS HERE BACK IN 1978.

MS. LOGUE-KINDER: THANK YOU VERY MUCH, MR. SECRETARY.

SECRETARY BENTSEN: THANK YOU.

DEPARTMENT OF THE TREASURY

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Transcripts
of
Public Speaking Engagements

Moscow
January 12, 1994

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FOR IMMEDIATE RELEASE

Text as prepared for delivery

January 13, 1994

STATEMENT OF TREASURY SECRETARY LLOYD BENTSEN
MOSCOW, RUSSIA
January 13, 1994

Russia is at a critical juncture, but I sense a strong commitment to press on and make these reforms work.

President Clinton and President Yeltsin had a discussion about the progress that has been made so far, and it's substantial, in reforming the Russian economy. They talked about how privatization has come along so well, 70,000 small businesses and 10,000 large ones converted. They discussed how inflation is down from 30 percent a month -- and that's 2,300 percent a year -- to 12 percent a month, how Russia's budget deficit was reduced from 20 percent of GDP to 9 percent last year, and how dollar wages have risen three-fold.

After President Yeltsin and Deputy Prime Minister Boris Fedorov described Russia's impressive economic record, President Clinton said it was a real achievement and a story we have to get out to the world.

And I told Mr. Yeltsin that I've traveled the world and met a lot of economic teams and yours is one of the best.

President Clinton and President Yeltsin agreed that Russia has a strong economic team and that there can be no turning back from fighting inflation and continuing to privatise.

And President Clinton promised that as long as Russia keeps reforming, we'll work with the G-7, the IMF and the World Bank to get this support delivered as rapidly as possible.

President Clinton assured President Yeltsin of the strong support the West has for the reforms that are being made. We don't want this momentum to slow.

LB-595

(MORE)

President Clinton also agreed with President Yeltsin that more attention has to be paid to easing some of the hardships that we're hearing about. We talked about finding ways to cut through some of the red tape that can get in the way of our support. In that regard, the Support Implementation Group can play an important role. We discussed how Russia and the International Financial Institutions can cooperate more effectively so we can have more reform, and more support. And we discussed trade and investment issues.

Before we had the larger bilateral, I met with Mr. Fedorov and First Deputy Prime Minister Yegor Gaydar. We three of us had a good talk about a wide range of economic subjects.

I found Fedorov and Gaydar quite eager to carry on these reforms, and even accelerate them. And that's the way this has got to go. I also assured Mr. Gaydar that the West wants to see foreign assistance advance as fast as the reforms advance.

When Mr. Fedorov and I were talking about how privatization is going, he told me that people used to line up for bread here in Moscow, but now the lines for shares in these businesses.

Finally, Secretary Christopher and I met with the new American Chamber of Commerce, and I told them how we're urging the Russians to create the kind of body of law that encourages the private sector to come invest in Russia.

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Transcripts
of

Secretary Bentsen's
Public Speaking Engagements

Jakarta, Indonesia
January 17, 1994

REMARKS OF TREASURY SECRETARY LLOYD BENTSEN
American Chamber of Commerce in Indonesia
Jakarta, Indonesia
January 17, 1994

Unofficial transcript of remarks as delivered, followed by questions and answers from members of AMCHAM Indonesia:

SECRETARY BENTSEN: Thank you very much Mr. Chairman. I've had quite an involvement with Chambers of Commerce. What the chairman did not say, I spent 16 years building a business of my own. In turn, I served on a number of International Boards of Directors while I was in business.

I just left Moscow where I joined in the organization of the first meeting of the American Chamber of Commerce in Moscow. I was on the Board of Directors of the Chamber of Commerce in Houston Texas, so I understand something about where you're coming from.

In building a business and doing that for 16 years and then going to the Senate, I must tell you I never intended to spend 22 years there. But that I did. Seems to me every time someone else decided they wanted the job, I thought I must be overlooking something in it and I decided to stay on.
(laughter)

I told my kids, I said, I don't want any one of you going into politics, we can afford only one at a time. And I said, besides that don't you ever get into a business where they pay you off in plaques. I said, either get something you can eat or put in the bank, whatever the career is that you go into.
(laughter)

But I am delighted to have a chance to be with you and visit with you for a few minutes. Let me tell you, too, that I think the United States government, the United States has got its act and put it together.

I believe American business is as competitive as it has ever been. Squeezed out a lot of the fat. But at the same time that you saw those big headlines about 20,000 being laid off here and 5,000 being laid off there, a lot of out-sourcing was being done to small business. They were adding five welders over here, three computer workers over there, ten case workers over there. And it added up to over 2 million jobs last year.

Over 2 million, and they weren't just hamburger-flipping jobs. Some good jobs in that one. So we have seen more businesses, more jobs added in 1993 than we saw in the preceding four years.

One of the reasons is that we were serious about cutting that deficit. Five hundred billion over five years, and we are ahead of schedule on it. The skepticism, the cynicism about are they really going to carry through with it -- we've been doing it. And that is one of the reasons you are seeing the lowest interest rates, long-term, that you've seen in 25 years. It's one of the reasons you are seeing the low short-term rates that you're seeing today.

One of the problems that I can remember so well for American business just five, ten years ago -- the Japanese having interest rates, long-term, one percent. And then they'd have some (inaudible) out there, with the conversion factor to accompany them, were selling 100 times earnings. Or the rate set by the Bundesbank, and that cost of capital gave those countries and their businesses an enormous competitive advantage. Not true anymore.

You're seeing very competitive rates for American business. And that's one of the reasons that I think that American business is in better shape in the way of competition than it has been in many years -- ready to take them on. Take them on around the world.

What you are also seeing on the part of this government is that we want to assist, we want to help. We'll push your businesses in any way we can. That's why your seeing these embassies with the attitude of trying to assist.

Are there things we can do better? -- Of course there are. That's one of the reasons that I am here, to listen to your input and what you think we can do to help make it better. To look at what's happened in this last year insofar as trade, what's been taken on and what's been won. NAFTA -- Oh, I admit there are some broken arms left in the Congress, but nevertheless we've pulled it off and put it together.

This is the fastest growing area in the world. The second fastest growing area is Latin America. And we want to be a part of both of those and participating. As we look at the kind of jobs that are created, two and a half million jobs in the United States dependent on products that we're exporting to this part of the world. That's why it's important.

I know that a lot of people tend to look at trade for the United States in this part of the world through the prism of what the relationship is with Japan. And we are working on that with a framework agreement. But it is much more than just Japan, to see what we're doing throughout this part of the world and how much we want to be a part of it.

Let me give you an example of what trade means to us. The fact that since the mid-1980s half of our increased income and almost all of our increase in manufacturing jobs have been brought about because of exports. One job in every eight in

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the United States exists because of trade. And the U.S. trade with Asia has grown faster than with any other region of the world.

The APEC nations produce more than half of all the goods and services in the world. More than half of all the other regions in the world. We now get 60 percent of our imports from APEC nations, and those countries buy approximately half of our total exports. That's what we're looking at, that's why it's important, that's why we are emphasizing this part of the world. If we were to increase our market share by just one percent in Asia, that would add another 300,000 jobs for the United States.

Here is another number that I think is important. Trade between the United States and its APEC partners is 172 percent larger than our trade with the European community.

Now, if you recall, President Clinton met with APEC heads in Seattle in November. That was a sign of how important we think this part of the world is to us.

The emphasis in my discussions today, and those I will hold during the week, and the meetings I will have, will be how we can make this a cooperative venture. It ought to be a consensus-building exercise, building on that formula which worked so well in the APEC trade and investment meetings. I want to stress our common interests, not any one country's bilateral agenda. Our common interest is to sustain this region's economic growth.

I also will be listening to my counterparts about their views on the APEC Finance Minister's meeting which we will be having in March, and we'll be doing that one in Hawaii.

Before I wind up things and take some questions, I want to cover a few specific things that may be on your minds, particularly here in Indonesia.

It is critical to the development of this region, and to the global economy, that we make certain that investment flows are not impeded. A free flow of capital is vital to bringing the benefits of the developed world to the citizens of the developing world.

As many of you are aware, this issue was among our top concerns during the recent GATT negotiations. The United States wants to open up the financial markets of the world. And I believe that other economies should be just as open as ours.

One of my friends made the point very well when he said, 'After World War II, and as we were trying to help other countries of the world improve their standard of living, put their act back together, we made amazing concessions in the way of opening up our market. It was just as though you were playing golf with a

fellow that had just started the game and you gave him an enormous handicap. But as he got his swing back together, and as he began to sink his putts, we never adjusted the handicap. And that is why it's important that we get ourselves on an equal footing and open up these markets.

This economy has had absolutely remarkable success -- to have a country that for 25 years has had almost a 7- percent compounded growth; that has had 60 percent of its people living below the poverty line and now has approximately 15 percent.

To see what's going to happen in the way of investment and upgraded infrastructure in this country and to many of the countries around the world who are straining at the seams on the infrastructure now overloaded. Meeting those challenges will be a great payoff for the private sector. And they are going to require those things that make that market effectively work. They'll also require things that make it easier to move capital into Indonesia.

I think that the Indonesian government has recognized that they have to liberalize the investment regime, and they've done some of that. But there's more to be done in the way of deregulation. I believe it can be done here and elsewhere throughout the region. That's one of the things I'll be discussing while I'm here.

Now let me close with a couple of thoughts.

There is a lot of development work to be done here in Indonesia. And I know your companies have been disadvantaged, here and elsewhere, because of the concessional financing that our competitors have available to them. So I want you to know that where there's an American company in the running for a contract, we're not at all above stepping up to argue your point of view. And if more than one of you American Companies, forgive me, but we'll do it in a generic way.

And finally, let me wind up by saying my main theme: we'll work to get the climate right for you to do business, and work to get those tariffs and other barriers down. And since our companies have become leaner and more competitive over the years, I think you are going to do well.

Thank you, and now let me ask for questions. Mr. Chairman, let me put in a couple of ground rules. First, stand up and give me your name and who you are associated with. And no six-part questions. I usually can't remember past the second one. And, for the moment, I am the only one who is supposed to make a speech, OK? Let's go ahead.

Q: Mr. Secretary, I chair the Trade Expansion Committee in the Chamber. You made mention of financing, of export credit financing and so forth. What do you see as the prospects for more funding and a more aggressive approach by EXIM bank, which, as you noted, export financing, and particularly project financing, are extremely important here?

BENTSEN: On the Export/Import Bank were you asking?

Q: Yes sir.

BENTSEN: You had your hand over the mike there.

Well, I tell you it's tough to get additional funds because of the budget constraints and what we are trying to accomplish in that regard. There is... It is an absolute priority to increase trade, to do what we can to level the playing field out there. But insofar as major, major new appropriations for that purpose, it is an uphill fight. The budgetary caps are serious. They're real. And you can say, well, now, in the long run it's going to pay off very handsomely. But the long run for us is five years. That's the budget we are set up on. I'd like to tell you just what you want to hear, but I can't, you know.

Q: Mr. Secretary my name is John Bates and I'm with (inaudible) Indonesia here. I wanted to ask you, you mentioned that one of the big advantages that the U.S. is now experiencing is lower inflation rates relative to other trading partners. I know you cannot see through your crystal ball into the future, but if five years is your time horizon, do you expect the U.S. interest rates to remain competitive to those foreign countries we are dealing with in the APEC area? Thank you.

BENTSEN: I've learned not to make predictions on interest rates. I will tell you that people like those four or five fellows right seated over there, they'll remind you of what you've done, those are reporters, you see. They'll take it down on me. I will tell you this, I refinanced my home recently. And I did it with an arm, I did not take a thirty-year mortgage. (laughter, applause)

Q: Mr. Secretary, I'm Marvin Turner with an engineering company from New York. And to follow up on the Exim Bank point, I would register a concern. I am involved in negotiations at the moment where the use of Exim financing would be helpful. Our major concern is the time required to handle paperwork and to take advantage of those facilities.

BENTSEN: And so it always is with government. And I understand that concern. I do not have a direct responsibility with Exim bank; I can punt that one. But I share the concern. Whatever we can do to help influence it, we will, to try to accelerate it. Sometimes it takes so long it becomes academic, it's after the fact and you lost the deal.

Q: Mr. Secretary, Jim Philgo. I just wanted to make one point and ask for a feeling on the timing for this. I don't know if anyone has mentioned to you (that) Indonesia would be an excellent stepping stone into the Vietnamese market. And I

would certainly like to have your idea of when that embargo will be ended so we can begin moving American interests into Vietnam. Thank you.

BENTSEN: Well I'd say that decision has not been made, but I think that it will be forthcoming quite soon. I think that you have seen progress being made in that direction by the Vietnamese and by the United States government. But we share the concern. I cannot give you a definitive date because we have not decided. I wish I could. But what you have seen is an easing of getting involved in the contracts where you've had some financing that has been brought about by the bank and letting American business to a degree take advantage of that. Some of the reports we are getting back are quite encouraging, what we've heard.

Q: Mr. Secretary I think that everyone here understands that the Administration has been a strong supporter of free trade and of Indonesia and we always, being 12,000 miles away from Washington, wonder how we as businessmen here can help in Washington selling Indonesia's story and how that creates opportunities and jobs in the United States. Could you give us your comments on that?

BENTSEN: Well I went into that, I thought, some, but the fastest growing market around the world today is in this part of the world. We want to be a part of it; we want a closer relationship; we want a better understanding; we want Indonesia to have a higher profile back home and particularly for American businessmen. And not just some of the big companies that are represented here. We want some of the middle companies, the middle size to show an interest. That's where a lot of our growth is coming in the United States today. By smaller entrepreneurs who are ready to take some risks. And I think that what we are seeing now, with the kind of cooperation we are getting out of our government and the embassies in these various parts of the world, it makes it easier for the medium-sized company to understand and be able to participate. I'm really amazed at the modesty and the lack of aggressive point being made on something like 9/11. I really thought I was going to get a question on 9/11. But I had some earlier talking to me about it and I want to go back and do some further research on it. I have not been back on the 9/11 issue for some time. I do recall that I held hearings throughout this part of the world when I was a United States Senator. At that time, as I recall, you all talked me into pushing it up to \$70,000. I asked this morning, I said, what is it now? They said \$70,000 and that was a few years ago, so we'll go take a look at it.

Q: My name is Ari Anardi. I'm from the U.S.-Indonesian Bilateral Committee of the Indonesian Chamber of Commerce. Although there are a lot of positive signs with U.S.-Indonesian relations, there are still some clouds on the horizon, namely

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the GSP issue, IMET, Feingold. What do you see as the prospects for those and overcoming some of those difficulties? Thank you.

BENTSEN: This Administration does not support the Feingold Amendment. And what we need and what we have to see, we have seen. We have seen a movement in the right direction on human rights, on labor relations; we think more has to be done in order for us to be able to get affirmative decisions in regard to GSP.

Q: My name is Bob Wick, I'm with General Motors Taiwan. I'm President of the Chamber in Taiwan. Currently there continues to be a 15-year-old ban on high-level visits to Taiwan. We have noticed in Taiwan that you've come out to the region, but you've left us off your itinerary, even though Taiwan is the sixth largest trading partner of the United States. Do you have any idea or can you tell me if and when that ban will be lifted so that we can get the same kind of support for U.S. business in Taiwan that our competitors from other countries receive from their governments?

BENTSEN: Let me assure you that it is not... I didn't go, did not deny going to Taiwan for any political reason or any policy reason. It was, we just didn't have time in the agenda, in the itinerary to make it to some of the other countries, whatever other countries are involved. As I said, I had a 16-hour flight getting here. But we have a very crowded and full agenda, itinerary. I don't have a definitive answer for the other.

Well thank you very much, good to be with you this morning.

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REMARKS OF TREASURY SECRETARY LLOYD BENTSEN
Indonesian Economists Association
Jakarta, Indonesia
January 17, 1993

SECRETARY BENTSEN: Thank you for your generous remarks. I am delighted to be here. I understand we have about 200 economists that are present. That must mean we have at least 300 opinions.

But at least there is one thing I'm sure that we can agree on. Last time I was here it was about 20 years ago. What an incredible difference in Indonesia. The difference between night and day what has taken place.

To see a country that's had a compounded, almost 7 percent increase in its GDP. To see it moving from, at that time, about 60 percent of the people below the poverty line. And today, about 15 percent. Indonesia is the envy of much of the world as to what you've been able to accomplish.

And it's not just Indonesia that is doing well. This entire region is the fastest growing area in the world today. As you look at it, this area is growing three times as fast as the rest of the world. The three countries that I'm visiting on this trip will have approximately 10 percent of the world's output. Every one of those countries is growing at a rate in excess of any of the industrialized nations.

What's happening where we see this kind of economic growth. Well, we're seeing trade cooperation. Not military confrontation. Trade and growth promotes stability and prosperity. And they also promote security. There's a clear linkage between the two. You don't have to be able to chart supply and demand to figure out the issues of economic policy are now a central feature in international relations.

I was in Moscow last week. I looked at a situation where you had President Yeltsin, President Clinton and President Kravchuk. Those three going together to rid this world of ours of over 1,700 nuclear warheads and missiles. At the same time, for the third summit in less than a year, I was there talking with President Yeltsin and the reformers about keeping the momentum going in the reform program. We announced a number of things that I think will help keep up that momentum.

You know,, a decade ago if we had said that we had Summit participants in a vigorous discussion, that would have really been a diplomatic code that would have said that we were shouting at each other about throw-weights and missiles. Today it means we're talking very forthrightly about critical problems of opening up markets and investment. Or how to restore growth amongst the industrialized world. The kinds of issues that most effect our lives.

The bottom line is that economic policy today is foreign policy.

Now to explain our approach to microeconomic policy, let me go back for just a minute. President Yeltsin realized, no President Clinton realized, that if we were to be taken very seriously in so far as counsel to the rest of the world that we had to get our act in order back home. That we had to straighten out our own problems first. We have done just that.

We've taken 500 billion dollars out of our deficit projections over the next 5 years. There are all kinds of skeptics that said are they really going to do this. In reality, we're ahead of schedule in that regard. Our growth rate now, it's steady and it's growing. Our unemployment is the lowest that it has been in three years. Our economy today is the best performer amongst the G-7 countries. It was because of good macroeconomic policy that will sustain it and keep it going that way. We're talking about open, competitive trade policies and markets. An emphasis on people. The same kinds of things that have allowed this region to strengthen its economies.

Our pursuit of those trade policies by the way has given this administration what I think is probably the most successful year of any administration on trade since World War II - GATT, NAFTA and the APEC leaders meeting.

Our willingness to make the tough decisions and sometimes politically very difficult decisions and painful ones. That's what's helped bring about the turn about in United States' growth in the last year. It's given us creditability in our dealings with other nations.

The strength of that domestic progress gives us the foundation, I think, for an ambitious international agenda. The elements most applicable in the Asian and Pacific region are the opening up of markets, the expanding of trade. These are the elements most likely to support the two goals: creating jobs and economic stability.

Let me elaborate. The success of nations such as Indonesia, that's absolutely critical to the United States. It's increasingly important to our economic well being. Since the middle of the last decade, half of our increase in income, half of our increase in income, has become of increased exports and trade. Almost all of our industrial jobs have been created because of exports. Those are jobs at higher wages than the average job in our country. One job in every eight in the United States today is directly attributable to exports.

But beyond that, promoting prosperity abroad, simultaneously I think promotes stability and security. Dollars spent on developing additional trade can be even more important for

security and stability than dollars spent on a new destroyer. Democracies don't make war on each other. Their economies are less likely to be made worthless by hyperinflation.

Look around this region. Pick out the stable nations. Look at their economic policies. They're moving more and more toward a market economy. Sound stabilization economic policies. Limits in government price distortion. Declines in trade barriers and exchange controls. Tax and tariff policies that favor capital spending. In addition, there is often an emphasis on public infrastructure development and that in turn helps private investment.

Around these countries, if you look at it, the infrastructure, some of them are strained right to the limit. Whether you are talking about telecommunications, or you're talking about the road structures, those are things where you are going to want to encourage more private investment coming into these countries.

There is often an emphasis on people spending. On trying to help them on basic education, to make them more internationally competitive. Now compare that with the countries that have conflict and the answer is obvious. Economic growth helps bring about stability.

Take Indonesia for an example. If you go back three decades, before this strong growth that you've seen, we all know what the case was. There was political turmoil. There was significant poverty.

Today under President Suharto's leadership, the poverty level, substantially down. Education levels have risen significantly. Per capita GDP has bounced back strongly. Virtually every social indicator in Indonesia is up.

Indonesia made a wise choice back in 1970 when it took the unconventional approach of removing controls on external capital accounts at an early stage in the development process. That meant that the policy makers received very sensitive market reactions. And could help them get back on track on where their objectives really were.

The reconstruction of Indonesia's economy, and that of other nations in this region, has had both an economic and, I think, a political dimension. Indonesia is now a regional leader, politically and economically. President Suharto's pragmatic and wise leadership of the non-aligned nations is highly regarded by the United States of America. President Clinton proud that he's passing the baton of leadership of the APEC to President Suharto. Looking forward to attending the fall meeting of APEC here in Jakarta.

What has been done here in Indonesia has been replicated in many of the nations of the Pacific and in Asia. It serves as

an example to other nations seeking a path out of poverty. Indonesia, as head of the Non-Aligned Movement, can build on its own record of constructive development, on its role as a world leader.

I want to concentrate now on the key elements of our policy in so far as Asia is concerned. We want to encourage continued regional cooperation and integration. We want to see open markets. We want to reinforce the accomplishments of the Uruguay Round. And we want to preserve and enhance this region's security.

One point here: Let me make it clear that while economic matters have risen in importance, there is absolutely no diminution in our commitment to the security of our allies, here in Asia, the Pacific or in Europe.

Now as to Asia and the Pacific, this administration recognizes there's more to Asia than Japan. Too often when we talk about Asia, it's viewed in the context of the bilateral trade deficits with Japan and with China. They add to 68 billion dollars. That's two thirds of our trade deficit.

But this region is just more than two countries. We did more than \$7 billion in imports and export business with Indonesia in 1992. Add if you add to that Thailand, we're up to \$18 billion. We get 60 percent of our imports from this region. Are we involved? Are we interested? Well of course we are when we see that kind of commerce amongst our nations. Asia and the Pacific buy 50 percent of our exports. Our imports from Asia have risen by two thirds in just the past five years. So you can see what that trend is. What you mean to us and what we mean to you.

Trade clearly is a major factor in the growth not only of the United States, but also of the Asian and the Pacific nations. It's made the difference, with increasing investment and development, and rising levels of income of all of our people. But there's more to be done.

While we've seen tremendous growth over the last two decades, incomes in this region are less than one third of what they are in Europe. Asian nations have substantial infrastructure needs. We anticipate that Indonesia alone over the next decade will be spending and will be needing approximately 100 billion, on expenditures, on your infrastructure.

We'll be trading more and more with the Asian region and we will become more and more interested in Jakarta's growth. Already our exports are more responsive to growth in Asia than they are to changes in growth in Europe.

Our relationships must reflect the growing nature of our economic ties to Asia. We have involved ourselves with the OECD, with NATO, with the G-7 process. Those are the more

traditional organizations for industrialized nations. We need to develop an architecture for our relations with what might best be described as the new industrializing nations.

Meeting those demands requires the development of regional capital markets and it requires more efficient domestic financial systems. That will ensure that finance flows to these areas and to the best projects. And that's why we're so interested in liberalizing investment rules and the opening of your financial markets to foreign firms. Their access to capital and their expertise can be valuable aids to growth throughout this region.

Oh, I know the feeling of protectionism by financial institutions. But I can assure you that if you expand these markets, you will strengthen these countries and you will see further progress.

We also see a crucial role for the Asian Development Bank in meeting Asia's needs. That's what APEC is about. And that's why I proposed bringing the finance ministers into a discussion on regional economic issues.

I want to let you know that we have invited APEC finance ministers to meet informally in Hawaii on March 18th and 19th. I'm looking forward to it as a way for us to begin talking with one another about facing the challenges that lie ahead of us, such as development, opening markets, making investments, and sustaining growth. Seeing that not just the big companies come, but try to encourage some of the medium size companies to participate, some of the entrepreneurs to come.

Let me give you an example of what's happening at home. You read the headlines in the business section and it says 10,000 laid off by GM, 20,000 laid off by this company, 15,000 laid off by another company. And you say we are really headed down the tube, we're in real trouble.

What the headlines don't say, is that this little company hired 5 more welders. This one took 6 more computer workers. This took 12 more case workers and this took a dozen more file clerks. What you've seen during that period of the headlines in the business section talking about people laid off, we've actually seen more than 2 million new jobs, net new jobs, created in the United States of America. More jobs than in the previous four years of our country. Those are not just hamburger flipping jobs. A lot of those are good paying jobs. We've been able to adjust the infrastructure and make that kind of a net gain.

What we want to do is work together in making connections amongst ourselves. Building up these relationships. I look at it this way. It's best to build a relationship and to start cooperating when you don't have critical problems. When our economies are doing well. The Asian economies are doing well.

We don't have any crisis to deal with. When I pick up the phone I want to be able to see a face on the other end of it. To have that kind of a personal relationship. That's what we're seeking.

During my discussions here and in Thailand, and in China, I will be listening to my counterparts for their views on how with these informal meeting we can share ideas. I want to make a cooperative venture to make it that. I want to stress our common interest, not in any country's bilateral agenda. Our common interest is to sustain non-inflationary growth amongst all of our people.

Now if you recall at the November meeting of the Leaders, it was agreed that we should address the challenges of ensuring that non-inflationary growth, of financing investment and infrastructure development, and promoting capital market development. In addition, they suggested we ought to talk about the need to promote foreign investment, mobilize domestic savings through developing financial markets, and examine the issues of the environment and of poverty.

I must say I got an education by President Suharto on some of the things that you're doing in the rain forest. Some of the things that you're trying to correct and seeing that you protect that environment. I never listened to so many numbers. I finally decided they had a computer up there being able to bring out as many details as you did in that program. And that's encouraging.

We have agenda in the region other than economic. There is the security dimension, of course. But our foreign policy has always been shaped by our values and ideals, in addition to our economic and security interests. Americans, and their elected representatives, won't put aside their hopes and ideals just to make a buck.

President Clinton came to office with a strong commitment to promoting democracy and human rights, to putting people first. I know that some read this commitment with apprehension. We are not trying to argue that our way is the only way, just that democracy and market economies produce what people want. I want to encourage changes, such as more openness, respect for internationally recognized human rights, economic reform and liberalization. They are the infrastructure of economic success and political stability.

Let me close by reminding you that President Clinton's first trip out of the country after becoming President was to this region. And he made it clear that we are working for a New Pacific Community. The United States intends to be actively engaged here as a partner, in a way that encourages economic growth, and political stability.

Thank you very much. I would be delighted to take a few questions if you like. Looks like this crowd has all the answers.

Q: Thank you excellency. I think, having heard from you about your statement is really encouraging us about our two countries relations. I think a lot has to be done, economy, and what I foresee that we still have a few things to settle. The first thing that I foresee is this is no psychology for us, there is the GSP problems that we are facing with United States. Even the number is quite small according to us, but the psychology is fairly important things about our, for our two countries relations. Especially, I mean, for our business community here.

I like to ask what your government is trying to do with GSP because this is something that we have a deadline of February, next month. Because this is very important for us, that is one thing.

The second thing that I'd like to raise is after we deregulate our financial.....

BENTSEN: Now, let me interrupt just a minute. I'll take a two part question, but please no six part questions.

Q: The second part is you know you see that we have to deregulate our financial sectors and we know that capital market is playing a very important role in the future. But I don't see any interest of the security business of the United States coming here. Where a lot of companies from Europe and Japan is here. What are the reasons because that also happened in the past, that we have big companies in oil and gas where the American business center here, but not in manufacturing. How do you foresee, because we know that American manufacturing company is more and more competitive. And that is something that we have to work together in helping this manufacturing sector also move in good size. I have some experience, because we have some investment there in manufacturing and we know how competitive we can be together. And that is I didn't know what is the answer, what is the government role of the United States to encourage the private sectors?. Also to look as important as what I have heard from your statements today.

What can we do together and what kind of role your government can do to encourage them to foresee the futures of our two countries relations, thank you.

BENTSEN. Let me say first on the GSP that we are very interested, obviously, in human rights. We are interested in worker relations and we are seeing progress taking place in Indonesia on that. We would hope for more in that regard. And that's what's being evaluated by the committee as the come to the February 15th date. We are looking forward to you submission on January 20 in that regard.

We understand too, that when we talk about workers' rights, these are the kinds of things that Indonesia itself is interested in. It's not just from the outside. You know that's what you need and you realize that. And trying to build up this economy and the relationship of its people.

So that's one that we agree on as far as trying to bring about. And we both want to see further progress in that regard, I'm sure.

In so far as the next one, when you talk about investments here. Part of it is needing a high profile for Indonesia in the United States. A better understanding of what is happening here. That's one of the reasons I'm here. That's one of the reasons you've seen two Congressional delegations within this month. For further emphasis, a further focus insofar as this part of the world, I think that will bring further interest by American business. Now when you get to the very large international companies who have relationships and investments around the world, they are knowledgeable, but when you get to the middle size companies, the entrepreneurial type, the ones I was referring to earlier, now that's what I want to see more of. Hopefully, we can help in that regard. Thank you very much.

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PRESS CONFERENCE WITH TREASURY SECRETARY LLOYD BENTSEN
Kintamani Restaurant - Hotel Borobudur International
Jakarta, Indonesia
January 17, 1994
2:00 p.m. local time

(Unofficial transcript of the Secretary's opening statement and questions and answers:)

BENTSEN: It certainly won't be a long statement because you've heard my speech and I won't be repeating that or try to avoid it. I had a very productive meeting with President Soeharto this morning. We talked about a further developing relationship between our countries, about how President Clinton was so pleased to see the leadership passed on for the APBC countries to President Soeharto as the Chairman for this year. We discussed again the Finance Ministers Meeting to be held on March the 18th and the 19th in Hawaii and getting his suggestions and his counsel and advice as to what that agenda should be, what we can do in furthering trade, opening up markets amongst our countries. With that, let me open it up to you folks and let you ask what questions you might have in mind.

Q: Can we take it for granted that President Clinton will come here in November, regardless of any questions over human rights or labor rights here in Indonesia?

BENTSEN: Well, I would anticipate President Clinton is going to be here. I'm optimistic insofar as progress being made on human rights and workers' relationships. I discussed that during the speech. Obviously, it's a matter of concern to us and deep interest that progress be made. It is being made. And we expect more of it to be done. The question of GSP has not been resolved. That committee will be meeting on February 15 to make that decision. We're looking forward to the submission of the report from Indonesia on January the 20th. We obviously have not seen that at this point.

Q: I have two questions. One is that I heard that in the meeting with President Soeharto you requested more openness of foreign stock shares in the joint venture law of Indonesia. Can I get a comment on that? What is your intention? And the second question is now there is a very big project involving Indonesia and the United States about the development of natural gas in Natuna Island. What is your opinion? Did you discuss this matter with the Indonesian side?

BENTSEN: In meeting with Minister Mohammed and with President Soeharto, we discussed the situation of opening up financial markets and talking about national treatment, trying to encourage that. We think that that'll bring more investment here, more financing here. That's important for this country in developing its infrastructure. As far as the investment laws, you've made some advances. There are more things that can be done on the questions of divestiture and that type of

thing. On the question to do with the development of other islands, outer islands, is that what you asked? (clarification from aside).

I'm optimistic that in that situation where we have some very competitive bids that that's going to be one that the American investment and interest will be - we'll win that one.

Q: Now that we have the GATT agreement --

BENTSEN: Where are you? (Laughter) I thought there was a voice from on high coming in here.

Q: Now that the world has concluded the GATT negotiations, is it still relevant to have APEC?

BENTSEN: Absolutely not. No, I don't think so at all. I think that what APEC can do insofar as multilateral development in this area is the exchange of ideas are not in any rigid coordinated approach, but a contribution of what's working for one country and not working for another and how those things can be improved. Insofar as GATT, that is not the end of trade negotiations. It will continue. It is an ongoing process. You have reached a plateau and then you will further negotiate amongst all of the nations of GATT. That will continue to proceed.

Q: I just wonder whether you also point this out in your statement today after your meeting with the President of Indonesia in which you said President Clinton came to office with a strong commitment to promoting human rights and whether this is conditional, whether you have conditions for U.S. commitment to Indonesia.

BENTSEN: Well, in discussing it with Minister Mohammed and with President Soeharto, once again we emphasized President Clinton's interest in human rights, our government's interest in human rights, and labor relations. There's no question about that Indonesia itself wants to make headway in those areas and what they're doing. They're making substantial progress. We hope there's more and we think there should be more. You understand insofar as workers' rights, some of those things being done are things that you feel is important for the relationship of your workers within this country. So it is a fulfillment of an objective that we're interested in and that you're interested in.

Q: Mr. Secretary, I have a philosophical question from your speech. Secretary Christopher recently gave a speech in which he said "all diplomacy is economics". You just gave a speech in which you emphasized that basically all economics today is foreign policy. I'm interested in this overlap that is quite apparent between the Secretary of State these days and the Secretary of the Treasury. How do you see your jobs? I mean

they're obviously different. I don't mean this facetiously. But with this overlap, how do you distinguish between the two? Would the real Secretary of State or the real Secretary of the Treasury, please stand up? How have they have converged and how do you separate them?

BENTSEN: I think what you see is something that's complementary, where they play off each other and its compatible objective that we are trying to bring about. So that is encouraging as far as I am concerned. Let me give you another example, insofar as the trade negotiations, the USTR, economic. I strongly support the USTR, but that doesn't keep us from helping and trying to assist in any we could on NAFTA, or being very much a part of the GATT negotiations. Mickey Kantor remained in constant communication with me. We're in good communications, Secretary Christopher and I are. I think that, hopefully, we're helpful to each other.

Q: You mentioned that you see that there is an improvement in the Indonesian economy. How do you measure the value of improvement and what yardstick are you using in measuring the value? My understanding is the value cannot be quantified, the value of this improvement. How do you quantify this? With concern to human rights and so on?

BENTSEN: I think that they're compatible, development of human rights and labor relations. You've seen associations that have been created apart from the major labor union. That kind of progress is being made. Insofar as human rights, I think also as you develop your economy and you develop more middle-income folks, that human rights are very compatible with that and further democratization with that. Those things complement each other.

Q: Sir, can you tell me whether the issue of the Fair Trade in Financial Services Act with reference to Indonesia has been discussed here and whether Indonesia has any cause for concern in this regard?

BENTSEN: We did not discuss the Financial Services Act in itself. We did discuss further opening up of financial services and continuing negotiations on that. That type of thing, sort of thing, we'll be exchanging ideas on in the Finance Ministers Meetings.

Q: Two days ago Malaysia's financial minister, Dato Anwar Ibrahim, was here and he said that Malaysia was making up its mind about APEC since Soeharto is going to be the chairman of the APEC summit meeting here in Jakarta. Now, I'd like to know about the American stance on EAEC? Thank you.

BENTSEN: The American stance on Malaysia --

Q: on EAEC, the East Asia Economic Caucus.

BENTSEN: We would hope that all these countries would attend. I think it's important to them. I think it's helpful to them. I think abstention will not help them in that process. I think there's much to be learned and gained by this kind of an exchange and interchange.

Q: I just want to make some clarification of what you said just now. Did you say that the Indonesian government told you that apart from the major labor union, the official one, the government will allow one more or more than one more, another labor union? Thank you.

BENTSEN: It's my understanding that some associations have been made of laborers. I do not know beyond that detail.

Q: Can you tell me about the APEC Finance Ministers meeting, when and where and what they will talk about?

BENTSEN: The Finance Ministers Meetings will start on April 18th in Hawaii. It'll start with a dinner that I will host for those in attendance. I would anticipate we'd have a full day on Saturday. I'll host another luncheon on Saturday and hopefully, we would have completed our work by Saturday night. I would think we would not have any kind of rigid, highly structured meeting. I want it to be informal. I don't want to have to listen to a whole bunch of prepared speeches. I want an exchange of ideas. I give enough prepared speeches myself.

Q: How can you say that we have improved in human rights problem because there was a very big strike in the labor movement? And then we have the handicap to apply, the minimum wage standard, that was constructed by the government.

BENTSEN: I was given the report on what the commanding general had said insofar as the actions of the army, involving labor and strikes. I was told a set of regulations had been drafted in that regard. Those are steps in the right direction. What we're looking toward is the carrying out and the further commitment of those things that we understand have happened thus far. Thank you very much.

(end transcript)

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Transcripts
of

Secretary Bentsen's
Public Speaking Engagements

Bangkok, Thailand
January 18, 1994

Subject: Transcript of Remarks by Treasury Secretary Lloyd Bentsen at a luncheon hosted by the Thai Bankers' Association, Federation of Thai Industries and Board of Trade, Bangkok, Thailand, January 18, 1994

Begin transcript.

Mr. Chairman, thank you very much for that most generous introduction.

This is my fourth visit to Bangkok. Each time I come away impressed at how much this city has grown, how much you've improved the standard of living of your people, how much you've increased your productivity. I must tell you that that traffic, though, coming from the airport, reminds me a little bit of the gridlock in Washington before President Clinton was elected.

But I am impressed with the vibrancy of this economy. I look at the power of your economy and it is formidable. Living standards are rising so rapidly. The growth rate in Thailand for the past few years has led the entire region. And that's a region of growth. So that's a remarkable achievement that has taken place.

It has translated into benefits for Thai citizens. Education levels are coming up. Average income more than doubled over the last eight years. That's quite a record. They tell me that the average income in Bangkok is approaching \$5,000.

Thailand has come so far and so fast because its leaders have pursued policies that are conducive to growth, with fairly stable prices. It's amazing what good economic policy can do. My economists keep telling me that.

Thailand is looking to the future. I had a chance this morning to visit the stock exchange. That's quite an operation. I'm not above bragging about it -- I want to tell you that we're delighted that we helped this stock exchange computerize, and that our Securities and Exchange Commission cooperated with you in the creation of a similar body here.

I think that the move to computerized trading demonstrates why Bangkok is such a draw for the financial industry. Now I know a little bit about this business. I spent 16 years in the private sector, very deeply involved in this sector of our economy.

I want to talk to you today about that aspect of our economy. In particular, I want to discuss how the United States expects to deal with the unfinished financial services agenda insofar as the Uruguay Round (is concerned).

But first, I want to talk briefly about how and why the Clinton Administration has put such an emphasis on global economic associations. The international economy is central to our economic prospects and to our domestic economy.

You can see from the president's recent summit in Moscow, economic policy is an increasingly important part of foreign policy.

Now, our international economic agenda has several items on it. But the ones most applicable to this region -- promoting growth, opening markets, expanding trade -- these are the elements that most likely do best in supporting the two goals of our foreign policy, and that's creating jobs for our citizens through trade, and supporting stability, harmony and democracy throughout the world.

I want to detail briefly how we set the stage for our international economic agenda. We did it by attacking our own problems here at home -- back in the United States -- taking them on first. I can recall going to meetings in the past where they'd say, you know, "Don't tell us what to do about our economies 'til you get your own house in order." We took on the deficit and the budget with a commitment to a reduction over the next five years of \$500 billion. That releases an enormous amount of money for capital markets. And it had an impact far outside of our borders. It used to be that we were at a competitive disadvantage on interest rates. We saw interest rates for some of our competitors at one percent, and then out there at some point they'd have some warrants with a conversion factor on a stock that was 100 to 1 times earnings. We saw the competition from the Bundesbank and the interest rates there. But now we have the lowest interest rates our country has seen in two decades. And we see inflation under control.

In the past year alone we've created over two million jobs. Oh, we read in the Business Section, "IBM has laid off 10,000"; "General Motors has laid off 20,000." But what does not make the

headlines is the outsourcing that has taken place to small business. What doesn't make the headlines is this little company added five welders and this one added six computer workers and this one added 15 file clerks, that type of thing. We're no longer at a competitive disadvantage on those. Not anymore.

What we're seeing today is an economy that is growing again and this year things look good for steady growth and low inflation. We're outperforming the economies of the other G-7 countries. And we did it with sound macroeconomic policies. And what we're seeing today, I think, is a sustaining of that growth with open, competitive trade policies and markets. Let me give you an example of that -- what happened to our automobile industry. To see foreign competitors coming in and producing a better car. Producing it at a lower cost. Not true anymore. Now the quality of our automobiles is world competitive. And the cost is world competitive. And you see, we're restoring our market share in those things. Progress is made by competing, not retreating.

Asia and the Pacific are central to our economic policy. Let me touch on two areas with respect to the region before I discuss the area of financial services.

On the question of Vietnam, the President has taken two steps to recognize the progress we have made toward meeting our objective of the fullest possible accounting on our MIAs and our POWs. The first step was the decision in September to restore Vietnam's access to international financial institutions. The second was to relax the embargo to allow U.S. firms to bid on projects that would be funded by those institutions.

I want to say that I am encouraged by the statements of Senator Kerry and Johnston. They have recommended that we move forward with ending the embargo, based on progress we have seen thus far. As has been the case with other issues, a strategy of engagement with Vietnam may be the most effective way to promote our goal of accounting for our POWs and MIAs.

Now the second area that I want to mention is the Asia Pacific Economic Cooperation organization -- APEC. I tell you, we have so many acronyms in Washington. I'm going to see if we can't get a dictionary published on just acronyms.

One of the reasons for my trip to this region is to discuss APEC. I announced yesterday that I will be hosting in Hawaii on March the 18th and 19th a meeting with my counterparts, financial ministers throughout this area, and we'll be discussing with them what they think ought to be on that agenda, what we can do for economic cooperation, for growth throughout this area with a minimum of inflation. A common interest. I believe we should also be discussing the financing of investment and infrastructure investment, and promoting capital market development for all of our nations.

Question: Mr. Secretary, you talked earlier in your speech about the importance of exports for the U.S. economy to revive it and certainly for Thailand exports have been the driving force behind the economy. In Thailand recently they have talked about some changes in the value of the baht which have all the central bankers saying that that is absurd. But I curious about the value of the U.S. dollar versus the Japanese yen in terms of stimulating exports because Japan is certainly an important trading partner to Thailand as well. So are you happy with the value of the dollar versus the yen at the present. Thank You.

Answer: Well, I've been Secretary of the Treasury long enough not to answer a question like that. If I did somebody would be running for the wire service. I have no comment on the currency exchange. Like someone was asking the other day to comment on what was going to happen on long-term interest rates in the United States and I said I can't comment on that one either but I can tell you this, that I refinanced the mortgage on my home and I did not take a thirty-year mortgage.

Question: Petar Mytri Ungphakorn from the Bangkok Post. Could you explain a little bit more about what your vision for the APEC finance ministers meeting is. Some people suggested that it might be like G-7 finance ministers. Is that possible?

Answer: I don't look at it as being that tightly constructed. What I want to see, in hosting the finance ministers, is a rather relaxed agenda. I don't want to listen to too many prepared speeches. I've given too many of those myself. But I want a free exchange of ideas: what works in this part, what doesn't work over here and how we can develop more trade among ourselves. Let me give you an example of that one. There are other countries of the world that have a higher per capita income than we do. But we have the highest standard of living, of any major industrial country in the world. And that is because of competition. And that is because of the prices to our consumers and the quality of products that result there from. But I think we all benefit by increased trade. Let me give you another example. The country of Columbia, and Venezuela, I don't remember the exact number of flights in all, but it was something like three or four flights a week between the two capitals. And now they brought together an improvement in the trade relationship and a lowering of the tariffs between the two countries and they're having several flights a day between those two capitals. That kind of an exchange, that's happening around the world today, and I think we ought to promote more of that. It improves the standard of living of the people on all sides, and I think it adds to stability of governments. But another question. Yes sir?

Question: Thank you. Mark Timm, Knight-Ridder Financial News. Mr. Bentsen, I'm wondering if you can give us any insights on how the U.S.-Japanese trade framework talks will have an impact on this region and perhaps give us your thoughts on how well those talks are progressing.

Now that, of course, brings me to financial services. As many countries in this region have demonstrated, a well-developed, efficient financial services sector is critical to economic progress. Let me offer a parallel to illustrate why we believe financial services makes a very major contribution to economic growth. I think that sector is a little bit like the nervous system. It sends signals to the industrial muscle as to where those resources ought to go, where they'll have the most effective growth, the highest return. The financial services sector in the United States is more than six percent of our GDP, a third of a trillion dollars. That's more than a thousand dollars for every citizen in the United States, and our financial services is in a substantial surplus.

The service sector as a whole is a major element of our economy. Two thirds of our output is in services. Service exports are a major counterbalance to our imports of manufactured products. Let me give you an example. In 1992, we had a services surplus of \$61 billion and a merchandise trade deficit of \$96 billion. We covered more than two thirds of our merchandise trade deficit with our services surplus. Our services are now a driving force in our economy. Since the middle of the last decade, half the increase in income has been due to those exports. One job in every eight in the United States is attributable to exports. And those jobs pay substantially higher wages and salaries than the other jobs in our economy.

Now look at a few figures to see the impact of the financial services here in Bangkok, seventh largest element in the Thai economy and growing rapidly. The last year for which I saw figures had commercial bank assets almost at Thailand's GDP level.

Bank profits are rising, partly because of the financial deregulation measures undertaken by the Government of Thailand in recent years. And that includes liberalizing interest rate controls, relaxing foreign exchange controls and reducing controls on the asset management of banks.

Here in Thailand the participation in the economy of international financial firms has meant an influx of capital, and that capital has helped build factories and create jobs.

What you've also seen is more equity capital coming in. You're not seeing a repetition of what happened in Latin America years ago, with such a reliance on debt as took place at that time. And with the support of the Central Bank, Thai banks are moving into the international market -- I was sitting here talking to my colleagues and some of them were telling me about what they're beginning to do through the United States, the services there. They're discovering that an efficient and open financial services industry helps integrate both the regional and the global economy. Now from our perspective, that contributes to our goal to sustain growth, which in turn both creates jobs and enhances stability.

The United States has one of the most open financial markets in the world. We believe that greater market access in financial services is absolutely critical to assisting in creating economic growth for all nations. One of the Uruguay Round's great benefits was to take an overall global approach to the liberalization of trade in services. I want to recognize the fact that Thailand made a very effective contribution in that Uruguay Round and we're appreciative of that.

Those of you who followed the negotiations know what a high priority the United States placed on the area of services in the financial field. But we were left with an unfinished agenda. And frankly I'm disappointed we did not see more countries willing to liberalize.

The agreement we reached last month in Geneva allows countries to review their commitments in the six months after this agreement enters into force. Now during that period, our exemption from the Most-Favored-Nation principle -- that is, the right to discriminate between countries and among countries -- will be suspended in this sector.

We have a two-year window to negotiate an agreement in financial services which can be incorporated in GATT.

I want to say today that the United States is eager to set up a network of bilateral financial policy talks with our major trading partners in this area.

There are three principles that are going to guide our negotiations.

First, we want to open up markets, not close ours. We will look for agreements that offer reasonable market access and national treatment. We are prepared to guarantee full market access and national treatment in the future to countries that give our firms satisfactory access and national treatment.

Second, we will negotiate constructively. We won't take any step during those negotiations and discussions that harms the existing operation of firms already in our markets. And beyond that, we will not unreasonably refuse access to nations that aren't already in United States markets.

And third, our objective remains a multilateral, MFN-based agreement that treats all nations alike. However, we cannot accept a situation in which other nations retain the right to discriminate against our firms while they are permitted to expand into our market.

So we are willing to work with nations which want to liberalize.

We will approach our negotiations in a reasonable and a pragmatic manner. We understand that many nations consider their financial system to be an integral part of their development strategy, and that it must remain largely in domestic hands. We understand that there can be legitimate concerns about over-banking in small economies. We accept that greater access by foreign firms should not unduly disrupt domestic markets.

We live in the real world. We recognize that others have concerns about our views. We are prepared to accommodate legitimate concerns and financial services negotiations, just as we did in the North American Free Trade Agreement -- in NAFTA.

Liberalization is a process. It doesn't happen just by flipping a switch. We are prepared to consider transitional arrangements that provide breathing room for domestic firms to let them adjust to greater competition.

I strongly believe that financial market integration and liberalization is in our mutual interest. The increase in capital flows in the 1960s, when capital began flowing in significant amounts to developing nations, has been a major contributor to the growth rates we have seen in East Asia. Opening markets and lowering barriers is a crucial element in sustained growth rates.

I can't help but recall that after World War II, when the economies of many countries were devastated and we thought we had to do what we could to increase trade to help them restore their economies and create jobs, we substantially lowered the tariffs in the United States. It was a bit like having a golf match where you have someone who is just learning how to play golf and you give him a big handicap. The problem we have in the United States is that some of these folks have become awfully good golfers in the meantime, and we haven't done what we should do and lower that handicap.

With that, let me say that I was looking at some Thai proverbs the other day. I found one that I thought was perfectly suited for closing a speech. And I won't try to say it in Thai, because I don't want to do that to your beautiful language. But the proverb goes something like this: "Speech is silver; silence is golden."

Thank you very much.

I'd like to open it up to questions. I might have a few groundrules if I could. Whomsoever wants to ask a question, if you'd take a mike and speak in a loud, clear voice, give us your name and your association if you like, and please, no six-part questions. And for the moment, I'm the only one that's supposed to be making a speech.

Facilitator: Yes, we do have all the microphones on the floor. Would anyone like to ask questions? Yes, please?

Answer: Once again, I think that improvement in trade spills over for all of us to some degree. We have not made significant, satisfactory progress yet in the framework agreements with Japan. Much remains to be done. That's more of an answer than you expected, wasn't it? Any other question?

Question: My name is Owart Phomratanapongse from TV Channel 3 and radio program. I have to organize radio program about stock market almost every day. I would just like your comment on stock markets in Asia, especially this time why they plunge so much.

(Laughter)

Answer: Thank you very much, it's great to be here.

(Laughter and applause)

End transcript.

Subject: Transcript of the on-the-record press conference by Treasury Secretary Lloyd Bentsen at the Regent Hotel, Bangkok, Thailand, January 18, 1994 (1700 hrs.)

Following is text of Secretary Bentsen's press conference, hosted by Foreign Correspondents Club of Thailand.

begin transcript.

Lee Miller, Moderator (from Foreign Correspondents Club of Thailand):

Good afternoon ladies and gentlemen, welcome to another of our featured press conferences with dignitaries from around the world for the foreign correspondents club of Thailand. Today we have the Secretary of the Treasury of the United States of America, Mr. Lloyd Bentsen. Mr. Bentsen has been Secretary of the Treasury for about a year now. Prior to that he was a United States Senator from Texas for more than twenty years. He became chairman of the Senate Finance Committee in 1987. In 1988 he was the Democratic Party nominee for Vice-President and he is famous during that campaign for telling then Vice-President Dan Quayle that he was no Jack Kennedy. Mr. Bentsen received a law degree from the University of Texas School of Law and I think we all have his biography here. What he is also noteworthy for as a government official is that he had a long and outstanding career in the private sector which made him if not the obvious choice, certainly a fine choice for Secretary of the Treasury which is

why he was confirmed so easily as I recall. I think Mr. Bentsen has an opening address or some opening remarks and then we will turn the floor over to some questions.

Secretary Bentsen: Thank you very much. Wish I had copyrighted that comment.

Well I am glad to be here again and it is always amazing and impressive to see how Thailand has grown from the last trip. We have had a relatively short stay here but a most productive time. In the meeting with the Prime Minister and with the Finance Minister and the Governor of the Central Bank, we covered quite a number of points.

With the Prime Minister I was delighted to have him tell me that at the meeting in Morocco when they do some of the wrap-up of those things that are not quite finished on the Uruguay Round, that the government of Thailand will increase and improve its offer on financial services. That is important and that is helpful because this is one of the major financial areas of this part of the world. The United States has a major stake in the prosperity and continued growth of Thailand; as they in turn, have in our country. We further agreed that we would continue negotiations in the context of GATT on financial services. In addition to that we agreed that we would expedite the negotiations on the tax treaty that has been underway for almost twenty years. It is certainly time that we rev it up (as heard), so they will be coming to Washington on February the seventh to hopefully bring that to a successful conclusion which in turn will help both countries settle some of the differences in the way taxes are treated here and in our country and be a further benefit to American business operating here. And finally we have agreed that it is important that we do some additional things in the way of striking deals that will help both countries in this fastest growing part of the world. I would state that in addition to that and a final point that the Treasury Department has had representation in the Tokyo office for quite some time but I am going home to look at my budget and see if we can't do some additional representation of Treasury in this part of the World. With that I would like to open up to any questions you might have.

The one ground rule here is to please state your name and your affiliation. So if we have any questions? Please use the microphone so everyone can hear you.

Tom Freidman (The New York Times): Mr. Secretary, during your stay in Indonesia and here you have referred to the fact that we are very close on establishing an end of the embargo with Vietnam. And I wondered if you could take us through, basically, elaborate on that a little bit. Where are we exactly? What will need to be done from now until that point when we get there? How is this thing developing?

Secretary Bentsen: Well, I think it is progressing well. What we have seen, we've seen the President of the United States take the additional step of helping Vietnam qualify for loans in the international financial institutions and then take the second step that says that American business can get in there and compete for loans that are made to Vietnam coming out of those institutions. Since that time we have had delegations going to Vietnam with encouraging reports back about the cooperation of the government and the assistance they have given in the search for MIAs and POWs so the progress is there and I am optimistic that we will finally get that behind us.

Question (unidentified reporter): If I may ask a question and it is sort of a follow-up to something you said at lunch today. In general -- not to be specific -- are you generally happy with where the currency values around the world are? In general.

Secretary Bentsen: I really learned not to comment on that. Thank you. Yes, Clay?

Clay Chandler (The Washington Post): I wonder if you can tell us a little bit more about what you think still has to happen before there can be a break-through or announcement on the Vietnam issue? Where do you see sort of the major remaining obstacles to be? Could you elaborate a little on that?

Secretary Bentsen: I have not been that involved in it. All I know is that I'm told that we are making some progress and that it is quite encouraging. I'm optimistic as far as getting it lifted.

Loh Hui Yin (Business Times, Singapore): Can you tell us more about the Treasury's plans for this part of the world? Any office you are planning to open?

Secretary Bentsen: Not till I go back and look at my budget and decide what I can do in that regard. But I do think it is important that we add Treasury representation, additional representation to that we already have in Tokyo. And more in this part of the World. But I have not made a decision on that.

Thanong Khantong (The Nation): Mr. Secretary, during your talks with the Prime Minister did you raise any specific points about financial liberalization that you would like Thailand to under take.

Secretary Bentsen: Well I discussed with him the Chrysler situation actually, he spoke up on that, the finance minister did I believe in detail to say that question concerning the tax considerations on Chrysler had been resolved satisfactorily.

John Schurb (freelance journalist): Do you have any particular expectations for the upcoming APEC meeting with the finance ministers of the region?

Secretary Bentsen: That was one of the things I was doing here, was talking to the Prime Minister and the Finance Minister as to what they thought should be on the agenda and in the way of what further cooperation should be accomplished in trying to bring about mutual growth and trying to keep inflation down, what works in one country and what doesn't work in another. And I did the same thing in Indonesia in getting their ideas as to what should be on the agenda. I want it to be an informal meeting. I don't want it to be highly structured. And, with all due deference to the press, I hope we don't even have a formal communique. The problem with a formal communique is that you spend half the time and most of the night trying to define (as heard) what this one word means or that one. I want it to be something where you get a good exchange of ideas. And I don't look on it as something where we try to develop some coordinated effort insofar as what's done by all of these countries acting together, because there is a great deal of variance in the economies of each of these countries.

Mark Timm (Knight Ridder) Mr. Secretary, I know that there has been some talk about the U.S. government maybe bringing up some short term interest rates. In December the retail index actually went down, so inflation seems to be certainly under control. In that context, what do you think about interest rates at this stage?

Secretary Bentsen: Let me tell you what the underlying economic things are and that really should have substantial influence on these rates. We are looking at inflation being well contained. We're looking at labor unit costs (remaining) quite constant. We're looking at a cushion of labor still available. We're looking at an increase in productivity and a substantial investment in equipment on the part of business. Those things keep, I think, at the present time, are not putting any pressure on interest rates. And that's about as close as you are going to get me to say anything about them.

Reporter: Thank you.

Mark Memmott (USA Today): This morning you met with bankers from around Asia. I wonder if you could tell us what issues they brought to your attention and what, if any, message you brought to them?

Secretary Bentsen: What you are seeing all around the world is a concern about foreign banks coming in and what they mean. In this instance, I was telling them that they are going to need additional capital. It is important to them. And it is also important that they not do it just by borrowing, but that they get more equity money in here. And, in turn, American business and foreign business that wants to come in here has been utilizing often major financial institutions back in their own country. And having some of that available to them will encourage more capital coming into this country, will help it

grow, will bring about more trade, and will strengthen their financial system; that they will benefit by it. I think that's one of the reasons that you are seeing the Prime Minister telling me that in Morocco -- and the Finance Minister telling me -- that they are going to strengthen their (garbled) financial services. That's encouraging.

Bill Murray (AP Dow Jones): Can you elaborate on that, did he give you any indication how they are going to strengthen their offer?

Secretary Bentsen: He did not give me the details. He just said, 'we'll strengthen our offer.' And, they were helpful to us on the closing days of the GATT. And (garbled) but we're appreciative of that, whatever it may be.

Peter Mytri Ungphakorn (Bangkok Post): Several weeks ago when the United States was talking about the GATT talks and financial services liberalization, Southeast Asian countries were identified as a target group for liberalization; that you were objecting to protectionism here. Is that one of the reasons why you've visited Indonesia and Thailand on this trip?

Secretary Bentsen: It is not just Indonesia and Thailand. It is just a limitation of time, not being able to make more of the countries. But I went to these two countries in particular because of their expanding growth and particularly Bangkok, looking at its stock exchange which has certainly been modernized and computerized. I am delighted that we were part -- our country had a part -- in helping them, insofar as the computerization, insofar as setting up their own SEC, that ours came to counsel with them in that regard. And so those are things that highlighted the importance of this area, and made me want to come here. It has been quite productive.

John Schurb (freelance): What are your expectations on your next stop, Beijing, and your discussions with the Chinese government?

Secretary Bentsen: Well, I will be talking about human rights, about labor relations, and of course I will be talking about the economy and what we can do, the ever expanding surplus with us. I am delighted to see that the concerns we had over textiles have been resolved, before I got there. That is a step forward. That is helpful to us. But there are other areas where we think their markets should be opened up more, and obviously financial services is one of those, and trying to encourage that. We see a very fast expanding economy developing in China and it is going to be more and more important insofar as the economies around the world. And we certainly want to have a relationship that is productive for both of us in that regard. And to the extent that we can get them to further open up those markets to our products, I think that is an imperative. We will be pushing very hard on that one.

Jim Gerstenzang (Los Angeles Times): (garbled) I realize that it has been quite a while that the embargo has been in effect with Vietnam, but, given their human rights record, and the various other problems, what is the rush?

Secretary Bentsen: Well, it has been going on about twenty years now. Some of us older fellows think you ought to end these things. Get them done. And get it behind us. I think we can. We've seen quite a bit of cooperation coming out of Vietnam in that regard.

Peter Mytri Ungphakorn (Bangkok Post): If you don't mind me asking another on a bilateral issue. You talked about hoping for the tax treaty to be concluded. I understand one of the major sticking points is your (garbled) in which Board of Investment privileges would be wiped out, under the double taxation agreement. Are you willing, were you able to offer to Mr. Chuan or Mr. Tarrin the possibility that Board of Investment privileges would be retained with the knowledge . . .

Secretary Bentsen: We did not negotiate this afternoon concerning that. We agreed that we wanted to make our best efforts on both sides to finally get this resolved after twenty years. And that, hopefully, will be done as we begin negotiations on February 7.

Thank you very much.

End transcript.

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Transcript
of

Secretary Bentsen's
Press Conference

Beijing
January 19, 1994

1. LLOYD BENTSEN, U.S. SECRETARY OF THE TREASURY, GAVE AN ON-THE-RECORD PRESS BRIEFING ON JANUARY 19, 1994, THE FIRST DAY OF HIS OFFICIAL VISIT TO BEIJING. THE PRESS BRIEFING WAS ATTENDED BY AMERICAN AND SOME THIRD-COUNTRY JOURNALISTS AND WAS HELD AT THE CHINA WORLD HOTEL.

(BEGIN TRANSCRIPT)

SECRETARY BENTSEN: GOOD AFTERNOON. I MET THIS AFTERNOON WITH PREMIER LI PENG. I ALSO MET WITH MY COUNTERPART, THE FINANCE MINISTER, MR. LIU ZHONGLI. I THINK THESE WERE SUBSTANTIVE MEETINGS AND I BELIEVE ALSO THE BEGINNING OF A VERY USEFUL DIALOGUE WHILE WE'RE HERE. IT'S REALLY TIME TO RE-ENGAGE CHINA ON ECONOMIC ISSUES. WE NEED TO HELP CHINA REFORM. WE NEED A FORUM TO ADDRESS OUR BILATERAL CONCERNS. THAT'S WHY PRESIDENT CLINTON ASKED ME TO COME TO CHINA.

I HAVE THREE OBJECTIVES ON THIS TRIP.

FIRST, I AM HERE TO PURSUE, OF COURSE, OUR ECONOMIC INTERESTS IN CHINA. IT'S IN OUR INTEREST AND IT'S IN CHINA'S INTEREST TO OPEN THEIR MARKETS. THE BENEFITS OF TRADE AND INVESTMENT CAN'T HELP CHINA UNLESS CHINA LETS IT HAPPEN.

AND SECOND, I WANT TO DEMONSTRATE OUR SUPPORT FOR ECONOMIC REFORMS IN CHINA. ASIA IS THE FASTEST GROWING ELEMENT IN THE GLOBAL ECONOMY. AND THAT MAKES A SUCCESS OF CHINA'S TRANSFORMATION TO A MARKET ECONOMY ALL THE MORE IMPORTANT.

AND THIRD, I'M MAKING IT CLEAR THAT PROGRESS ON HUMAN RIGHTS IS BASIC TO OUR RELATIONSHIP. I WILL SAY THAT THERE HAS BEEN PROGRESS, BUT SO FAR IT HASN'T GONE FAR ENOUGH.

BEYOND THOSE OBJECTIVES, ON FRIDAY I WILL BE CO-CHAIRING THE FIRST MEETING OF THE JOINT ECONOMIC COMMITTEE SINCE 1987. THIS REVITALIZED FORUM OFFERS THE UNITED STATES AND CHINA A PLACE TO TALK ABOUT OUR MUTUAL ECONOMIC CONCERNS AND SOLUTIONS TO OUR PROBLEMS. THEY WERE VERY USEFUL SESSIONS, AND I TOLD THE CHINESE THAT I AM IMPRESSED WITH HOW RAPIDLY CHINA IS GROWING AND CHANGING.

THANK YOU, I'LL ACCEPT YOUR QUESTIONS AS YOU HAVE THEM.

QUESTION: MR. SECRETARY, DID YOU HEAR ANYTHING TODAY IN YOUR TWO MEETINGS THAT WOULD IN ANY WAY ENCOURAGE

YOU TO MODIFY YOUR STATEMENT THAT WHILE THERE HAS BEEN PROGRESS, IT HAS NOT BEEN ENOUGH? WAS THERE ANY MOVEMENT TO SHRINK THAT DISTANCE AT ALL? WAS THERE ANYTHING THAT WIDENED IT?

SECRETARY BENTSEN I DID NOT SEE ANY DIFFERENCE IN THE STATEMENT THAT I MADE PREVIOUSLY.

QUESTION: COULD YOU JUST TELL US A LITTLE MORE SPECIFICALLY EXACTLY WHAT THE MESSAGE IS THAT YOU WILL BE DELIVERING TO JIANG ZEMIN TOMORROW OR EVEN WHAT YOU TOLD LI PENG TODAY ON HUMAN RIGHTS AND MFN?

SECRETARY BENTSEN: WELL, I TOLD HIM OF OUR CONCERN FOR HUMAN RIGHTS ON THE PART OF THE AMERICAN PEOPLE, ON THE PART OF THE PRESIDENT, AND IN SO FAR AS THE CONGRESS. AND THAT SOME PROGRESS HAD BEEN MADE BUT WE WERE EXPECTING MORE, BEFORE THIS PRESIDENT HAS TO MAKE HIS DECISION IN JUNE OF THIS YEAR. WE GOT INTO QUESTIONS ON INTELLECTUAL PROPERTY RIGHTS, COMPLIMENTING THEM ON STARTING THAT REGIME. BUT WE'RE VERY CONCERNED ABOUT ENFORCEMENT ON IT, LOOKING AT THE ENORMOUS EXPORTS OF CDS, WITH VIOLATIONS OF COPYRIGHTS AND NO OBSERVANCE OF COPYRIGHTS.

QUESTION: DID YOU GET ANY RESPONSE FROM THE PEOPLE

TODAY TO YOUR CONCERNS ON HUMAN RIGHTS? DID THEY SAY ANYTHING TO YOU ABOUT WHAT THEY'RE DOING, ANYTHING NEW THAT THEY'RE PLANNING TO DO?

SECRETARY BENTSEN: NOTHING BEYOND WHAT THEY HAVE PREVIOUSLY STATED.

QUESTION: ON THE HUMAN RIGHTS ISSUE, NOT TO BEAT IT TO A PULP, BUT DID YOU SAY SPECIFICALLY WHAT IT WAS, DID YOU MAKE ANY SUGGESTIONS FOR WHAT IT WAS THAT THE UNITED STATES MIGHT BE LOOKING FOR?

SECRETARY BENTSEN: NO, I DID NOT TRY TO DEAL IN INDIVIDUAL CASES. I WAS PLEASED TO SEE THAT THEY HAD RELEASED THE TWO TIBETANS, BUT AGAIN, WAS SPEAKING THAT WE WANTED TO SEE MORE BEING ACCOMPLISHED. AND THAT THAT WAS AN IMPERATIVE FOR THE PRESIDENT AND IN TURN FOR THE UNITED STATES CONGRESS.

QUESTION: CAN YOU CHARACTERIZE WHERE YOU THINK THE U.S. AND CHINA ARE NOW IN RESOLVING THIS ISSUE AND HOW CLOSE OR HOW FAR AWAY YOU THINK THE CHINESE ARE TO WINNING MFN RENEWAL? HOW MUCH PROGRESS HAVE THEY MADE? HAVE THEY SHOWN THAT THEY ARE WILLING TO CHANGE OR TO DO ANYTHING CONCRETELY BEYOND JUST WORDS, BEYOND JUST RHETORIC?

SECRETARY BENTSEN: WELL, WE HAVE SEEN SOME SPECIFICS IN THAT REGARD. WE HAD A VERY FRANK DISCUSSION ON IT. AND I THINK IT WAS A HELPFUL DISCUSSION.

QUESTION: BEFORE YOU LEFT THE STATES, SOME PEOPLE THERE WERE SAYING THAT THE CHINESE MAY BE HOPING TO JUST DO A LITTLE BIT MORE AND THERE'S ENOUGH REASON WHY THE UNITED STATES WOULD WANT TO CONTINUE THE MFN, THAT NO MORE PROGRESS WOULD REALLY BE NECESSARY. AFTER THE MEETINGS TODAY, CAN THERE BE ANY CONFUSION ON THEIR PART, HOW FORCEFULLY WAS THIS PUT?--

SECRETARY BENTSEN: WE HAD A VERY FRANK DISCUSSION THAT IT WAS IMPORTANT TO THE UNITED STATES PRESIDENT, THAT IT WAS IMPORTANT TO (UNCLEAR), THAT IT WAS IMPORTANT TO THE CONGRESS. I THINK THERE CAN BE NO ILLUSION ABOUT THAT, NO MISUNDERSTANDING ABOUT THAT.

QUESTION: HOW MUCH DO YOU SEE THE RECENTLY AGREED TEXTILE AGREEMENT INFLUENCING THIS TRIP THAT YOU ARE ON NOW?

SECRETARY BENTSEN: WELL, I AM VERY PLEASED TO SEE THAT AGREEMENT. I THINK THAT ENCOURAGES THE ECONOMIC COOPERATION BETWEEN THE TWO COUNTRIES. I THINK THAT'S AN IMPERATIVE. TO HEAR THE CONCERNS ABOUT INTELLECTUAL PROPERTY RIGHTS AND WHAT CAN BE DONE IN THAT REGARD. THAT'S ENCOURAGING TO ME. WHAT YOU ARE SEEING CHINA DO, SINCE THE LAST TIME I WAS HERE, IS AN AMAZING PROGRESSION IN THEIR HUMAN WELFARE THINGS, IN SO FAR AS

INFANT MORTALITY, IN SO FAR AS MORTALITY OVERALL, IN SO FAR AS IMPROVEMENTS IN EDUCATION. BUT COUPLED WITH THAT, WE WANT TO SEE AN IMPROVEMENT IN HUMAN RIGHTS.
QUESTION: MR. SECRETARY, THERE ARE A LOT OF PEOPLE ON BOTH SIDES OF THE PACIFIC WHO HAVE BEEN WAITING FOR THE CLINTON ADMINISTRATION TO DEFINE THIS YEAR WHAT IT MEANS BY OVERALL SIGNIFICANT PROGRESS. YOU'RE THE HIGHEST, MOST SENIOR OFFICIAL WHO'S BEEN HERE. IS THIS DEFINITION COMING TO CLOSURE?

SECRETARY BENTSEN: WELL, I THINK IT IS BETTER UNDERSTOOD AS WE CONTINUE TO PROGRESS. MY OBJECTIVE TOO, OF COURSE, AND MY RESPONSIBILITY, IS THE ECONOMIC SIDE OF THE ISSUE, AND WE WILL BE REJUVENATING THE JEC TO DISCUSS SOME OF THE ECONOMIC CONCERNS AND WHAT CAN BE DONE IN THAT REGARD.

QUESTION: WITH RESPECT TO THE ECONOMIC ISSUES AND YOUR CONCERNS IN THAT ARENA, DO YOU SEE THE CHANCE THROUGH OVERLY EMPHASIZING A TOO-RAPID CHANGE IN CHINA FOR THE U.S. TO BECOME DISADVANTAGED RELATIVE TO THE EUROPEANS AND THE JAPANESE, WITH RESPECT TO TRADE? WE CERTAINLY ARE SEEING SOME OF THAT AS WE LOOK AT SOME OF THE LARGER INFRASTRUCTURE PROJECTS HERE IN CHINA WITH TREMENDOUS THREATS FROM THE EUROPEANS AND THE JAPANESE, RELATIVE TO WHAT THE AMERICANS CAN OFFER. WOULD YOU CARE TO COMMENT ON THAT?

SECRETARY BENTSEN: WELL, I THINK THE AMERICANS HAVE A LOT TO OFFER IN SO FAR AS THE INFRASTRUCTURE, IMPROVEMENTS TO THE INFRASTRUCTURE. WE TALKED ABOUT SOME OF THAT, WE TALKED ABOUT POWER, WE TALKED ABOUT TELECOMMUNICATIONS, WE TALKED ABOUT AIRCRAFT. WE'RE EXTREMELY COMPETITIVE IN ALL OF THOSE AREAS. AND THOSE THINGS WE DISCUSSED.

QUESTION: YOU'RE SAYING YOU'RE PREPARED TO GIVE SOME OF THESE MARKETS UP IF THE CHINESE DON'T MOVE FAST ENOUGH, IN THE DIRECTION THAT THEY'RE CLEARLY ALREADY MOVING?

SECRETARY BENTSEN: WELL, THE DECISION ON MFN WILL BE DEPENDENT ON THE PROGRESS IN SO FAR AS HUMAN RIGHTS. IT'S A PART OF THAT DECISION.

QUESTION: RECENTLY A NUMBER OF CHINESE DISSIDENTS-- PEOPLE WHO HAVE SPENT LONG PERIODS OF TIME IN DETENTION--HAVE SAID THAT THEY SUPPORT EXTENSION OF MFN FOR CHINA. COULD SOMETHING LIKE THAT INFLUENCE THE U.S. DECISION?

SECRETARY BENTSEN: WHAT WE'RE LOOKING FOR IS CONCRETE SERIOUS PROGRESS. SOME OF THAT HAS BEEN MADE. WE ANTICIPATE AND HOPE MORE.

QUESTION: JAPAN AND CHINA ARE THE U.S.'S LARGEST MARKETS IN ASIA. I'M JUST WONDERING AS FAR AS CHINA'S MARKET ACCESS NEGOTIATIONS ARE GOING, HOW DO YOU SEE ITS IMPLEMENTATION OF THE AGREEMENT? AND WITH YOUR NEGOTIATIONS WITH JAPAN, I UNDERSTAND THAT TALKS ARE STALLED ON OPENING TELECOM AND MEDICAL EQUIPMENT. AND WHY ARE THESE STALLED? AND ALSO, DO YOU THINK THAT THE YEN/DOLLAR RATE IS SATISFACTORY AND WHAT ARE YOUR COMMENTS ON THE YUAN BEING FLOATED?

SECRETARY BENTSEN: HOW MUCH TIME DO WE HAVE HERE? (LAUGHTER) WELL, OBVIOUSLY THE FRAMEWORK TALKS ARE NOT PROGRESSING AS WELL AS THEY SHOULD. AND WE HAVE TO SEE FURTHER ADVANCE BY THE JAPANESE. AND THAT IS A VERY SERIOUS CONCERN TO US. DO YOU WANT TO TRY FOR A COUPLE OF THE OTHERS?

QUESTION: GIVEN THE WAY AMERICAN BUSINESS (INAUDIBLE) OVER THE LONG TERM, DO YOU EXPECT TO SEE OR WOULD YOU LIKE TO SEE A DECOUPLING OF MFN AND THE HUMAN RIGHTS QUESTION?

SECRETARY BENTSEN: OH NO, I DON'T ... I DON'T THINK THAT'S GOING TO BE THE CASE. THAT'S NOT THE POLICY OF OUR GOVERNMENT. THEY ARE COUPLED.

QUESTION: YOU SAID EARLIER THAT YOU ARE, THAT THEY ARE, YOU ARE LOOKING FOR CONCRETE PROGRESS IN HUMAN RIGHTS. DO YOU EXPECT AND ANTICIPATE MORE? IS THERE ANYTHING--

SECRETARY BENTSEN: I'M AN OPTIMIST TO START WITH, SO, SO I'M HOPING FOR MORE, EXPECTING MORE.

QUESTION: BUT IS IT SOMETHING THAT THE CHINESE HAVE INDICATED, AND ARE THERE SIGNALS THAT THEY HAVE GIVEN YOU THAT ARE DIFFERENT FROM?

SECRETARY BENTSEN: THAT'S AS MUCH OF AN ANSWER AS YOU'RE GOING TO GET.

QUESTION: CAN YOU GIVE US SOME SPECIFICS ABOUT THE WORK OF THE JEC? WHAT IS ON YOUR AGENDA, WHAT ARE YOU HOPING TO ACCOMPLISH? I MEAN SOME SPECIFIC GOALS, NOW THAT IT IS GETTING RESTARTED FOR THE FIRST TIME SINCE '87.

SECRETARY BENTSEN: YOU MEAN IF WE ARE TALKING ABOUT THE ECONOMY NOW?

QUESTION: THE JEC, THE JOINT ECONOMIC--

SECRETARY BENTSEN: OH, THE JEC. OH WELL, I THINK THAT PROVIDES US A FORUM TO EXCHANGE VIEWS AND TRY TO ... (NOISE FROM MICROPHONE) ... YOU ALL RIGHT? (LAUGHTER) TO TRY TO RESOLVE DIFFERENCES.

WE GOT INTO THAT IN THE DIALOGUE WITH THE PREMIER. IN SO FAR AS THAT WE'RE NOT MIRRORS OF EACH OTHER, THERE

ARE DIFFERENCES IN OUR CULTURE, DIFFERENCES IN OUR ECONOMIES, AND THAT WE'RE THE LARGEST DEVELOPED COUNTRY IN THE WORLD AND THAT THEY ARE THE LARGEST DEVELOPING COUNTRY IN THE WORLD. AND THOSE TWO CAN PLAY OFF OF EACH OTHER AND BE MUTUALLY BENEFICIAL.

SO IN TALKING ABOUT WHAT WE CAN DO TO FURTHER PROGRESS AND GROWTH WITH MINIMUM INFLATION, THOSE ARE THE TYPES OF THINGS WE'LL BE DISCUSSING AT THE JEC. IT PROVIDES US THAT KIND OF A FORUM, THAT('S) HELPFUL.

THEN IN TURN, I TALKED TO HIM ABOUT THE SEATTLE MEETING AND THE AGREEMENT BY THE LEADERS OF OUR COUNTRIES THAT WE WOULD HAVE IN THE PACIFIC, THAT I WOULD BE HOSTING A MEETING OF THE FINANCE MINISTERS. AND I'M DOING THAT IN HAWAII ON MARCH THE 16TH AND THE 19TH WHICH THEY'VE AGREED TO ATTEND. AND AGREED TO ADD SOME OTHER THINGS TO THE AGENDA TO BE DISCUSSED. I WAS ASKING FOR THEIR COUNSEL ON THAT. WE'LL BE HAVING A MEETING OF THE DEPUTIES TO FURTHER DISCUSS THAT AGENDA AND WHAT SHOULD BE ON IT.

JOAN LOGUE-KINDER, TREASURY ASST. SECRETARY (DESIGNATE), PUBLIC AFFAIRS: THE SECRETARY HAS TIME FOR TWO MORE QUESTIONS.

QUESTION: DECEMBER 31ST WAS THE DEADLINE FOR CHINA TO MEET SOME OF THE REQUIREMENTS UNDER THE MARKET ACCESS AGREEMENT OF L

AST YEAR. I UNDERSTAND THE CHINESE AT THE LAST MINUTE CAME THROUGH WITH SOME EXPLANATIONS, RESPONSES--ARE THEY SATISFACTORY? DID THEY INDEED MEET THE REQUIREMENTS BY THAT TIME?

SECRETARY BENTSEN: I DON'T KNOW THE DETAIL ON THAT, YOU'D HAVE TO TALK TO USTR, BUT OBVIOUSLY WE'VE MADE SUBSTANTIAL PROGRESS ON THE TEXT OF THE AGREEMENT. NOW THAT'S A MAJOR PLUS.

QUESTION: YOU MENTIONED SUBSTANTIAL IMPROVEMENTS IN HUMAN WELFARE. ARE IMPROVEMENTS IN HUMAN WELFARE PART OF YOUR DEFINITION FOR IMPROVEMENTS IN HUMAN RIGHTS OR DO YOU CONSIDER--

SECRETARY BENTSEN: NO, THAT'S NOT ...

QUESTION: THAT'S COMPLETELY SEPARATE ...

SECRETARY BENTSEN: THEY'D BE TWO DIFFERENT... WHEN I WAS TALKING ABOUT HUMAN WELFARE, I WAS TALKING ABOUT THE INCREASED LEVELS OF EDUCATION THAT HAVE BEEN ACCOMPLISHED. I WAS TALKING ABOUT WHAT THEY'VE BEEN ABLE TO DO ON INFANT MORTALITY, WHAT THEY'VE BEEN ABLE TO DO OVERALL ON HEALTH. I'VE SEEN VERY SUBSTANTIAL

PROGRESS SINCE THE LAST TIME I WAS HERE BACK IN 1978.

MS. LOGUE-KINDER: THANK YOU VERY MUCH, MR. SECRETARY.

SECRETARY BENTSEN: THANK YOU.

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ADDRESS OF TREASURY SECRETARY LLOYD BENTSEN
CHINESE ACADEMY OF SOCIAL SCIENCES
BEIJING, CHINA
JANUARY 20, 1994

Good afternoon, and thank you for the invitation to come speak with you today. The academy is a well-known and respected forum for the ideas that have helped shaped the economic transformation of this country. It is an honor to be asked to address you.

This is not my first visit to China. I can tell you, the changes since I was last here have been significant. Just about the only thing that hasn't changed are the mountains that surround the city.

Parts of China are growing so rapidly that the road maps are out of date well before they're printed, and the telephone book can't keep up with the number of new listings. That's just one measure of the pace of growth occurring in China.

There's a saying in your country, I understand, about our two countries. I believe it says that the United States is the largest developed economy. And China is the largest developing economy in the world.

There's no question about that. The question is, where is that development -- both political and economic -- leading. I think we ought to call that the "1.5 billion people question" -- that's how many people are in our two nations, and I guarantee you every one will be affected in one way or another by the manner in which our economic and political relations evolve.

Both of our nations face a choice in the coming four months. That choice is: Do we want to deepen the integration of our economies and strengthen our relationships, or do we want to risk drift and disintegration. One is far preferable to the other, but either is possible.

(MORE)

The right choice means we both benefit in a number of ways. There'll be a closer relationship. There will be more investment in China. Our businesses will have greater access to China's market, and China will have the opportunity to take advantage of our market. And I would point out that our market is still the largest in the world, and we account for one-third of China's exports.

The wrong choice means reduced access to our markets. It means a decreasing role for American business in China's markets. It will affect every aspect of our relationship.

We need to work this one out in the short term to ensure that we have a cooperative and beneficial relationship over the long term.

While we think about how our relationship will evolve, I think it would be useful to examine how China has changed in recent years, and see what has been accomplished

It has become an economic force to be reckoned with. In the past decade, growth in China's GDP has been averaging 9.5 percent a year. It was 13 percent last year. China's economy is the world's third largest. Incomes are rising. Prices have been freed. The literacy rate is the highest in the developing world. Life expectancy is on the rise.

Life for the Chinese is dramatically better than it was when I was last here. Urban residents now think about buying motorcycles and VCRs. Years ago they were worrying about bicycles, ration books and radios. Change has been good for the Chinese.

President Clinton is convinced that America's interests lie in supporting openness and economic reform in China. I want to let you know that I have brought a letter from President Clinton to President Jiang Zemin. It emphasizes that our interests lie in the development of a strong, stable, open and prosperous China. My visit is symbolic of the series of steps President Clinton has taken over the past few months to engage the Chinese leadership in a dialogue to solve the issues that divide us.

I have three objectives on this trip.

First, I want to pursue America's economic interests in the Chinese market by talking about the problems U.S. firms face in trying to share in China's prosperity. I want to show how it is in China's interest to open markets, to liberalize financial services, to enforce intellectual property rights, and to drop the remaining barriers on access to foreign exchange. Those barriers stand in the way of our exports and investments in China.

My second objective is to demonstrate our support for economic reform in China and for the further integration of China's economy with the world economy. The successful transformation of the China into a more open, market-oriented economy is of profound importance to the United States and to the entire Asian region.

And finally, I'm going to make it clear that progress on human rights is fundamental to our relationship. There has been progress. But much remains to be done. China must do more before early June when President Clinton must make a decision on the renewal of MFN status.

I'm pleased to announce today that we've made some progress on the prison labor front. Our governments have agreed on measures to ensure more effective prevention of the export of goods made with prison labor. China has also agreed to permit inspections of five prisons alleged to be producing goods for export. I trust that this pattern of cooperation will continue.

Our aim is not to impose our particular political system on any nation, or to undermine reforming governments. All cultures have unique characteristics. Our aim is to encourage the creation of conditions that respect the universal principles of human rights. Beyond steps that directly affect the rights of Chinese citizens, we believe that market reform and trade provide the infrastructure of both economic success and political change.

The decision on MFN is up to the president. The choice is up to China.

Let me get back to economics. I want to acknowledge that China is making positive choices. It has made several in the weeks before I came to visit, such as the agreement on textiles that was signed three days ago and the recent progress on the market access agreement to eliminate import restrictions.

I would note that China is stepping out into the global debt market with a \$1 billion bond issue that will be put to use on infrastructure needs. These projects can help China continue the enviable pace of development it has established.

I am also encouraged that the Chinese leadership has agreed to reforms of China's tax system, central bank, and the financial system. These steps will put in place the tools for more effective management of China's rapidly growing economy and an expanded role for the market.

It was also an excellent choice to unify the exchange rate and move toward full convertibility for trade transactions. This will help bring China into compliance with the IMF standard on exchange controls, and it will assist in China's entry into GATT.

Despite progress in these areas, we still have some important differences. In the financial area, for instance, foreign banks are prohibited from engaging in local currency business, and the ability to open branches is limited.

I am particularly concerned about the lack of enforcement of intellectual property rights.

And I am disappointed that there are still restrictions on buying foreign exchange for those who want to import certain goods and repatriate profits.

I have another important responsibility on this trip. We will be reactivating the Joint Economic Committee. Tomorrow, I will co-chair the first meeting of the committee since 1987. That in itself is significant. But beyond that, a revitalized committee can be a vehicle for both governments to discuss the two economic points on my agenda for the trip -- opening markets to U.S. businesses and supporting reforms.

Our bilateral discussions within the context of the JEC can help us narrow our differences.

The committee also will serve as a place to talk about our regional issues, such as the Asian Pacific Economic Cooperation organization and the March meeting of finance ministers. In this context, we'll be able to discuss the further economic integration of our region.

The Asian and Pacific region is important to our economy. Sixty percent of what we import comes from this region. Half of what we export comes to this area of the world. And exports are becoming the driving force in our economic growth. Half of our growth since the mid 1980s and almost all of our increase in manufacturing jobs have been brought about by exports. One job in every eight in the United States exists because of exports.

In another arena, the political one, we have a number of common strategic interests -- most significantly in North Korea where we share the goal of securing a non-nuclear peninsula. And in this area of non-proliferation, it is important that we work together to reduce and eliminate weapons of mass destruction.

I hope the choices made in the next four months will deepen the integration of our two economies and strengthen the ties between our two countries.

A century from now historians will look back and make a judgment about how well the economic transition of the world's largest nation was accomplished. Was it done well and wisely, and done so that the most benefit flowed to the most people? Or was it done in such a manner that guaranteed failure.

Down one path lies a course that holds no benefit for the Chinese people. Down the other lies growing prosperity, integration into the global market, and a better life for the citizens of this great country.

I am encouraged by what I've heard from China's leaders about economic reform. And I am deeply impressed by the changes taking place in China's economy.

I want to close by recalling an old Chinese story. It's a story about diligence and perseverance. It's a story about will.

A long time ago, an old man named Yu lived in the mountains. One day, he decided to remove one of the mountains that closed him in. He called his family together and set to the task. Some thought he was foolish for trying to do what seemed to be impossible. But Yu, and his children and grandchildren after him, worked with dogged determination, and after not months or years but generations, Yu and his descendants got the job done.

"Yu Gong Yi Shan (SHAHN)."

I know that there are issues which divide our two countries. But I am confident that in the same unyielding spirit of Old Man Yu, we can resolve those differences. And I believe that by committing ourselves to the resolution of these issues, together, we too can move mountains. But we just need to move a little more quickly than he.

Thank you.

DEPARTMENT OF THE TREASURY

TREASURY



NEWS

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STATEMENT OF TREASURY SECRETARY LLOYD BENTSEN
DEPARTURE PRESS CONFERENCE
BEIJING, CHINA
JANUARY 21, 1994

We're winding up our visit to Beijing and I wanted to take a few minutes with you to let you have my impressions of the trip.

We had a very productive set of discussions.

I have a much greater appreciation of China's economic accomplishments, and of the opportunities and challenges that lie ahead. This is a very different country than the one I visited in 1978.

I came here with three objectives. The first was to pursue America's economic interests in China.

Even before I arrived there was progress. We reached an important agreement on textiles, and China decided to unify its exchange rates. We also saw China make commitments in the context of the Joint Economic Committee to open its financial markets by allowing branches in areas that have previously been closed to foreign banks. In addition, the Chinese also said they are willing to allow foreign banks, on an experimental basis, to engage in local currency business.

We have a lot more to do. But we have now in place, in the form of working groups under the Joint Economic Committee, a framework in which to resolve these issues.

My second objective in coming to China was to support the reform efforts in which the entire world has such a great stake. Mr. Zhu Rongji and I had a good talk about the challenges ahead. In the joint statement we released on the conclusion of the JEC, we announced an intensified program of technical assistance.

We also discussed the Asia Pacific Economic Cooperation organization and the upcoming finance minister's meeting. With China's infrastructure needs and the huge capital flows it has been experiencing, the agenda promises to be especially relevant to China.

(MORE)

While we were talking about international economic integration, we also touched on the GATT. I was able to talk with the Chinese authorities about the next stage of the process of gaining entry to GATT, which begins in a few weeks here in Beijing.

My third objective was to make clear that our concerns about human rights remain fundamental. There has been progress, but more remains to be done.

I had good, frank discussions with each of the senior officials. I think we all understand where the MFN issue now stands. I think they understand the standards laid out in the executive order. They have heard the same message from the American people, from recent Congressional delegations, and in the message I carried from the President.

I am pleased with the progress on prison labor. But let me just say that this is just one part of the Executive Order. And the important point is overall progress on human rights when it's time for the President to make his decision.

I leave this afternoon for Shanghai where I am eager to see first hand the role that the new entrepreneurs are playing in China's impressive economic growth.

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Monthly Treasury Statement

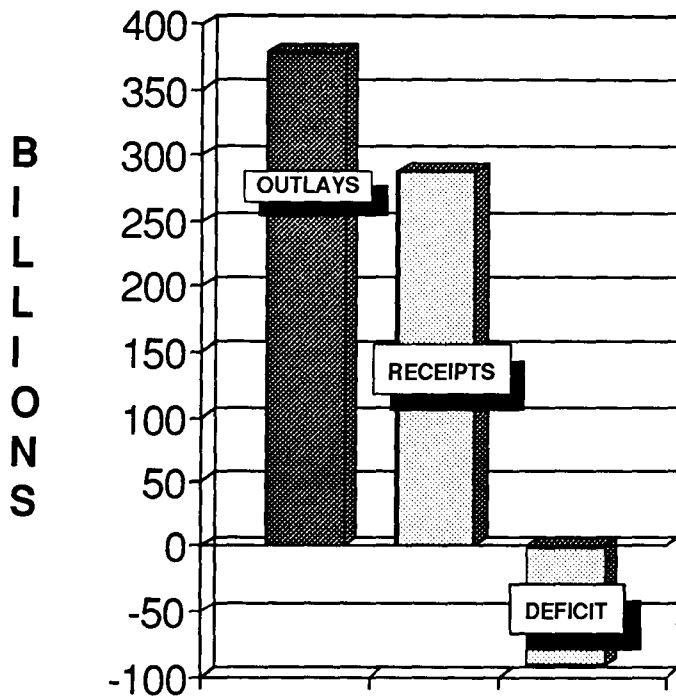
of Receipts and Outlays
of the United States Government

For Fiscal Year 1994 Through **December 31, 1993**, and Other Periods

Highlight

Military active duty pay, veterans benefits, and supplemental security income payments for January 1, 1994 were accelerated to December 30, 1993, thereby inflating outlays for the month of December.

**RECEIPTS, OUTLAYS, AND SURPLUS/DEFICIT
THROUGH DECEMBER 1993**



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Compiled and Published by

Department of the Treasury
Financial Management Service



Introduction

The *Monthly Treasury Statement of Receipts and Outlays of the United States Government (MTS)* is prepared by the Financial Management Service, Department of the Treasury, and after approval by the Fiscal Assistant Secretary of the Treasury, is normally released on the 15th workday of the month following the reporting month. The publication is based on data provided by Federal entities, disbursing officers, and Federal Reserve banks.

Audience

The *MTS* is published to meet the needs of: Those responsible for or interested in the cash position of the Treasury; Those who are responsible for or interested in the Government's budget results; and individuals and businesses whose operations depend upon or are related to the Government's financial operations.

Disclosure Statement

This statement summarizes the financial activities of the Federal Government and off-budget Federal entities conducted in accordance with the Budget of the U.S. Government, i.e., receipts and outlays of funds, the surplus or deficit, and the means of financing the deficit or disposing of the surplus. Information is presented on a modified cash basis: receipts are accounted for on the basis of collections; refunds

of receipts are treated as deductions from gross receipts; revolving and management fund receipts, reimbursements and refunds of monies previously expended are treated as deductions from gross outlays, and interest on the public debt (public issues) is recognized on the accrual basis. Major information sources include accounting data reported by Federal entities, disbursing officers, and Federal Reserve banks.

Triad of Publications

The *MTS* is part of a triad of Treasury financial reports. The *Daily Treasury Statement* is published each working day of the Federal Government. It provides data on the cash and debt operations of the Treasury based upon reporting of the Treasury account balances by Federal Reserve banks. The *MTS* is a report of Government receipts and outlays, based on agency reporting. The *U.S. Government Annual Report* is the official publication of the detailed receipts and outlays of the Government. It is published annually in accordance with legislative mandates given to the Secretary of the Treasury.

Data Sources and Information

The Explanatory Notes section of this publication provides information concerning the flow of data into the *MTS* and sources of information relevant to the *MTS*.

Table 1. Summary of Receipts, Outlays, and the Deficit/Surplus of the U.S. Government, Fiscal Years 1993 and 1994, by Month

[\$ millions]			
Period	Receipts	Outlays	Deficit/Surplus (-)
FY 1993			
October	76,824	125,616	48,792
November	74,625	107,351	32,726
December	113,683	152,629	38,947
January	112,712	82,896	-29,817
February	65,975	114,172	48,197
March	83,284	127,258	43,974
April	132,012	123,921	-8,091
May	70,638	107,601	36,963
June	128,566	117,467	-11,099
July	80,626	120,204	39,577
August	86,734	109,812	23,078
September	127,469	118,904	-8,565
Year-to-Date	1,153,147	1,407,831	254,684
FY 1994			
October	78,668	124,090	45,422
November	83,107	121,488	38,381
December	125,416	133,667	8,252
Year-to-Date	287,191	379,246	92,055

Note: Details may not add to totals due to rounding.

Table 2. Summary of Budget and Off-Budget Results and Financing of the U.S. Government, December 1993 and Other Periods

[\$ millions]

Classification	This Month	Current Fiscal Year to Date	Budget Estimates Full Fiscal Year ¹	Prior Fiscal Year to Date (1993)	Budget Estimates Next Fiscal Year (1995) ¹
Total on-budget and off-budget results:					
Total receipts	125,416	287,191	1,241,312	265,132	1,329,334
On-budget receipts	99,721	214,285	903,425	195,845	974,096
Off-budget receipts	25,694	72,905	337,888	69,286	355,238
Total outlays	133,667	379,246	1,500,061	385,596	1,536,259
On-budget outlays	121,985	319,277	1,219,390	303,775	1,243,698
Off-budget outlays	11,683	59,969	280,671	81,821	292,561
Total surplus (+) or deficit (-)	-8,252	-92,055	-258,748	-120,465	-206,925
On-budget surplus (+) or deficit (-)	-22,263	-104,992	-315,965	-107,930	-269,602
Off-budget surplus (+) or deficit (-)	+14,012	+12,936	+57,217	-12,535	+62,677
Total on-budget and off-budget financing	8,252	92,055	258,748	120,465	206,925
Means of financing:					
Borrowing from the public	13,995	89,278	265,244	81,494	212,679
Reduction of operating cash, increase (-)	-17,412	2,783	.....	28,899	.....
By other means	11,669	-6	-6,496	10,072	-5,754

¹These figures are based on the appendix tables in the *Mid-Session Review of the FY 1994 Budget*, released by the Office of Management and Budget in September 1993.

... No Transactions.
Note: Details may not add to totals due to rounding.

Figure 1. Monthly Receipts, Outlays, and Budget Deficit/Surplus of the U.S. Government, Fiscal Years 1993 and 1994

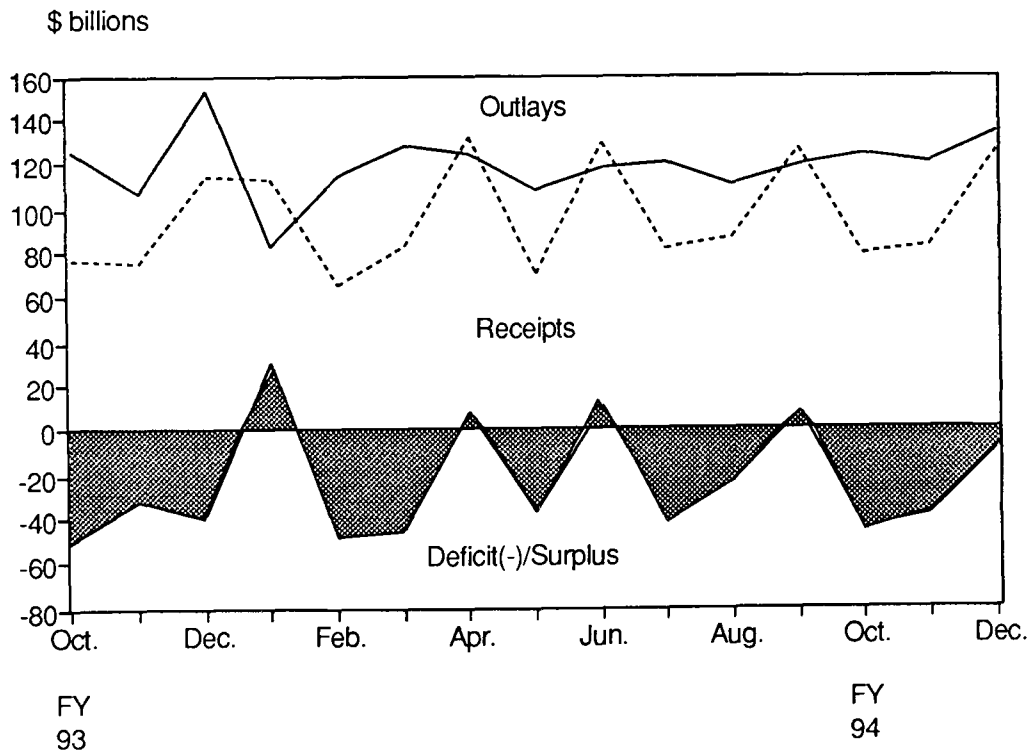


Figure 2. Monthly Receipts of the U.S. Government, by Source, Fiscal Years 1993 and 1994

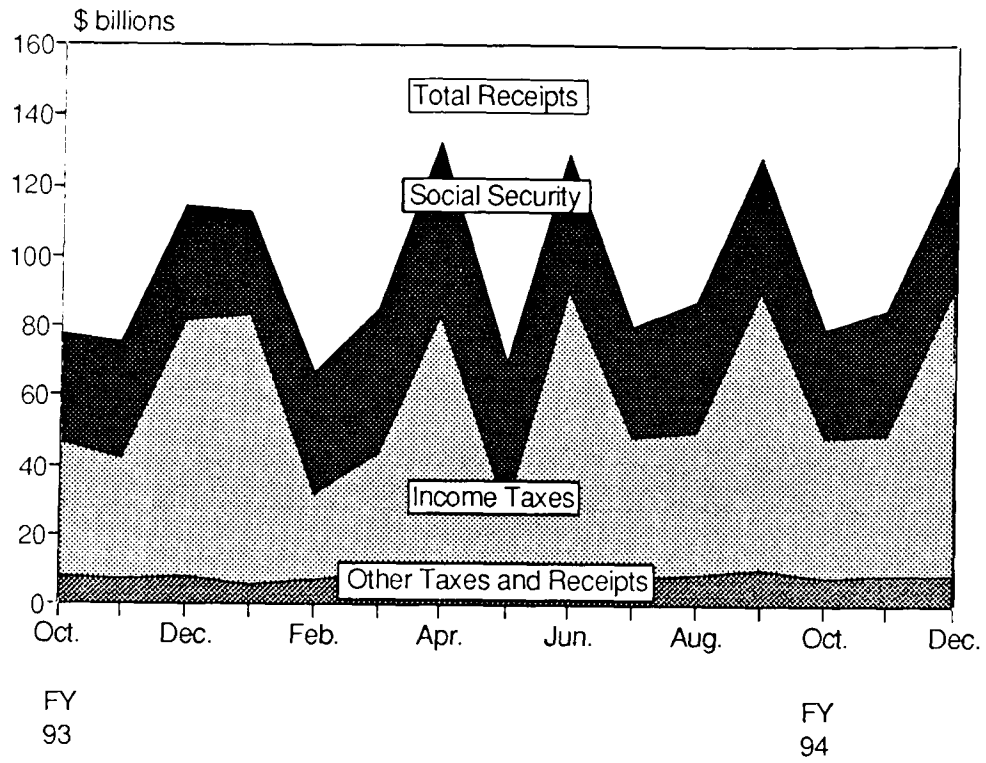


Figure 3. Monthly Outlays of the U.S. Government, by Function, Fiscal Years 1993 and 1994

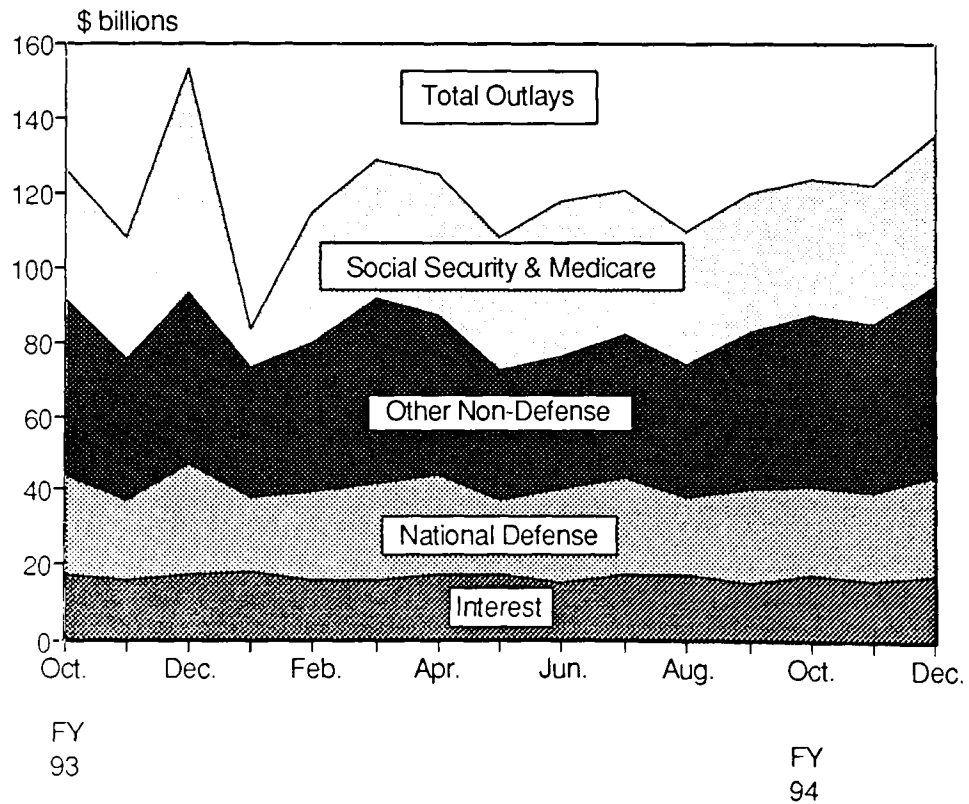


Table 3. Summary of Receipts and Outlays of the U.S. Government, December 1993 and Other Periods
 [\$ millions]

Classification	This Month	Current Fiscal Year to Date	Comparable Prior Period	Budget Estimates Full Fiscal Year ¹
Budget Receipts				
Individual income taxes	54,183	129,497	121,548	548,215
Corporation income taxes	28,239	32,604	26,525	120,842
Social insurance taxes and contributions:				
Employment taxes and contributions (off-budget)	25,694	72,905	69,286	337,888
Employment taxes and contributions (on-budget)	7,579	21,332	20,365	94,807
Unemployment insurance	259	4,078	3,549	27,272
Other retirement contributions	423	1,150	1,213	4,676
Excise taxes	4,695	13,101	11,766	54,512
Estate and gift taxes	1,179	3,475	2,940	12,691
Customs duties	1,584	4,980	4,708	20,374
Miscellaneous receipts	1,582	4,069	3,233	20,035
Total Receipts	125,416	287,191	265,132	1,241,312
(On-budget)	99,721	214,285	195,845	903,425
(Off-budget)	25,694	72,905	69,286	337,888
Budget Outlays				
Legislative Branch	204	787	608	3,134
The Judiciary	190	568	481	3,138
Executive Office of the President	16	53	54	186
Funds Appropriated to the President	625	5,713	5,671	12,297
Department of Agriculture	6,408	18,449	19,319	66,603
Department of Commerce	282	823	802	3,181
Department of Defense—Military	25,752	70,695	74,848	264,144
Department of Defense—Civil	2,550	7,614	7,508	30,545
Department of Education	2,535	7,697	7,672	30,992
Department of Energy	1,492	4,925	4,654	16,931
Department of Health and Human Services, except Social Security	29,294	79,420	69,370	320,180
Department of Health and Human Services, Social Security	25,901	76,007	95,882	315,266
Department of Housing and Urban Development	2,309	7,368	6,873	26,986
Department of the Interior	514	1,640	1,645	7,325
Department of Justice	773	2,427	2,977	10,322
Department of Labor	3,818	10,003	10,367	36,640
Department of State	478	1,908	1,794	5,538
Department of Transportation	3,740	10,143	8,859	36,773
Department of the Treasury:				
Interest on the Public Debt	52,712	92,611	92,162	303,161
Other	983	956	-241	9,779
Department of Veterans Affairs	4,438	10,412	9,902	38,038
Environmental Protection Agency	458	1,394	1,461	6,552
General Services Administration	384	134	421	836
National Aeronautics and Space Administration	1,191	3,484	3,681	14,670
Office of Personnel Management	3,079	9,293	8,662	38,872
Small Business Administration	49	209	252	762
Other independent agencies:				
Resolution Trust Corporation	2,471	1,310	-7,598	5,231
Other	-216	3,001	5,614	23,279
Undistributed offsetting receipts:				
Interest	-36,027	-41,560	-39,856	-86,125
Other	-2,737	-8,240	-8,247	-45,175
Total outlays	133,667	379,246	385,596	1,500,061
(On-budget)	121,985	319,277	303,775	1,219,390
(Off-budget)	11,683	59,969	81,821	280,671
Surplus (+) or deficit (-)	-8,252	-92,055	-120,465	-258,748
(On-budget)	-22,263	-104,992	-107,930	-315,965
(Off-budget)	+14,012	+12,936	-12,535	+57,217

¹These figures are based on the appendix tables in the *Mid-Session Review of the FY 1994 Budget*, released by the Office of Management and Budget in September 1993.
 Note: Details may not add to totals due to rounding.

Table 4. Receipts of the U.S. Government, December 1993 and Other Periods

[\$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Receipts	Refunds (Deduct)	Receipts	Gross Receipts	Refunds (Deduct)	Receipts	Gross Receipts	Refunds (Deduct)	Receipts
Individual income taxes:									
Withheld	51,184			123,291			115,782		
Presidential Election Campaign Fund	(*)			(*)			(*)		
Other	3,501			9,499			9,023		
Total—Individual income taxes	54,685	502	54,183	132,791	3,294	129,497	124,805	3,258	121,548
Corporation income taxes	28,963	725	28,239	36,088	3,484	32,604	30,324	3,799	26,525
Social insurance taxes and contributions:									
Employment taxes and contributions:									
Federal old-age and survivors ins. trust fund:									
Federal Insurance Contributions Act taxes	23,249		23,249	65,891		65,891	62,591		62,591
Self-Employment Contributions Act taxes									
Deposits by States	-45		-45	-45		-45	-10		-10
Other	(*)		(*)	(*)		(*)	(*)		(*)
Total—FOASI trust fund	23,204		23,204	65,846		65,846	62,581		62,581
Federal disability insurance trust fund:									
Federal Insurance Contributions Act taxes	2,490		2,490	7,059		7,059	6,706		6,706
Self-Employment Contributions Act taxes									
Receipts from railroad retirement account									
Deposits by States	(*)		(*)	(*)		(*)	-1		-1
Other									
Total—FDI trust fund	2,490		2,490	7,059		7,059	6,705		6,705
Federal hospital insurance trust fund:									
Federal Insurance Contributions Act taxes	7,263		7,263	20,426		20,426	19,461		19,461
Self-Employment Contributions Act taxes									
Receipts from Railroad Retirement Board									
Deposits by States	(*)		(*)	(*)		(*)	-3		-3
Total—FHI trust fund	7,263		7,263	20,426		20,426	19,458		19,458
Railroad retirement accounts:									
Rail industry pension fund	186	21	165	492	21	471	481	7	474
Railroad Social Security equivalent benefit	151		151	436		436	433		433
Total—Employment taxes and contributions	33,294	21	33,273	94,259	21	94,238	89,658	7	89,651
Unemployment insurance:									
State taxes deposited in Treasury	218		218	3,369		3,369	2,831		2,831
Federal Unemployment Tax Act taxes	42	3	40	709	10	700	685	16	669
Railroad unemployment taxes	(*)		(*)	7		7	23		23
Railroad debt repayment	(*)		(*)	1		1	26		26
Total—Unemployment insurance	261	3	259	4,087	10	4,078	3,565	16	3,549
Other retirement contributions:									
Federal employees retirement – employee contributions	417		417	1,128		1,128	1,186		1,186
Contributions for non-federal employees	6		6	22		22	26		26
Total—Other retirement contributions	423		423	1,150		1,150	1,213		1,213
Total—Social insurance taxes and contributions	33,978	24	33,954	99,496	31	99,466	94,436	23	94,413
Excise taxes:									
Miscellaneous excise taxes ¹	2,789	68	2,721	7,638	415	7,223	6,315	99	6,216
Airport and airway trust fund	453		453	1,344	2	1,342	1,211	5	1,206
Highway trust fund	1,468		1,468	4,301	-85	4,387	4,287	99	4,188
Black lung disability trust fund	54		54	149		149	156		156
Total—Excise taxes	4,763	68	4,695	13,432	332	13,101	11,969	204	11,766
Estate and gift taxes	1,214	35	1,179	3,569	94	3,475	3,016	75	2,940
Customs duties	1,655	71	1,584	5,228	248	4,980	4,910	202	4,708
Miscellaneous Receipts:									
Deposits of earnings by Federal Reserve banks	1,292		1,292	3,326		3,326	2,367		2,367
All other	290	1	290	746	2	744	867	1	866
Total — Miscellaneous receipts	1,583	1	1,582	4,072	2	4,069	3,234	1	3,233
Total — Receipts	126,841	1,425	125,416	294,675	7,485	287,191	272,693	7,561	265,132
Total — On-budget	101,147	1,425	99,721	221,770	7,485	214,285	203,407	7,561	195,845
Total — Off-budget	25,694		25,694	72,905		72,905	69,286		69,286

¹Includes amounts for windfall profits tax pursuant to P.L. 96-223. No Transactions

(*) Less than \$500,000. Note: Details may not add to totals due to rounding

Table 5. Outlays of the U.S. Government, December 1993 and Other Periods
 [\$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Legislative Branch:									
Senate	33	(* *)	33	104	(* *)	103	105	(* *)	105
House of Representatives	68	1	67	192	2	189	192	2	190
Joint items	6	.....	6	20	.....	20	19	.....	19
Congressional Budget Office	2	.....	2	5	.....	5	5	.....	5
Architect of the Capitol	13	(* *)	13	54	2	52	64	2	62
Library of Congress	20	.....	20	246	.....	246	76	.....	76
Government Printing Office:									
Revolving fund (net)	13	.....	13	34	.....	34	-7	.....	-7
General fund appropriations	10	.....	10	22	.....	22	29	.....	29
General Accounting Office	39	.....	39	103	.....	103	117	.....	117
United States Tax Court	2	.....	2	8	.....	8	8	.....	8
Other Legislative Branch agencies	2	.....	2	8	.....	8	8	.....	8
Proprietary receipts from the public .....	.....	1	-1	.....	1	-1	.....	2	-2
Intrabudgetary transactions	-2	.....	-2	-3	.....	-3	-3	.....	-3
Total—Legislative Branch	206	2	204	793	6	787	613	6	608
The Judiciary:									
Supreme Court of the United States	2	.....	2	6	.....	6	6	.....	6
Courts of Appeals, District Courts, and other judicial services	179	(* *)	179	534	1	534	470	(* *)	470
Other	9	.....	9	28	.....	28	5	.....	5
Total—The Judiciary	191	(* *)	190	568	1	568	481	(* *)	481
Executive Office of the President:									
Compensation of the President and the White House Office	3	.....	3	11	.....	11	9	.....	9
Office of Management and Budget	3	.....	3	14	.....	14	13	.....	13
Other	10	.....	10	28	.....	28	32	.....	32
Total—Executive Office of the President	16	.....	16	53	.....	53	54	.....	54
Funds Appropriated to the President:									
International Security Assistance:									
Guaranty reserve fund	60	36	24	196	89	106	249	131	118
Foreign military financing grants	235	.....	235	2,378	.....	2,378	2,499	.....	2,499
Economic support fund	96	.....	96	1,575	.....	1,575	1,703	.....	1,703
Military assistance	1	.....	1	3	.....	3	-8	.....	-8
Peacekeeping Operations	11	.....	11	19	.....	19	10	.....	10
Other	4	.....	4	8	.....	8	8	.....	8
Proprietary receipts from the public .....	.....	4	-4	.....	25	-25	.....	83	-83
Total—International Security Assistance	406	40	366	4,179	114	4,065	4,461	214	4,247
International Development Assistance:									
Multilateral Assistance:									
Contribution to the International Development Association .....	.....	.....	.....	194	.....	194	186	.....	186
International organizations and programs	73	.....	73	114	.....	114	140	.....	140
Other	5	.....	5	199	.....	199	240	.....	240
Total—Multilateral Assistance	78	.....	78	507	.....	507	566	.....	566
Agency for International Development:									
Functional development assistance program	38	.....	38	276	.....	276	376	.....	376
Sub-Saharan Africa development assistance	66	.....	66	163	.....	163	158	.....	158
Operating expenses	38	.....	38	129	.....	129	107	.....	107
Payment to the Foreign Service retirement and disability fund .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Other	66	4	61	198	13	185	127	16	111
Proprietary receipts from the public .....	.....	56	-56	.....	146	-146	.....	232	-232
Intrabudgetary transactions .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total—Agency for International Development	207	60	147	767	158	608	768	248	521
Peace Corps	16	.....	16	61	.....	61	55	.....	55
Overseas Private Investment Corporation	4	11	-7	9	61	-52	12	67	-55
Other	7	(* *)	7	25	(* *)	25	21	1	20
Total—International Development Assistance	313	72	242	1,369	219	1,150	1,423	316	1,107
International Monetary Programs	68	.....	68	364	.....	364	703	.....	703
Military Sales Programs:									
Special defense acquisition fund	17	30	-12	54	73	-19	78	74	4
Foreign military sales trust fund	1,223	.....	1,223	3,346	.....	3,346	2,962	.....	2,962
Kuwait civil reconstruction trust fund .....	(* *)	.....	(* *)	(* *)	.....	(* *)	3	.....	3
Proprietary receipts from the public .....	.....	1,260	-1,260	.....	3,193	-3,193	.....	3,359	-3,359
Other	-2	.....	-2	1	.....	1	4	.....	4
Total—Funds Appropriated to the President	2,026	1,401	625	9,312	3,599	5,713	9,634	3,963	5,671

Table 5. Outlays of the U.S. Government, December 1993 and Other Periods—Continued
[\$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Department of Agriculture:									
Agricultural Research Service	59	.....	59	175	.....	175	203	.....	203
Cooperative State Research Service	40	.....	40	114	.....	114	109	.....	109
Extension Service	37	.....	37	102	.....	102	94	.....	94
Animal and Plant Health Inspection Service	36	.....	36	106	.....	106	124	.....	124
Food Safety and Inspection Service	40	.....	40	116	.....	116	122	.....	122
Agricultural Marketing Service	59	.....	59	234	1	234	281	1	280
Soil Conservation Service:									
Watershed and flood prevention operations	24	.....	24	72	.....	72	62	.....	62
Conservation operations	48	.....	48	136	.....	136	145	.....	145
Other	7	.....	7	20	.....	20	22	.....	22
Agricultural Stabilization and Conservation Service:									
Conservation programs	27	.....	27	1,773	.....	1,773	1,703	.....	1,703
Other	61	.....	61	168	.....	168	160	.....	160
Farmers Home Administration:									
Credit accounts:									
Agricultural credit insurance fund	36	236	-200	299	478	-179	250	536	-286
Rural housing insurance fund	104	329	-225	677	871	-194	702	875	-174
Other .....	.....	.....	.....	(* *)	.....	(* *)	(* *)	(* *)	(* *)
Salaries and expenses	49	.....	49	143	.....	143	158	.....	158
Other	7	.....	7	21	.....	21	22	.....	22
Total—Farmers Home Administration	195	565	-370	1,140	1,349	-209	1,131	1,411	-280
Foreign assistance programs	33	.....	33	272	.....	272	106	.....	106
Rural Development Administration:									
Rural development insurance fund	41	72	-31	214	151	63	256	121	135
Rural water and waste disposal grants	28	.....	28	84	.....	84	70	.....	70
Other	6	(* *)	6	18	1	17	18	1	18
Rural Electrification Administration	75	253	-178	174	695	-520	649	1,136	-488
Federal Crop Insurance Corporation	413	33	380	860	296	563	277	298	-22
Commodity Credit Corporation:									
Price support and related programs	3,433	852	2,581	7,413	1,909	5,503	8,344	1,177	7,166
National Wool Act Program	1	.....	1	1	.....	1	1	.....	1
Food and Nutrition Service:									
Food stamp program	2,146	.....	2,146	6,364	.....	6,364	6,052	.....	6,052
State child nutrition programs	748	.....	748	1,764	.....	1,764	1,778	.....	1,778
Women, infants and children programs	310	.....	310	809	.....	809	759	.....	759
Other	79	.....	79	142	.....	142	199	.....	199
Total—Food and Nutrition Service	3,283	.....	3,283	9,079	.....	9,079	8,788	.....	8,788
Forest Service:									
National forest system	100	.....	100	336	.....	336	390	.....	390
Forest service permanent appropriations	152	.....	152	119	.....	119	133	.....	133
Other	113	.....	113	338	.....	338	415	.....	415
Total—Forest Service	365	.....	365	794	.....	794	938	.....	938
Other	52	2	50	160	8	152	160	8	152
Proprietary receipts from the public .....	.....	178	-178	.....	367	-367	.....	291	-291
Intrabudgetary transactions .....	.....	.....	.....	1	.....	1	.....	.....	.....
Total—Department of Agriculture	8,363	1,955	6,408	23,226	4,776	18,449	23,765	4,445	19,319
Department of Commerce:									
Economic Development Administration	21	2	19	74	6	68	67	8	60
Bureau of the Census	19	.....	19	78	.....	78	104	.....	104
Promotion of Industry and Commerce	25	.....	25	68	.....	68	75	.....	75
Science and Technology:									
National Oceanic and Atmospheric Administration	186	2	184	515	4	511	468	8	460
Patent and Trademark Office	10	.....	10	16	.....	16	17	.....	17
National Institute of Standards and Technology	23	.....	23	65	.....	65	66	.....	66
Other	9	2	7	27	9	18	24	9	15
Total—Science and Technology	228	5	224	623	12	611	576	17	559
Other	3	.....	3	29	.....	29	34	.....	34
Proprietary receipts from the public .....	.....	8	-8	.....	30	-30	.....	29	-29
Intrabudgetary transactions .....	(* *)	.....	(* *)	(* *)	.....	(* *)	.....	.....	.....
Offsetting governmental receipts .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total—Department of Commerce	297	15	282	872	48	823	856	54	802

Table 5. Outlays of the U.S. Government, December 1993 and Other Periods—Continued
 (\$ millions)

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Department of Defense—Military:									
Military personnel:									
Department of the Army	3,204	.....	3,204	7,717	.....	7,717	7,976	.....	7,976
Department of the Navy	3,126	.....	3,126	7,382	.....	7,382	7,858	.....	7,858
Department of the Air Force	2,296	.....	2,296	5,518	.....	5,518	6,107	.....	6,107
Total—Military personnel	8,626	.....	8,626	20,617	.....	20,617	21,942	.....	21,942
Operation and maintenance:									
Department of the Army	1,674	.....	1,674	4,873	.....	4,873	6,183	.....	6,183
Department of the Navy	1,735	.....	1,735	5,141	.....	5,141	5,644	.....	5,644
Department of the Air Force	1,891	.....	1,891	5,423	.....	5,423	5,976	.....	5,976
Defense agencies	1,654	.....	1,654	4,978	.....	4,978	4,129	.....	4,129
Total—Operation and maintenance	6,953	.....	6,953	20,415	.....	20,415	21,931	.....	21,931
Procurement:									
Department of the Army	938	.....	938	2,354	.....	2,354	3,073	.....	3,073
Department of the Navy	2,270	.....	2,270	6,503	.....	6,503	7,410	.....	7,410
Department of the Air Force	2,151	.....	2,151	6,083	.....	6,083	6,694	.....	6,694
Defense agencies	386	.....	386	1,068	.....	1,068	823	.....	823
Total—Procurement	5,746	.....	5,746	16,009	.....	16,009	18,000	.....	18,000
Research, development, test, and evaluation:									
Department of the Army	463	.....	463	1,423	.....	1,423	1,432	.....	1,432
Department of the Navy	590	.....	590	1,619	.....	1,619	1,693	.....	1,693
Department of the Air Force	1,273	.....	1,273	3,780	.....	3,780	3,754	.....	3,754
Defense agencies	623	.....	623	1,989	.....	1,989	2,212	.....	2,212
Total—Research, development, test and evaluation	2,949	.....	2,949	8,810	.....	8,810	9,092	.....	9,092
Military construction:									
Department of the Army	106	.....	106	258	.....	258	287	.....	287
Department of the Navy	37	.....	37	90	.....	90	249	.....	249
Department of the Air Force	88	.....	88	278	.....	278	372	.....	372
Defense agencies	159	.....	159	556	.....	556	412	.....	412
Total—Military construction	390	.....	390	1,182	.....	1,182	1,320	.....	1,320
Family housing:									
Department of the Army	106	.....	106	256	.....	256	284	.....	284
Department of the Navy	55	.....	55	162	.....	162	195	.....	195
Department of the Air Force	77	.....	77	240	.....	240	202	.....	202
Defense agencies	5	2	2	24	7	16	20	1	19
Revolving and management funds:									
Department of the Army	-107	.....	-107	-58	.....	-58	31	.....	31
Department of the Navy	47	.....	47	143	.....	143	41	.....	41
Department of the Air Force .....	.....	.....	.....	.....	.....	.....	(* *)	.....	(* *)
Defense agencies:									
Defense business operations fund	332	.....	332	2,588	.....	2,588	1,624	.....	1,624
Other	3	(* *)	3	-13	1	-14	-5	1	-6
Trust funds:									
Department of the Army .....	(* *)	.....	(* *)	(* *)	.....	(* *)	(* *)	.....	(* *)
Department of the Navy	2	1	1	7	4	3	15	5	9
Department of the Air Force	1	1	(* *)	3	3	(* *)	12	11	(* *)
Defense agencies	52	.....	52	103	.....	103	15	.....	15
Proprietary receipts from the public:									
Department of the Army .....	.....	(* *)	(* *)	.....	144	-144	.....	95	-95
Department of the Navy .....	.....	-26	26	.....	121	-121	.....	122	-122
Department of the Air Force .....	.....	1	-1	.....	162	-162	.....	126	-126
Defense agencies .....	.....	18	-18	.....	57	-57	.....	2	-2
Intrabudgetary transactions:									
Department of the Army	28	.....	28	136	.....	136	121	.....	121
Department of the Navy	518	.....	518	539	.....	539	807	.....	807
Department of the Air Force	4	.....	4	96	.....	96	38	.....	38
Defense agencies:									
Defense cooperation account .....	(* *)	.....	(* *)	(* *)	.....	(* *)	-11	.....	-11
Voluntary separation incentive fund .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Other	-35	.....	-35	-64	.....	-64	-428	.....	-428
Offsetting governmental receipts:									
Department of the Army .....	.....	3	-3	.....	3	-3	.....	7	-7
Defense agencies:									
Defense cooperation account .....	.....	(* *)	(* *)	.....	(* *)	(* *)	.....	25	-25
Total—Department of Defense—Military	25,752	(* *)	25,752	71,197	502	70,695	75,244	396	74,848

Table 5. Outlays of the U.S. Government, December 1993 and Other Periods—Continued
 [\$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Department of Defense—Civil									
Corps of Engineers:									
Construction, general	96		96	270		270	303		303
Operation and maintenance, general	95		95	277		277	363		363
Other	162		162	453		453	559		559
Proprietary receipts from the public		15	-15		40	-40		44	-44
Total—Corps of Engineers	353	15	338	1,000	40	961	1,225	44	1,181
Military retirement:									
Payment to military retirement fund				11,908		11,908	12,273		12,273
Retired pay									
Military retirement fund	2,182		2,182	6,588		6,588	6,268		6,268
Intrabudgetary transactions				-11,908		-11,908	-12,273		-12,273
Education benefits	20		20	50		50	50		50
Other	11	(* *)	10	20	1	19	12	1	11
Proprietary receipts from the public		1	-1		3	-3		3	-3
Total—Department of Defense—Civil	2,566	16	2,550	7,657	43	7,614	7,556	48	7,508
Department of Education:									
Office of Elementary and Secondary Education:									
Compensatory education for the disadvantaged	685		685	1,765		1,765	1,697		1,697
Impact aid	93		93	562		562	418		418
School improvement programs	107		107	363		363	405		405
Chicago litigation settlement	4		4	5		5	4		4
Indian education	5		5	17		17	18		18
Other									
Total—Office of Elementary and Secondary Education	892		892	2,711		2,711	2,541		2,541
Office of Bilingual Education and Minority Languages Affairs	13		13	51		51	40		40
Office of Special Education and Rehabilitative Services:									
Special education	235		235	697		697	653		653
Rehabilitation services and disability research	196		196	560		560	504		504
Special institutions for persons with disabilities	10		10	30		30	35		35
Office of Vocational and Adult Education	46		46	311		311	352		352
Office of Postsecondary Education:									
College housing loans	1	2	-2	1	22	-21		27	-27
Student financial assistance	594		594	1,963		1,963	1,993		1,993
Federal family education loans	400		400	993		993	1,155		1,155
Higher education	64		64	170		170	182		182
Howard University	24		24	50		50	55		55
Other	4		4	5		5	-1		-1
Total—Office of Postsecondary Education	1,087	2	1,084	3,182	22	3,160	3,385	27	3,358
Office of Educational Research and Improvement	30		30	97		97	90		90
Departmental management	36		36	98		98	109		109
Proprietary receipts from the public		7	-7		17	-17		10	-10
Total—Department of Education	2,545	10	2,535	7,735	39	7,697	7,709	36	7,672
Department of Energy:									
Atomic energy defense activities	993		993	3,224		3,224	3,026		3,026
Energy programs:									
General science and research activities	117		117	355		355	350		350
Energy supply, R and D activities	276		276	762		762	742		742
Uranium supply and enrichment activities	10		10	192		192	279		279
Fossil energy research and development	33		33	107		107	105		105
Energy conservation	31		31	122		122	109		109
Strategic petroleum reserve	17		17	53		53	86		86
Nuclear waste disposal fund	17		17	77		77	85		85
Other	29	(* *)	29	95	(* *)	95	59	1	59
Total—Energy programs	530	(* *)	530	1,763	(* *)	1,763	1,814	1	1,814
Power Marketing Administration	149	123	27	477	324	153	506	321	185
Departmental administration	26		26	108		108	131		131
Proprietary receipts from the public		48	-48		148	-148		403	-403
Intrabudgetary transactions	-28		-28	-159		-159	-94		-94
Offsetting governmental receipts		9	-9		15	-15		4	-4
Total—Department of Energy	1,672	179	1,492	5,413	487	4,925	5,383	729	4,654

Table 5. Outlays of the U.S. Government, December 1993 and Other Periods—Continued
 [\$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Department of Health and Human Services, except Social Security:									
Public Health Service:									
Food and Drug Administration	64	(* *)	64	190	1	190	177	1	175
Health Resources and Services Administration	157		157	474		474	435		435
Indian Health Service	158		158	445		445	407		407
Centers for Disease Control	138		138	371		371	329		329
National Institutes of Health	948		948	2,685		2,685	2,244		2,244
Substance Abuse and Mental Health Services Administration	217		217	557		557	724		724
Agency for Health Care Policy and Research	-1		-1	18		18	3		3
Assistant secretary for health	-48		-48	59		59	169		169
Total—Public Health Service	1,633	(* *)	1,633	4,799	1	4,799	4,488	1	4,487
Health Care Financing Administration:									
Grants to States for Medicaid	7,088		7,088	21,107		21,107	18,127		18,127
Payments to health care trust funds	3,791		3,791	11,302		11,302	14,063		14,063
Federal hospital insurance trust fund:									
Benefit payments	9,226		9,226	24,485		24,485	21,736		21,736
Administrative expenses and construction	93		93	273		273	235		235
Interest on normalized tax transfers									
Quinquennial transfers to the general fund from FHI									
Total—FHI trust fund	9,319		9,319	24,758		24,758	21,971		21,971
Federal supplementary medical insurance trust fund:									
Benefit payments	5,683		5,683	14,918		14,918	13,349		13,349
Administrative expenses and construction	164		164	415		415	261		261
Total—FSMI trust fund	5,846		5,846	15,334		15,334	13,609		13,609
Other	-9		-9	64		64	176		176
Total—Health Care Financing Administration	26,036		26,036	72,565		72,565	67,947		67,947
Social Security Administration:									
Payments to Social Security trust funds	17		17	1,005		1,005	1,548		1,548
Special benefits for disabled coal miners	61		61	199		199	268		268
Supplemental security income program	3,814		3,814	7,719		7,719	6,742		6,742
Total—Social Security Administration	3,892		3,892	8,923		8,923	8,559		8,559
Administration for children and families:									
Family support payments to States	1,285		1,285	4,075		4,075	3,911		3,911
Low income home energy assistance	230		230	804		804	435		435
Refugee and entrant assistance	46		46	93		93	82		82
Community Services Block Grant	32		32	82		82	102		102
Payments to States for afdc work programs	88		88	194		194	178		178
Interim assistance to States for legalization	4		4	573		573	34		34
Payments to States for child care assistance	80		80	192		192	52		52
Social services block grant	334		334	658		658	686		686
Children and families services programs	354		354	922		922	899		899
Payments to States for foster care and adoption assistance	374		374	755		755	438		438
Other							(* *)		(* *)
Total—Administration for children and families	2,828		2,828	8,348		8,348	6,817		6,817
Administration on aging	102		102	202		202	151		151
Office of the Secretary	34		34	63		63	54		54
Proprietary receipts from the public		1,439	-1,439		4,177	-4,177		4,582	-4,582
Intrabudgetary transactions:									
Quinquennial transfers to the general fund									
From FHI, FOASI, and FDI									
Payments for health insurance for the aged:									
Federal hospital insurance trust fund									
Federal supplementary medical insurance trust fund ..	-3,791		-3,791	-11,302		-11,302	-14,064		-14,064
Payments for tax and other credits:									
Federal hospital insurance trust fund							(* *)		(* *)
Other									
Total—Department of Health and Human Services, except Social Security	30,733	1,439	29,294	83,598	4,178	79,420	73,953	4,584	69,370

Table 5. Outlays of the U.S. Government, December 1993 and Other Periods—Continued
 [\$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Department of Health and Human Services, Social Security (off-budget):									
Federal old-age and survivors insurance trust fund:									
Benefit payments	22,751		22,751	67,562		67,562	86,387		86,387
Administrative expenses and construction	176		176	465		465	489		489
Payment to railroad retirement account									
Interest expense on interfund borrowings									
Interest on normalized tax transfers									
Quinquennial transfers to the general fund from FOASI									
Total—FOASI trust fund	22,927		22,927	68,027		68,027	86,876		86,876
Federal disability insurance trust fund:									
Benefit payments	2,921		2,921	8,758		8,758	10,363		10,363
Administrative expenses and construction	70		70	223		223	191		191
Payment to railroad retirement account									
Interest on normalized tax transfers									
Quinquennial transfers to the general fund from FDI									
Total—FDI trust fund	2,991		2,991	8,981		8,981	10,555		10,555
Proprietary receipts from the public		(*)	(*)		(*)	(*)		(*)	(*)
Intrabudgetary transactions ¹	-17		-17	-1,001		-1,001	-1,549		-1,549
Total—Department of Health and Human Services, Social Security(off-budget)	25,901	(*)	25,901	76,007	(*)	76,007	95,882	(*)	95,882
Department of Housing and Urban Development:									
Housing programs:									
Public enterprise funds	15	14	1	41	28	13	22	17	5
Credit accounts:									
Federal housing administration fund	575	475	100	1,683	1,334	349	1,912	1,405	507
Housing for the elderly or handicapped fund	-1	57	-59	374	175	198	400	149	251
Other	42		42	117	(*)	117	59	(*)	59
Rent supplement payments	4		4	14		14	14		14
Homeownership assistance	9		9	28		28	17		17
Rental housing assistance	51		51	162		162	164		164
Rental housing development grants				(*)		(*)	13		13
Low-rent public housing	71		71	327		327	159		159
Public housing grants	270		270	867		867	607		607
College housing grants	1		1	5		5	5		5
Lower income housing assistance	868		868	2,631		2,631	2,795		2,795
Section 8 contract renewals	281		281	811		811	523		523
Other	4		4	10		10	6		6
Total—Housing programs	2,192	546	1,645	7,069	1,537	5,532	6,698	1,572	5,126
Public and Indian Housing programs:									
Low-rent public housing—Loans and other expenses	9	3	6	264	192	73	266	18	248
Payments for operation of low-income housing projects	210		210	642		642	561		561
Community Partnerships Against Crime	17		17	42		42	21		21
Total—Public and Indian Housing programs	236	3	234	948	192	756	848	18	830
Government National Mortgage Association:									
Management and liquidating functions fund		1	-1		1	-1		(*)	(*)
Guarantees of mortgage-backed securities	125	132	-7	300	396	-96	295	391	-95
Total—Government National Mortgage Association	125	133	-8	300	397	-97	295	391	-95
Community Planning and Development:									
Community Development Grants	335		335	921		921	874		874
Other	91	11	80	230	40	191	82	26	56
Total—Community Planning and Development	426	11	415	1,151	40	1,111	956	26	930
Management and Administration	42		42	125		125	142		142
Other	2		2	6		6	7		7
Proprietary receipts from the public		22	-22	(*)	66	-66		64	-64
Offsetting governmental receipts								3	-3
Total—Department of Housing and Urban Development	3,023	714	2,309	9,598	2,230	7,368	8,947	2,074	6,873

Table 5. Outlays of the U.S. Government, December 1993 and Other Periods—Continued
 [\$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Department of the Interior:									
Land and minerals management:									
Bureau of Land Management:									
Management of lands and resources	43	.....	43	135	.....	135	145	.....	145
Fire protection	-1	.....	-1	17	.....	17	36	.....	36
Other	24	.....	24	81	.....	81	62	.....	62
Minerals Management Service	55	.....	55	185	.....	185	176	.....	176
Office of Surface Mining Reclamation and Enforcement	28	.....	28	77	.....	77	83	.....	83
Total—Land and minerals management	149	.....	149	495	.....	495	502	.....	502
Water and science:									
Bureau of Reclamation:									
Construction program	23	.....	23	66	.....	66	70	.....	70
Operation and maintenance	19	.....	19	56	.....	56	75	.....	75
Other	57	14	43	133	64	69	117	25	92
Geological Survey	43	.....	43	127	.....	127	158	.....	158
Bureau of Mines	17	2	15	46	6	39	50	7	43
Total—Water and science	159	15	143	428	70	358	470	32	438
Fish and wildlife and parks:									
United States Fish and Wildlife Service	104	.....	104	278	.....	278	279	.....	279
National Biological Survey	22	.....	22	22	.....	22	.....	.....	.....
National Park Service	103	.....	103	353	.....	353	390	.....	390
Total—Fish and wildlife and parks	229	.....	229	653	.....	653	669	.....	669
Bureau of Indian Affairs:									
Operation of Indian programs	86	.....	86	319	.....	319	322	.....	322
Indian tribal funds	42	.....	42	-22	.....	-22	18	.....	18
Other	9	1	8	139	2	137	81	3	79
Total—Bureau of Indian Affairs	136	1	135	436	2	434	422	3	419
Territorial and international affairs	10	.....	10	121	.....	121	156	.....	156
Departmental offices	3	.....	3	32	.....	32	34	.....	34
Proprietary receipts from the public .....	.....	151	-151	.....	431	-431	.....	566	-566
Intrabudgetary transactions	-5	.....	-5	-21	.....	-21	-9	.....	-9
Offsetting governmental receipts .....	.....	.....	.....	.....	(*)	(*)	.....	(*)	(*)
Total—Department of the Interior	681	167	514	2,143	503	1,640	2,245	601	1,645
Department of Justice:									
Legal activities	216	.....	216	579	.....	579	971	.....	971
Federal Bureau of Investigation	145	.....	145	498	.....	498	485	.....	485
Drug Enforcement Administration	68	.....	68	200	.....	200	219	.....	219
Immigration and Naturalization Service	109	.....	109	335	.....	335	362	.....	362
Federal Prison System	195	10	185	557	29	528	552	22	530
Office of Justice Programs	81	.....	81	223	.....	223	267	.....	267
Other	-6	.....	-6	147	.....	147	405	.....	405
Intrabudgetary transactions .....	(*)	.....	(*)	-2	.....	-2	-178	.....	-178
Offsetting governmental receipts .....	.....	24	-24	.....	81	-81	.....	83	-83
Total—Department of Justice	807	34	773	2,538	110	2,427	3,082	105	2,977
Department of Labor:									
Employment and Training Administration:									
Training and employment services	340	.....	340	1,020	.....	1,020	996	.....	996
Community Service Employment for Older Americans ..	29	.....	29	94	.....	94	93	.....	93
Federal unemployment benefits and allowances	16	.....	16	42	.....	42	36	.....	36
State unemployment insurance and employment service operations	35	.....	35	-11	.....	-11	54	.....	54
Payments to the unemployment trust fund .....	.....	.....	.....	.....	.....	.....	2,253	.....	2,253
Advances to the unemployment trust fund and other funds	582	.....	582	2,296	.....	2,296	250	.....	250

Table 5. Outlays of the U.S. Government, December 1993 and Other Periods—Continued
 [\$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Department of Labor:—Continued									
Unemployment trust fund:									
Federal-State unemployment insurance:									
State unemployment benefits	2,846	.....	2,846	7,580	.....	7,580	8,708	.....	8,708
State administrative expenses	260	.....	260	860	.....	860	818	.....	818
Federal administrative expenses	9	.....	9	113	.....	113	30	.....	30
Veterans employment and training	23	.....	23	43	.....	43	42	.....	42
Repayment of advances from the general fund .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Railroad unemployment insurance	7	.....	7	17	.....	17	17	.....	17
Other	1	.....	1	5	.....	5	6	.....	6
Total—Unemployment trust fund	3,146	.....	3,146	8,617	.....	8,617	9,620	.....	9,620
Other	6	.....	6	18	.....	18	17	.....	17
Total—Employment and Training Administration	4,153	.....	4,153	12,075	.....	12,075	13,318	.....	13,318
Pension Benefit Guaranty Corporation	201	39	162	473	-16	489	193	231	-38
Employment Standards Administration:									
Salaries and expenses	18	.....	18	51	.....	51	56	.....	56
Special benefits	44	.....	44	-557	.....	-557	-649	.....	-649
Black lung disability trust fund	51	.....	51	150	.....	150	153	.....	153
Other	13	.....	13	37	.....	37	36	.....	36
Occupational Safety and Health Administration	24	.....	24	66	.....	66	68	.....	68
Bureau of Labor Statistics	29	.....	29	59	.....	59	70	.....	70
Other	44	.....	44	113	.....	113	104	.....	104
Proprietary receipts from the public .....	.....	(* *)	(* *)	.....	1	-1	.....	1	-1
Intrabudgetary transactions	-720	.....	-720	-2,480	.....	-2,480	-2,750	.....	-2,750
Total—Department of Labor	3,858	39	3,818	9,988	-15	10,003	10,600	232	10,367
Department of State:									
Administration of Foreign Affairs:									
Salaries and expenses	187	.....	187	430	.....	430	564	.....	564
Acquisition and maintenance of buildings abroad	64	.....	64	156	.....	156	137	.....	137
Payment to Foreign Service retirement and disability fund .....	.....	.....	.....	125	.....	125	119	.....	119
Foreign Service retirement and disability fund	34	.....	34	102	.....	102	100	.....	100
Other	8	.....	8	34	.....	34	33	.....	33
Total—Administration of Foreign Affairs	293	.....	293	847	.....	847	954	.....	954
International organizations and Conferences	62	.....	62	977	.....	977	780	.....	780
Migration and refugee assistance	101	.....	101	165	.....	165	173	.....	173
International narcotics control	15	.....	15	30	.....	30	33	.....	33
Other	8	.....	8	13	.....	13	19	.....	19
Proprietary receipts from the public .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Intrabudgetary transactions .....	(* *)	.....	(* *)	-125	.....	-125	-165	.....	-165
Offsetting governmental receipts .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total—Department of State	478	.....	478	1,908	.....	1,908	1,794	.....	1,794
Department of Transportation:									
Federal Highway Administration:									
Highway trust fund:									
Federal-aid highways	1,503	.....	1,503	4,863	.....	4,863	4,255	.....	4,255
Other	13	.....	13	27	.....	27	30	.....	30
Other programs	27	.....	27	86	.....	86	51	.....	51
Total—Federal Highway Administration	1,543	.....	1,543	4,977	.....	4,977	4,336	.....	4,336
National Highway Traffic Safety Administration	27	.....	27	68	.....	68	64	.....	64
Federal Railroad Administration:									
Grants to National Railroad Passenger Corporation .....	.....	.....	.....	214	.....	214	180	.....	180
Other	41	(* *)	41	95	3	93	92	3	89
Total—Federal Railroad Administration	41	(* *)	41	309	3	307	271	3	269

Table 5. Outlays of the U.S. Government, December 1993 and Other Periods—Continued
 [\$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Department of Transportation:—Continued									
Federal Transit Administration:									
Formula grants	117	.....	117	257	.....	257	438	.....	438
Discretionary grants	129	.....	129	369	.....	369	349	.....	349
Other	700	.....	700	874	.....	874	102	.....	102
Total—Federal Transit Administration	946	.....	946	1,500	.....	1,500	890	.....	890
Federal Aviation Administration:									
Operations	-125	.....	-125	563	.....	563	512	.....	512
Airport and airway trust fund:									
Grants-in-aid for airports	141	.....	141	500	.....	500	615	.....	615
Facilities and equipment	169	.....	169	455	.....	455	434	.....	434
Research, engineering and development	14	.....	14	50	.....	50	46	.....	46
Operations	574	.....	574	574	.....	574	570	.....	570
Total—Airport and airway trust fund	898	.....	898	1,578	.....	1,578	1,665	.....	1,665
Other	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
Total—Federal Aviation Administration	774	(*)	773	2,141	(*)	2,141	2,177	(*)	2,177
Coast Guard:									
Operating expenses	263	.....	263	669	.....	669	658	.....	658
Acquisition, construction, and improvements	20	.....	20	63	.....	63	58	.....	58
Retired pay	43	.....	43	114	.....	114	114	.....	114
Other	7	1	7	27	1	25	46	1	45
Total—Coast Guard	333	1	333	872	1	871	876	1	875
Maritime Administration	64	14	50	197	56	141	260	98	162
Other	28	(*)	28	127	(*)	127	112	3	109
Proprietary receipts from the public .....	.....	(*)	(*)	.....	(*)	(*)	.....	1	-1
Intradudgetary transactions .....	(*)	.....	(*)	13	.....	13	-2	.....	-2
Offsetting governmental receipts .....	.....	(*)	(*)	.....	1	-1	.....	19	-19
Total—Department of Transportation	3,755	15	3,740	10,205	62	10,143	8,984	125	8,859
Department of the Treasury:									
Departmental offices:									
Exchange stabilization fund	-80	1	-81	-194	3	-197	-191	3	-194
Other	11	.....	11	72	.....	72	50	.....	50
Financial Management Service:									
Salaries and expenses	15	.....	15	49	.....	49	56	.....	56
Payment to the Resolution Funding Corporation .....	.....	.....	.....	587	.....	587	587	.....	587
Claims, judgements, and relief acts	45	.....	45	116	.....	116	93	.....	93
Other	16	.....	16	41	.....	41	63	.....	63
Total—Financial Management Service	76	.....	76	793	.....	793	799	.....	799
Federal Financing Bank	561	.....	561	337	.....	337	337	.....	337
Bureau of Alcohol, Tobacco and Firearms:									
Salaries and expenses	42	.....	42	92	.....	92	97	.....	97
Internal revenue collections for Puerto Rico	20	.....	20	58	.....	58	56	.....	56
United States Customs Service	165	.....	165	445	.....	445	448	.....	448
Bureau of Engraving and Printing	-56	.....	-56	-24	.....	-24	-7	.....	-7
United States Mint	-2	.....	-2	-8	.....	-8	29	.....	29
Bureau of the Public Debt	44	.....	44	73	.....	73	76	.....	76
Internal Revenue Service:									
Processing tax returns and assistance	115	.....	115	343	.....	343	373	.....	373
Tax law enforcement	290	.....	290	885	.....	885	952	.....	952
Information systems	92	.....	92	237	.....	237	267	.....	267
Payment where earned income credit exceeds liability for tax	2-9	.....	-9	34	.....	34	50	.....	50
Health insurance supplement to earned income credit ..	2	.....	2	7	.....	7	5	.....	5
Refunding internal revenue collections, interest	214	.....	214	789	.....	789	517	.....	517
Other	13	.....	13	35	.....	35	30	(*)	30
Total—Internal Revenue Service	718	.....	718	2,330	.....	2,330	2,194	(*)	2,194

Table 5. Outlays of the U.S. Government, December 1993 and Other Periods—Continued
[\$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Department of the Treasury:—Continued									
United States Secret Service	43		43	117		117	137		137
Comptroller of the Currency	33	4	29	91	14	78	95	14	82
Office of Thrift Supervision	22	1	21	52	5	48	67	13	54
Interest on the public debt:									
Public issues (accrual basis)	17,349		17,349	51,429		51,429	51,530		51,530
Special issues (cash basis)	35,363		35,363	41,182		41,182	40,632		40,632
Total—Interest on the public debt	52,712		52,712	92,611		92,611	92,162		92,162
Other	5		5	17		17	13		13
Proprietary receipts from the public		312	-312		586	-586		438	-438
Receipts from off-budget federal entities									
Intrabudgetary transactions	-245		-245	-2,492		-2,492	-3,781		-3,781
Offsetting governmental receipts		54	-54		196	-196		192	-192
Total—Department of the Treasury	54,068	373	53,695	94,369	803	93,567	92,581	660	91,922
Department of Veterans Affairs:									
Veterans Health Administration:									
Medical care	1,129		1,129	3,454		3,454	3,291		3,291
Other	60	27	33	177	70	107	184	65	118
Veterans Benefits Administration:									
Public enterprise funds:									
Guaranty and indemnity fund	149	72	77	230	195	35	79	104	-25
Loan guaranty revolving fund	154	38	115	394	119	275	501	136	366
Other	131	45	86	200	108	92	117	114	3
Compensation and pensions	2,748		2,748	5,553		5,553	5,396		5,396
Readjustment benefits	139		139	323		323	263		263
Post-Vietnam era veterans education account	12		12	27		27	35		35
Insurance funds:									
National service life	103		103	286		286	213		213
United States government life	2		2	5		5	4		4
Veterans special life	12	82	-70	29	88	-58	23	80	-57
Other	-7		-7	-18		-18	-15		-15
Total—Veterans Benefits Administration	3,443	238	3,206	7,030	510	6,521	6,618	433	6,185
Construction	52	(* *)	52	170	(* *)	170	150	(* *)	150
Departmental administration	110		110	432		432	406		406
Proprietary receipts from the public:									
National service life		29	-29		88	-88		98	-98
United States government life		(* *)	(* *)		(* *)	(* *)		(* *)	(* *)
Other		62	-62		175	-175		146	-146
Intrabudgetary transactions	-1		-1	-8		-8	-5		-5
Total—Department of Veterans Affairs	4,793	356	4,438	11,256	844	10,412	10,645	742	9,902
Environmental Protection Agency:									
Program and research operations	70		70	203		203	233		233
Abatement, control, and compliance	76		76	286		286	310		310
Water infrastructure financing	179		179	502		502	537		537
Hazardous substance superfund	115		115	345		345	328		328
Other	34	2	32	111	2	109	99	2	98
Proprietary receipts from the public		13	-13		47	-47		44	-44
Intrabudgetary transactions									
Offsetting governmental receipts		1	-1		3	-3		2	-2
Total—Environmental Protection Agency	474	16	458	1,446	52	1,394	1,508	47	1,461
General Services Administration:									
Real property activities	384		384	126		126	407		407
Personal property activities	-31		-31	-90		-90	-43		-43
Information Resources Management Service	18		18	47		47	10		10
Federal property resources activities	2		2	7		7	4		4
General activities	11		11	46		46	43		43
Proprietary receipts from the public		(* *)	(* *)		1	-1		1	-1
Total—General Services Administration	384	(* *)	384	135	1	134	421	1	421

Table 5. Outlays of the U.S. Government, December 1993 and Other Periods—Continued
 [\$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
National Aeronautics and Space Administration:									
Research and development	629	.....	629	1,764	.....	1,764	1,815	.....	1,815
Space flight, control, and data communications	390	.....	390	1,226	.....	1,226	1,361	.....	1,361
Construction of facilities	50	.....	50	115	.....	115	127	.....	127
Research and program management	120	.....	120	375	.....	375	374	.....	374
Other	2	.....	2	4	.....	4	4	.....	4
Total—National Aeronautics and Space Administration	1,191	.....	1,191	3,484	.....	3,484	3,681	.....	3,681
Office of Personnel Management:									
Government payment for annuitants, employees health and life insurance benefits	280	.....	280	873	.....	873	832	.....	832
Payment to civil service retirement and disability fund .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Civil service retirement and disability fund	2,976	.....	2,976	8,895	.....	8,895	8,356	.....	8,356
Employees health benefits fund	1,213	1,385	-172	3,684	3,882	-198	3,441	3,678	-237
Employees life insurance fund	114	124	-10	339	647	-308	320	637	-317
Retired employees health benefits fund	1	1	(* *)	2	2	(* *)	2	2	(* *)
Other	8	.....	8	40	.....	40	39	.....	39
Intrabudgetary transactions:									
Civil service retirement and disability fund:									
General fund contributions .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Other	-3	.....	-3	-9	.....	-9	-12	.....	-12
Total—Office of Personnel Management	4,589	1,509	3,079	13,824	4,531	9,293	12,979	4,317	8,662
Small Business Administration:									
Public enterprise funds:									
Business loan fund	67	39	28	214	120	94	254	202	51
Disaster loan fund	6	27	-21	80	88	-8	185	123	62
Other	1	1	(* *)	9	4	5	18	5	14
Other	42	(* *)	42	117	(* *)	117	125	(* *)	125
Total—Small Business Administration	116	67	49	420	212	209	582	330	252
Other independent agencies:									
Action	16	.....	16	25	.....	25	55	.....	55
Board for International Broadcasting	19	.....	19	50	.....	50	61	.....	61
Corporation for Public Broadcasting .....	.....	.....	.....	275	.....	275	319	.....	319
District of Columbia:									
Federal payment .....	.....	.....	.....	698	.....	698	698	.....	698
Other .....	.....	.....	.....	3	12	-9	-2	24	-27
Equal Employment Opportunity Commission	25	(* *)	25	56	(* *)	56	52	.....	52
Export-Import Bank of the United States	222	695	-473	307	904	-597	339	673	-335
Federal Communications Commission	10	3	7	30	10	21	32	8	24
Federal Deposit Insurance Corporation:									
Bank insurance fund	123	1,445	-1,322	799	2,251	-1,452	3,410	3,928	-518
Savings association insurance fund	3	-5	8	9	2	7	7	8	-1
FSLIC resolution fund	351	491	-140	822	954	-133	730	448	282
Affordable housing and bank enterprise .....	(* *)	.....	(* *)	1	.....	1	.....	.....	.....
Federal Emergency Management Agency:									
Public enterprise funds	46	24	22	198	66	132	77	130	-53
Disaster relief	148	.....	148	465	.....	465	562	.....	562
Emergency management planning and assistance	32	.....	32	65	.....	65	46	.....	46
Other	22	.....	22	47	.....	47	65	.....	65
Federal Trade Commission	6	.....	6	21	.....	21	21	.....	21
Interstate Commerce Commission	2	.....	2	10	.....	10	10	.....	10
Legal Services Corporation	65	.....	65	96	.....	96	117	.....	117
National Archives and Records Administration	23	(* *)	23	40	(* *)	39	45	(* *)	45
National Credit Union Administration:									
Credit union share insurance fund	-12	12	-25	14	27	-12	39	94	-55
Central liquidity facility	6	6	.....	26	26	.....	38	38	.....
Other	7	1	6	7	1	6	7	1	7

Table 5. Outlays of the U.S. Government, December 1993 and Other Periods—Continued
 [\$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Other independent agencies:—Continued									
National Endowment for the Arts	16		16	49		49	47		47
National Endowment for the Humanities	13		13	39		39	37		37
National Labor Relations Board	11		11	40		40	43		43
National Science Foundation	187		187	600		600	562		562
Nuclear Regulatory Commission	35	3	32	116	119	-3	108	94	14
Panama Canal Commission	37	50	-13	125	136	-12	125	132	-7
Postal Service									
Public enterprise funds (off-budget)	4,893	34,747	146	12,410	13,010	-600	12,578	12,353	225
Payment to the Postal Service fund				61		61	69		69
Railroad Retirement Board									
Federal windfall subsidy	23		23	69		69	74		74
Federal payments to the railroad retirement accounts	(*)		(*)	12		12	16		16
Regional rail transportation protective account	(*)		(*)	(*)		(*)	(*)		(*)
Rail industry pension fund:									
Advances from FOASDI fund	-89		-89	-268		-268	-347		-347
OASDI certifications	89		89	268		268	263		263
Administrative expenses	9		9	20		20	18		18
Interest on refunds of taxes	18		18	18		18	5		5
Supplemental annuity pension fund	240		240	719		719	710		710
Other	1		1	3		3	3		3
Intrabudgetary transactions:									
Social Security equivalent benefit account	392		392	1,171		1,171	1,182		1,182
Payments from other funds to the railroad retirement trust funds									
Other				-12		-12	-16		-16
Total—Railroad Retirement Board	682		682	1,999		1,999	1,908		1,908
Resolution Trust Corporation	3,619	1,148	2,471	5,218	3,909	1,310	6,620	14,218	-7,598
Securities and Exchange Commission	13		13	37		37	22		22
Smithsonian Institution	22		22	66		66	99		99
Tennessee Valley Authority	638	537	101	2,528	2,154	374	2,307	1,615	692
United States Information Agency	83		83	252	(*)	252	261	(*)	261
Other	146	96	50	535	246	289	280	11	269
Total—Other independent agencies	11,508	9,253	2,256	28,139	23,828	4,311	31,792	33,775	-1,984
Undistributed offsetting receipts:									
Other interest		(*)	(*)		(*)	(*)		(*)	(*)
Employer share, employee retirement:									
Legislative Branch:									
United States Tax Court:									
Tax court judges survivors annuity fund				(*)		(*)	(*)		(*)
The Judiciary:									
Judicial survivors annuity fund									
Department of Defense—Civil:									
Military retirement fund	-998		-998	-3,192		-3,192	-3,296		-3,296
Department of Health and Human Services, except Social Security:									
Federal hospital insurance trust fund:									
Federal employer contributions	-159		-159	-476		-476	-453		-453
Postal Service employer contributions	-37		-37	-110		-110	-114		-114
Payments for military service credits									
Department of Health and Human Services, Social Security (off-budget):									
Federal old-age and survivors insurance trust fund:									
Federal employer contributions	-425		-425	-1,275		-1,275	-1,206		-1,206
Payments for military service credits									
Federal disability insurance trust fund:									
Federal employer contributions	-46		-46	-138		-138	-129		-129
Payments for military service credits									
Department of State:									
Foreign Service retirement and disability fund	-9		-9	-26		-26	-26		-26
Office of Personnel Management:									
Civil service retirement and disability fund	-920		-920	-2,397		-2,397	-2,307		-2,307
Independent agencies:									
Court of veterans appeals retirement fund									
Total—Employer share, employee retirement	-2,592		-2,592	-7,613		-7,613	-7,532		-7,532

Table 5. Outlays of the U.S. Government, December 1993 and Other Periods—Continued
[\$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Undistributed offsetting receipts:—Continued									
Interest received by trust funds:									
The Judiciary:									
Judicial survivors annuity fund	(* *)		(* *)	-4		-4	-4		-4
Department of Defense—Civil:									
Corps of Engineers	(* *)		(* *)	-1		-1	(* *)		(* *)
Military retirement fund	78		78	-4,925		-4,925	-4,659		-4,659
Education benefits fund	(* *)		(* *)	-17		-17	-18		-18
Soldiers' and airmen's home permanent fund	-4		-4	-8		-8	-7		-7
Other	(* *)		(* *)	(* *)		(* *)			
Department of Health and Human Services, except Social Security:									
Federal hospital insurance trust fund	-5,216		-5,216	-5,249		-5,249	-5,203		-5,203
Federal supplementary medical insurance trust fund ..	-974		-974	-1,003		-1,003	-871		-871
Department of Health and Human Services, Social Security (off-budget):									
Federal old-age and survivors insurance trust fund ...	-13,561		-13,561	-13,660		-13,660	-12,455		-12,455
Federal disability insurance trust fund	-332		-332	-364		-364	-496		-496
Department of Labor:									
Unemployment trust fund	-1,239		-1,239	-1,257		-1,257	-1,318		-1,318
Department of State:									
Foreign Service retirement and disability fund	-279		-279	-280		-280	-267		-267
Department of Transportation:									
Highway trust fund	-665		-665	-701		-701	-743		-743
Airport and airway trust fund	-414		-414	-416		-416	-546		-546
Oil spill liability trust fund	(* *)		(* *)	-2		-2	-3		-3
Department of Veterans Affairs:									
National service life insurance fund	-533		-533	-536		-536	-537		-537
United States government life Insurance Fund	-5		-5	-5		-5	-5		-5
Environmental Protection Agency	(* *)		(* *)	(* *)		(* *)	(* *)		(* *)
National Aeronautics and Space Administration	(* *)		(* *)	(* *)		(* *)	(* *)		(* *)
Office of Personnel Management:									
Civil service retirement and disability fund	-12,846		-12,846	-12,908		-12,908	-12,385		-12,385
Independent agencies:									
Railroad Retirement Board	-37		-37	-188		-188	-322		-322
Other	(* *)		(* *)	-3		-3	-4		-4
Other	-3		-3	-31		-31	-11		-11
Total—Interest received by trust funds	-36,027		-36,027	-41,560		-41,560	-39,856		-39,856
Rents and royalties on the outer continental shelf lands ..		145	-145		627	-627		716	-716
Sale of major assets									
Total—Undistributed offsetting receipts	-38,619	145	-38,764	-49,173	627	-49,800	-47,388	716	-48,103
Total outlays	151,374	17,707	133,667	426,712	47,467	379,246	443,583	57,987	385,596
Total on-budget	134,944	12,959	121,985	353,733	34,456	319,277	349,409	45,633	303,775
Total off-budget	16,430	4,747	11,683	72,979	13,010	59,969	94,174	12,353	81,821
Total surplus (+) or deficit			-8,252			-92,055			-120,465
Total on-budget			-22,263			-104,992			-107,930
Total off-budget			+14,012			+12,936			-12,535

MEMORANDUM

Receipts offset against outlays

[\$ millions]

	Current Fiscal Year to Date	Comparable Period Prior Fiscal Year
Proprietary receipts	10,683	11,489
Receipts from off-budget federal entities		
Intrabudgetary transactions	78,098	81,774
Governmental receipts	417	429
Total receipts offset against outlays	89,199	93,692

¹Includes FICA and SECA tax credits, non-contributory military service credits, special benefits for the aged, and credit for unnegotiated OASI benefit checks.

²Prior month adjustment.

³The Postal Service accounting year is composed of thirteen 28-day accounting periods. To conform with the MTS calendar-month reporting basis utilized by all other Federal agencies, the MTS reflects USPS results through 12/10 and estimates for \$1.272 million through 12/31.

... No Transactions.

(* *) Less than \$500,000

Note: Details may not add to totals due to rounding

Table 6. Means of Financing the Deficit or Disposition of Surplus by the U.S. Government, December 1993 and Other Periods
 [\$ millions]

Assets and Liabilities Directly Related to Budget Off-budget Activity	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 month
		This Year	Prior Year	This Year	This Month	
Liability accounts:						
Borrowing from the public:						
Public debt securities, issued under general Financing authorities:						
Obligations of the United States, issued by:						
United States Treasury	42,152	124,198	112,389	4,396,489	4,478,535	4,520,687
Federal Financing Bank .....	.....	.....	.....	15,000	15,000	15,000
Total public debt securities	42,152	124,198	112,389	4,411,489	4,493,535	4,535,687
Plus premium on public debt securities	-8	41	-15	1,373	1,422	1,414
Less discount on public debt securities	-3,089	-5,917	61	86,397	83,570	80,480
Total public debt securities net of Premium and discount	45,233	130,156	112,312	4,326,466	4,411,389	4,456,622
Agency securities, issued under special financing authorities (see Schedule B for other Agency borrowing, see Schedule C)	1,626	1,930	667	24,682	24,987	26,613
Total federal securities	46,859	132,086	112,979	4,351,149	4,436,376	4,483,235
Deduct:						
Federal securities held as investments of government accounts (see Schedule D)	29,656	36,771	31,371	1,116,740	1,123,856	1,153,512
Less discount on federal securities held as investments of government accounts	-3,208	-6,037	-114	12,709	9,880	6,672
Net federal securities held as investments of government accounts	32,864	42,808	31,485	1,104,032	1,113,976	1,146,840
Total borrowing from the public	13,995	89,278	81,494	3,247,117	3,322,400	3,336,395
Accrued interest payable to the public	9,135	-656	-981	43,819	34,028	43,163
Allocations of special drawing rights	-51	-220	-479	6,950	6,780	6,730
Deposit funds	-4,204	-1,338	-557	5,975	8,841	4,637
Miscellaneous liability accounts (includes checks Outstanding etc.)	1,411	-2,517	8,257	2,928	-1,001	410
Total liability accounts	20,287	84,548	87,734	3,306,788	3,371,048	3,391,335
Asset accounts (deduct)						
Cash and monetary assets:						
U.S. Treasury operating cash: ¹						
Federal Reserve account	8,476	-2,480	-17,094	17,289	6,334	14,809
Tax and loan note accounts	8,937	-303	-11,804	35,217	25,977	34,914
Balance	17,412	-2,783	-28,899	52,506	32,310	49,723
Special drawing rights:						
Total holdings	-68	-179	-3,608	9,203	9,091	9,023
SDR certificates issued to Federal Reserve banks .....	.....	.....	2,000	-8,018	-8,018	-8,018
Balance	-68	-179	-1,608	1,185	1,073	1,005
Reserve position on the U.S. quota in the IMF:						
U.S. subscription to International Monetary Fund:						
Direct quota payments .....	.....	.....	12,063	31,762	31,762	31,762
Maintenance of value adjustments	-211	-1,127	-1,979	5,864	4,948	4,737
Letter of credit issued to IMF	58	79	-9,348	-25,514	-25,493	-25,435
Dollar deposits with the IMF	-6	-8	-20	-98	-100	-106
Receivable/Payable (-) for interim maintenance of value adjustments	143	763	1,276	90	710	853
Balance	-16	-292	1,991	12,103	11,827	11,811
Loans to International Monetary Fund .....	.....	.....	.....	(*)	(*)	(*)
Other cash and monetary assets	-2,830	54	-2,626	22,414	25,298	22,468
Total cash and monetary assets	14,499	-3,201	-31,141	88,208	70,508	85,007
Net activity, guaranteed loan financing	-576	-1,449	-677	-6,320	-7,193	-7,769
Net activity, direct loan financing	203	848	880	6,862	7,507	7,710
Miscellaneous asset accounts	-2,026	-3,527	-1,710	-636	-2,137	-4,164
Total asset accounts	12,100	-7,329	-32,648	88,114	68,685	80,785
Excess of liabilities (+) or assets (-)	+8,188	+91,877	+120,382	+3,218,674	+3,302,363	+3,310,551
Transactions not applied to current year's surplus or deficit (see Schedule a for Details)	64	178	83	.....	114	178
Total budget and off-budget federal entities (financing of deficit (+) or disposition of surplus (-))	+8,252	+92,055	+120,465	+3,218,674	+3,302,477	+3,310,729

¹Major sources of information used to determine Treasury's operating cash income include the Daily Balance Wires from Federal Reserve Banks, reporting from the Bureau of Public Debt, electronic transfers through the Treasury Financial Communication System and reconciling wires from Internal Revenue Centers. Operating cash is presented on a modified cash basis, deposits are reflected as received and withdrawals are reflected as processed.

... No Transactions.

(*) Less than \$500,000.

Note: Details may not add to totals due to rounding.

Table 6. Schedule A—Analysis of Change in Excess of Liabilities of the U.S. Government, December 1993 and Other Periods

[\$ millions]

Classification	This Month	Fiscal Year to Date	
		This Year	Prior Year
Excess of liabilities beginning of period:			
Based on composition of unified budget in preceding period	3,302,363	3,218,965	2,964,066
Adjustments during current fiscal year for changes in composition of unified budget:			
Reclassification of the Disaster Assistance Liquidating Account, FEMA, to a budgetary status			(* *)
Revisions by federal agencies to the prior budget results		-291	101
Reclassification of Thrift Savings Plan Clearing Accounts to a non-budgetary status			(* *)
Reclassification of Deposit in Transit Differences (Suspense) Clearing Accounts to a budgetary status			174
Excess of liabilities beginning of period (current basis)	3,302,363	3,218,674	2,964,341
Budget surplus (-) or deficit:			
Based on composition of unified budget in prior fiscal yr	8,252	92,055	120,465
Changes in composition of unified budget			
Total surplus (-) or deficit (Table 2)	8,252	92,055	120,465
Total-on-budget (Table 2)	22,263	104,992	107,930
Total-off-budget (Table 2)	-14,012	-12,936	12,535
Transactions not applied to current year's surplus or deficit:			
Seigniorage	-64	-178	-83
Total-transactions not applied to current year's Surplus or deficit	-64	-178	-83
Excess of liabilities close of period	3,310,551	3,310,551	3,084,722

Table 6. Schedule B—Securities issued by Federal Agencies Under Special Financing Authorities, December 1993 and Other Periods

[\$ millions]

Classification	Net Transactions (-) denotes net reduction of either Liability accounts			Account Balances Current Fiscal Year		
	This Month	Fiscal Year to Date		Beginning of		Close of This month
		This Year	Prior Year	This Year	This Month	
Agency securities, issued under special financing authorities:						
Obligations of the United States, issued by:						
Export-Import Bank of the United States				(* *)	(* *)	(* *)
Federal Deposit Insurance Corporation:						
Bank insurance fund				93	93	93
FSLIC resolution fund				943	943	943
Obligations guaranteed by the United States, issued by:						
Department of Defense:						
Family housing mortgages	(* *)	(* *)	(* *)	7	6	6
Department of Housing and Urban Development:						
Federal Housing Administration	(* *)	42	73	213	255	255
Department of the Interior:						
Bureau of Land Management				13	13	13
Department of Transportation:						
Coast Guard:						
Family housing mortgages				(* *)	(* *)	(* *)
Obligations not guaranteed by the United States, issued by:						
Legislative Branch:						
Architect of the Capitol	1	4	3	176	179	180
Independent agencies:						
Farm Credit System Financial Assistance Corporation				1,261	1,261	1,261
National Archives and Records Administration				302	302	302
Tennessee Valley Authority	1,624	1,885	590	21,675	21,935	23,560
Total, agency securities	1,626	1,930	667	24,682	24,987	26,613

... No Transactions.

(* *) Less than \$500,000.

Note: Details may not add to totals due to rounding.

Table 6. Schedule C (Memorandum)—Federal Agency Borrowing Financed Through the Issue of Public Debt Securities, December 1993 and Other Periods

[\$ millions]

Classification	Transactions			Account Balances Current Fiscal Year		
	This Month	Fiscal Year to Date		Beginning of		Close of This month
		This Year	Prior Year	This Year	This Month	
Borrowing from the Treasury:						
Funds Appropriated to the President:						
International Security Assistance:						
Guaranty reserve fund				348	348	348
Agency for International Development:						
Housing and other credit guaranty programs				125	125	125
Overseas Private Investment Corporation				8	8	8
Department of Agriculture:						
Foreign assistance programs			13	193	193	193
Commodity Credit Corporation	1,977	-13,250	-3,874	24,745	9,518	11,495
Farmers Home Administration:						
Agriculture credit insurance fund		-2,385	80	5,771	3,386	3,386
Self-help housing land development fund			(*)	1	1	1
Rural housing insurance fund			7	2,910	2,910	2,910
Rural Development Administration:						
Rural development insurance fund		-10	5	1,680	1,670	1,670
Rural development loan fund			1	5	5	5
Federal Crop Insurance Corporation:						
Federal crop insurance corporation fund				113	113	113
Rural Electrification Administration:						
Rural communication development fund		31		25	55	55
Rural electrification and telephone revolving fund	-38	242	36	8,099	8,379	8,341
Rural Telephone Bank	-16	16	(*)	802	834	818
Department of Commerce:						
Federal ship financing fund, NOAA			-2			
Department of Education:						
Guaranteed student loans				2,058	2,058	2,058
College housing and academic facilities fund		13		154	168	168
College housing loans				460	460	460
Department of Energy:						
Isotope production and distribution fund			1	13	13	13
Bonneville power administration fund		58	200	2,332	2,390	2,390
Department of Housing and Urban Development:						
Housing programs:						
Housing for the elderly and handicapped		-475	185	8,959	8,484	8,484
Public and Indian housing:						
Low-rent public housing				110	110	110
Department of the Interior:						
Bureau of Reclamation Loans			2	5	5	5
Bureau of Mines, Helium Fund				252	252	252
Bureau of Indian Affairs:						
Revolving funds for loans	(*)	(*)	(*)	17	17	17
Department of Justice:						
Federal prison industries, incorporated				20	20	20
Department of Transportation:						
Federal Railroad Administration:						
Railroad rehabilitation and improvement financing funds			8	8	8	8
Settlements of railroad litigation				-39	-39	-39
Amtrak corridor improvement loans			1	2	2	2
Regional rail reorganization program				39	39	39
Federal Aviation Administration:						
Aircraft purchase loan guarantee program		(*)	(*)	(*)	(*)	(*)
Department of the Treasury:						
Federal Financing Bank revolving fund	1,697	-1,141	-9,428	114,329	111,490	113,187
Department of Veterans Affairs:						
Loan guaranty revolving fund			-678	860	860	860
Guaranty and indemnity fund			8	83	83	83
Direct loan revolving fund			(*)	1	1	1
Vocational rehabilitation revolving fund	1	1	(*)	2	2	3
Environmental Protection Agency:						
Abatement, control, and compliance loan program		(*)	1	12	12	12
Small Business Administration:						
Business loan and revolving fund				3,203	3,203	3,203

Table 6. Schedule C (Memorandum)—Federal Agency Borrowing Financed Through the Issue of Public Debt Securities, December 1993 and Other Periods—Continued

[\$ millions]

Classification	Transactions			Account Balances Current Fiscal Year		
	This Month	Fiscal Year to Date		Beginning of		Close of This month
		This Year	Prior Year	This Year	This Month	
Borrowing for the Treasury:—Continued						
Other independent agencies:						
Export-Import Bank of the United States	-2	811	16	386	1,199	1,197
Federal Emergency Management Agency:						
National insurance development fund	125	125	6	42	42	167
Pennsylvania Avenue Development Corporation:						
Land aquisition and development fund .....	.....	.....	(* *)	76	76	76
Railroad Retirement Board:						
Railroad retirement account .....	.....	.....	.....	2,128	2,128	2,128
Social Security equivalent benefit account	258	716	739	2,690	3,148	3,405
Smithsonian Institution:						
John F. Kennedy Center parking facilities .....	.....	.....	.....	20	20	20
Tennessee Valley Authority .....	.....	.....	.....	150	150	150
Total agency borrowing from the Treasury financed through public debt securities issued	4,002	-15,248	-12,670	183,196	163,946	167,948
Borrowing from the Federal Financing Bank:						
Funds Appropriated to the President:						
Foreign military sales	-13	-38	-58	4,083	4,058	4,045
Department of Agriculture:						
Rural Electrification Administration	17	-75	-7	22,252	22,160	22,177
Farmers Home Administration:						
Agriculture credit insurance fund .....	.....	.....	.....	8,908	8,908	8,908
Rural housing insurance fund .....	.....	.....	.....	26,036	26,036	26,036
Rural development insurance fund .....	.....	.....	.....	3,675	3,675	3,675
Department of Defense:						
Department of the Navy .....	.....	.....	.....	1,624	1,624	1,624
Defense agencies .....	.....	.....	.....	-96	-96	-96
Department of Education:						
Student Loan Marketing Association .....	.....	-30	-30	4,790	4,760	4,760
Department of Health and Human Services, Except Social Security:						
Medical facilities guarantee and loan fund .....	(* *)	(* *)	.....	85	85	84
Department of Housing and Urban Development:						
Low rent housing loans and other expenses .....	.....	-54	-52	1,801	1,747	1,747
Community Development Grants	-1	-14	-10	131	118	117
Department of Interior:						
Territorial and international affairs .....	.....	.....	.....	23	23	23
Department of Transportation:						
Federal Railroad Administration	(* *)	-1	-1	17	17	16
Department of the Treasury:						
Financial Management Service .....	.....	-30	-21	30	.....	.....
General Services Administration:						
Federal buildings fund	9	61	391	1,436	1,488	1,497
Small Business Administration:						
Business loan and investment fund	-5	-20	-36	670	655	650
Independent agencies:						
Export-Import Bank of the United States	-485	-485	-490	5,795	5,795	5,309
Pennsylvania Avenue Development Corporation	10	27	16	150	166	176
Postal Service .....	.....	.....	537	9,732	9,732	9,732
Resolution Trust Corporation	1,500	-1,146	-9,332	31,688	29,042	30,542
Tennessee Valley Authority .....	.....	.....	-335	6,325	6,325	6,325
Washington Metropolitan Transit Authority	665	665	.....	177	177	842
Total borrowing from the Federal Financing Bank	1,697	-1,142	-9,428	129,332	126,493	128,190

Note: This table includes lending by the Federal Financing Bank accomplished by the purchase of agency financial assets, by the acquisition of agency debt securities, and by direct loans on behalf of an agency. The Federal Financing Bank borrows from Treasury and issues its own securities and in turn may loan these funds to agencies in lieu of agencies borrowing directly through Treasury or issuing their own securities.

... No Transactions.

(* *) Less than \$500,000.

Note: Details may not add to totals due to rounding.

Table 6. Schedule D—Investments of Federal Government Accounts in Federal Securities, December 1993 and Other Periods

[\$ millions]

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	
Federal funds:						
Department of Agriculture	1	3	-2	.....	2	3
Department of Commerce	5	2	.....	10	7	12
Department of Defense—Military:						
Defense cooperation account .....	.....	(* *)	-830	9	9	9
Department of Energy	-16	148	23	4,081	4,246	4,229
Department of Housing and Urban Development:						
Housing programs:						
Federal housing administration fund:						
Public debt securities	-201	-120	-422	5,214	5,295	5,094
Government National Mortgage Association:						
Management and liquidating functions fund:						
Public debt securities	1	1	(* *)	9	8	9
Agency securities .....	.....	.....	.....	20	20	20
Guarantees of mortgage-backed securities:						
Public debt securities	2	92	78	3,221	3,312	3,313
Agency securities	1	1	(* *)	1	1	2
Other	-50	-28	3	191	213	163
Department of the Interior:						
Public debt securities	-24	158	192	2,508	2,689	2,666
Department of Labor	-3,368	-6,560	-75	16,590	13,398	10,030
Department of Transportation	3	28	22	881	906	909
Department of the Treasury	-8	-67	1,774	5,773	5,714	5,706
Department of Veterans Affairs:						
Canteen service revolving fund	3	3	-2	38	38	41
Veterans reopened insurance fund	21	16	18	518	513	534
Servicemen's group life insurance fund	-109	-109	-25	150	150	41
Independent agencies:						
Export-Import Bank of the United States	381	541	221	76	237	618
Federal Deposit Insurance Corporation:						
Bank insurance fund	1,335	1,532	556	4,325	4,522	5,857
Savings association insurance fund	-7	-6	1	1,283	1,285	1,277
FSLIC resolution fund:						
Public debt securities	139	741	359	828	1,431	1,569
Federal Emergency Management Agency:						
National flood insurance fund .....	.....	-71	12	71	.....	.....
National Credit Union Administration	18	6	48	2,764	2,753	2,771
Postal Service	8	1,073	648	3,027	4,092	4,100
Tennessee Valley Authority	1,619	1,570	-296	3,452	3,403	5,022
Other	1	2	-11	853	854	855
Other	251	-161	52	2,715	2,303	2,554
Total public debt securities	4	-1,207	2,343	58,589	57,378	57,382
Total agency securities	1	1	(* *)	21	21	22
Total Federal funds	5	-1,206	2,343	58,610	57,399	57,404
Trust funds:						
Legislative Branch:						
Library of Congress	(* *)	4	2	1	6	5
United States Tax Court .....	.....	(* *)	(* *)	4	5	5
Other	(* *)	(* *)	(* *)	27	26	27
The Judiciary:						
Judicial retirement funds	4	20	3	212	229	233
Department of Agriculture	(* *)	179	-1	5	184	184
Department of Commerce .....	.....	(* *)	(* *)	.....	(* *)	(* *)
Department of Defense—Military:						
Voluntary separation incentive fund	2	-43	.....	844	799	801
Other	1	5	1	151	156	157
Department of Defense—Civil:						
Military retirement fund	-1,196	13,140	12,998	96,690	111,026	109,830
Other	-13	8	136	1,213	1,234	1,221

Table 6. Schedule D—Investments of Federal Government Accounts in Federal Securities, December 1993 and Other Periods—Continued

[\$ millions]

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	
Trust Funds—Continued						
Department of Health and Human Services, except Social Security:						
Federal hospital insurance trust fund:						
Public debt securities	4,496	2,726	3,938	126,078	124,309	128,804
Federal supplementary medical insurance trust fund	879	1,594	5,800	23,268	23,983	24,862
Other	8	30	27	659	682	690
Department of Health and Human Services, Social Security:						
Federal old-age and survivors insurance trust fund:						
Public debt securities	14,338	13,825	213	355,510	354,997	369,335
Federal disability insurance trust fund	-407	-1,227	-1,697	10,237	9,416	9,010
Department of the Interior:						
Public debt securities	12	118	-77	184	290	302
Department of Justice	-24	82	169	.....	106	82
Department of Labor:						
Unemployment trust fund	-983	-730	-1,621	36,607	36,860	35,877
Other	-11	-28	-30	53	35	25
Department of State:						
Foreign Service retirement and disability fund	-8	5	322	6,662	6,675	6,667
Other	50	12	.....	38	(" ")	50
Department of Transportation:						
Highway trust fund	803	-310	266	22,004	20,891	21,694
Airport and airway trust fund	-175	165	-64	12,672	13,012	12,837
Other	-15	1	53	1,675	1,690	1,676
Department of the Treasury	-15	-78	-81	209	147	132
Department of Veterans Affairs:						
General post fund, national homes .....	.....	(" ")	.....	39	38	38
National service life insurance:						
Public debt securities	440	318	404	11,666	11,544	11,984
United States government life Insurance Fund	(" ")	-3	-1	125	122	122
Veterans special life insurance fund	59	47	55	1,462	1,450	1,508
Environmental Protection Agency	88	74	132	5,477	5,463	5,551
National Aeronautics and Space Administration	(" ")	(" ")	(" ")	16	16	16
Office of Personnel Management:						
Civil service retirement and disability fund:						
Public debt securities	11,196	7,630	7,604	311,705	308,139	319,335
Employees health benefits fund	173	250	199	6,794	6,871	7,044
Employees life insurance fund	10	320	318	13,688	13,998	14,008
Retired employees health benefits fund	(" ")	(" ")	(" ")	1	1	1
Independent agencies:						
Harry S. Truman memorial scholarship trust fund	(" ")	(" ")	1	52	52	52
Japan-United States Friendship Commission	(" ")	-1	(" ")	17	16	16
Railroad Retirement Board	-60	-162	-44	11,961	11,859	11,799
Other	1	4	2	125	128	129
Total public debt securities	29,651	37,977	29,028	1,058,131	1,066,456	1,096,108
Total trust funds	29,651	37,977	29,028	1,058,131	1,066,456	1,096,108
Grand total	29,656	36,771	31,371	1,116,740	1,123,856	1,153,512

... No Transactions
 (" ") Less than \$500,000.

Note: Investments are in public debt securities unless otherwise noted.
 Note: Details may not add to totals due to rounding.

Table 7. Receipts and Outlays of the U.S. Government by Month, Fiscal Year 1994
 [\$ millions]

Classification	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Fiscal Year To Date	Com-parable Period Prior F.Y.
Receipts:														
Individual income taxes	37,680	37,634	54,183										129,497	121,548
Corporation income taxes	2,158	2,208	28,239										32,604	26,525
Social insurance taxes and contributions:														
Employment taxes and contributions	29,440	31,525	33,273										94,238	89,651
Unemployment insurance	1,046	2,773	259										4,078	3,549
Other retirement contributions	343	385	423										1,150	1,213
Excise taxes	3,597	4,808	4,695										13,101	11,766
Estate and gift taxes	990	1,305	1,179										3,475	2,940
Customs duties	1,708	1,688	1,584										4,980	4,708
Miscellaneous receipts	1,706	781	1,582										4,069	3,233
Total—Receipts this year	78,668	83,107	125,416										287,191	.....
(On-budget)	55,864	58,700	99,721										214,285	.....
(Off-budget)	22,804	24,407	25,694										72,905	.....
<i>Total—Receipts prior year</i>	<i>76,824</i>	<i>74,625</i>	<i>113,683</i>										<i>.....</i>	<i>265,132</i>
<i>(On budget)</i>	<i>55,048</i>	<i>51,211</i>	<i>89,586</i>										<i>.....</i>	<i>195,845</i>
<i>(Off budget)</i>	<i>21,776</i>	<i>23,414</i>	<i>24,096</i>										<i>.....</i>	<i>69,286</i>
Outlays														
Legislative Branch	378	206	204										787	608
The Judiciary	158	219	190										568	481
Executive Office of the President	20	18	16										53	54
Funds Appropriated to the President:														
International Security Assistance	3,302	397	366										4,065	4,247
International Development Assistance	557	351	242										1,150	1,107
Other	133	348	17										498	316
Department of Agriculture:														
Foreign assistance, special export programs and Commodity Credit Corporation	900	2,263	2,614										5,777	7,274
Other	3,993	4,886	3,794										12,673	12,046
Department of Commerce	264	277	282										823	802
Department of Defense:														
Military:														
Military personnel	6,634	5,357	8,626										20,617	21,942
Operation and maintenance	6,413	7,049	6,953										20,415	21,931
Procurement	5,131	5,132	5,746										16,009	18,000
Research, development, test, and evaluation	2,987	2,875	2,949										8,810	9,092
Military construction	404	388	390										1,182	1,320
Family housing	226	208	241										675	701
Revolving and management funds	1,568	816	275										2,659	1,690
Defense cooperation account	(*)	(*)	(*)										(*)	-37
Other	-217	-27	572										328	211
Total Military	23,147	21,796	25,752										70,695	74,848
Civil	2,550	2,515	2,550										7,614	7,508
Department of Education	1,805	3,356	2,535										7,697	7,672
Department of Energy	1,710	1,723	1,492										4,925	4,654
Department of Health and Human Services, except Social Security:														
Public Health Service	1,467	1,700	1,633										4,799	4,487
Health Care Financing Administration:														
Grants to States for Medicaid	7,394	6,626	7,088										21,107	18,127
Federal hospital ins. trust fund	7,432	8,006	9,319										24,758	21,971
Federal supp. med. ins. trust fund	4,650	4,838	5,846										15,334	13,609
Other	3,783	3,801	3,782										11,366	14,239
Social Security Administration	2,970	2,061	3,892										8,923	8,559
Administration for children and families	2,797	2,723	2,828										8,348	6,817
Other	-5,060	-5,060	-5,094										-15,214	-18,440
Department of Health and Human Services, Social Security:														
Federal old-age and survivors ins. trust fund	22,546	22,554	22,927										68,027	86,876
Federal disability ins. trust fund	2,992	2,998	2,991										8,981	10,555
Other	-977	-7	-17										-1,001	-1,549

Table 7. Receipts and Outlays of the U.S. Government by Month, Fiscal Year 1994—Continued
 [\$ millions]

Classification	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Fiscal Year To Date	Comparable Period Prior F.Y.
Outlays—Continued														
Department of Housing and Urban Development	2,645	2,415	2,309										7,368	6,873
Department of the Interior	527	600	514										1,640	1,645
Department of Justice	749	905	773										2,427	2,977
Department of Labor:														
Unemployment trust fund	2,710	2,762	3,146										8,617	9,620
Other	652	61	673										1,386	748
Department of State	843	586	478										1,908	1,794
Department of Transportation:														
Highway trust fund	1,774	1,601	1,516										4,891	4,286
Other	1,377	1,651	2,224										5,253	4,574
Department of the Treasury:														
Interest on the public debt	17,638	22,260	52,712										92,611	92,162
Other	-102	75	983										956	-241
Department of Veterans Affairs:														
Compensation and pensions	1,400	1,406	2,748										5,553	5,396
National service life	66	57	75										197	115
United States government life	2	1	2										5	4
Other	1,338	1,705	1,613										4,656	4,386
Environmental Protection Agency	430	506	458										1,394	1,461
General Services Administration	239	-489	384										134	421
National Aeronautics and Space Administration	1,079	1,214	1,191										3,484	3,681
Office of Personnel Management	3,335	2,879	3,079										9,293	8,662
Small Business Administration	14	146	49										209	252
Independent agencies:														
Fed. Deposit Ins. Corp.:														
Bank insurance funds	52	-182	-1,322										-1,452	-518
Savings association fund	-5	4	8										7	-1
FSLIC resolution fund	(* *)	8	-140										-133	282
Postal Service:														
Public enterprise funds (off-budget)	-509	-237	146										-600	225
Payment to the Postal Service fund	61												61	69
Resolution Trust Corporation	7	-1,169	2,471										1,310	-7,598
Tennessee Valley Authority	106	168	101										374	692
Other independent agencies	1,705	2,048	991										4,744	4,865
Undistributed offsetting receipts:														
Employer share, employee retirement	-2,572	-2,449	-2,592										-7,613	-7,532
Interest received by trust funds	-359	-5,173	-36,027										-41,560	-39,856
Rents and royalties on outer continental shelf lands	-21	-461	-145										-627	-716
Other	(* *)	(* *)	(* *)										(* *)	(* *)
Totals this year:														
Total outlays	124,090	121,488	133,667										379,246	.....
(On-budget)	100,568	96,724	121,985										319,277	.....
(Off-budget)	23,523	24,764	11,683										59,969	.....
Total-surplus (+) or deficit (-)	-45,422	-38,381	-8,252										-92,055	.....
(On-budget)	-44,704	-38,024	-22,263										-104,992	.....
(Off-budget)	-719	-357	+14,012										+12,936	.....
Total borrowing from the public	4,255	71,028	13,995										89,278	81,494
<i>Total-outlays prior year</i>	<i>125,616</i>	<i>107,351</i>	<i>152,629</i>										.....	<i>385,596</i>
<i>(On-budget)</i>	<i>103,775</i>	<i>83,432</i>	<i>116,568</i>										.....	<i>303,775</i>
<i>(Off-budget)</i>	<i>21,841</i>	<i>23,919</i>	<i>36,061</i>										.....	<i>81,821</i>
<i>Total-surplus (+) or deficit (-) prior year</i>	<i>-48,792</i>	<i>-32,726</i>	<i>-38,947</i>										.....	<i>-120,465</i>
<i>(On-budget)</i>	<i>-48,727</i>	<i>-32,221</i>	<i>-26,982</i>										.....	<i>-107,930</i>
<i>(Off-budget)</i>	<i>-65</i>	<i>-505</i>	<i>-11,965</i>										.....	<i>-12,535</i>

... No transactions.

(* *) Less than \$500,000.

Note: Details may not add to totals due to rounding.

Table 8. Trust Fund Impact on Budget Results and Investment Holdings as of December 31, 1993

[\$ millions]

Classification	This Month			Fiscal Year to Date			Securities held as Investments Current Fiscal Year		
	Receipts	Outlays	Excess	Receipts	Outlays	Excess	Beginning of		Close of This Month
							This Year	This Month	
Trust receipts, outlays, and investments held:									
Airport	867	898	-31	1,758	1,578	180	12,672	13,012	12,837
Black lung disability	54	51	2	149	150	-1	.....	.....	.....
Federal disability insurance	2,869	2,991	-122	7,639	8,981	-1,342	10,237	9,416	9,010
Federal employees life and health .....	.....	-174	174	.....	-384	384	20,484	20,871	21,054
Federal employees retirement	14,476	3,012	11,465	16,915	9,000	7,915	318,583	315,048	326,239
Federal hospital insurance	12,725	9,319	3,406	26,446	24,758	1,688	126,078	124,309	128,804
Federal old-age and survivors insurance	37,207	22,927	14,280	81,706	68,027	13,679	355,510	354,997	369,335
Federal supplementary medical insurance	6,077	5,846	230	16,189	15,334	856	23,268	23,983	24,862
Highways	2,132	1,665	467	5,088	5,317	-229	22,004	20,891	21,694
Military advances	1,260	1,223	36	3,193	3,346	-153	.....	.....	.....
Railroad retirement	353	660	-307	1,107	1,929	-822	11,961	11,859	11,799
Military retirement	920	2,182	1,263	20,025	6,588	13,437	96,690	111,026	109,830
Unemployment	2,217	3,146	-929	7,809	8,617	-808	36,607	36,860	35,877
Veterans life insurance	567	36	531	630	233	397	13,253	13,116	13,615
All other trust	411	419	-8	1,073	908	165	10,784	11,069	11,153
Total trust fund receipts and outlays and investments held from Table 6-D	82,133	54,201	27,932	189,726	154,382	35,343	1,058,131	1,066,456	1,096,108
Less: Interfund transactions	43,182	43,182	.....	76,076	76,076	.....	.....	.....	.....
Trust fund receipts and outlays on the basis of Tables 4 & 5	38,951	11,019	27,932	113,650	78,307	35,343	.....	.....	.....
Total Federal fund receipts and outlays	89,231	125,414	-36,184	181,420	308,819	-127,399	.....	.....	.....
Less: Interfund transactions	19	19	.....	253	253	.....	.....	.....	.....
Federal fund receipts and outlays on the basis of Table 4 & 5	89,211	125,395	-36,184	181,167	308,566	-127,399	.....	.....	.....
Less: offsetting proprietary receipts	2,747	2,747	.....	7,626	7,626	.....	.....	.....	.....
Net budget receipts & outlays	125,416	133,667	-8,252	287,191	379,246	-92,055	.....	.....	.....

..... No transactions.

Note: Interfund receipts and outlays are transactions between Federal funds and trust funds such as Federal payments and contributions, and interest and profits on investments in Federal securities. They have no net effect on overall budget receipts and outlays since the receipts side of such transactions is offset against budget outlays. In this table, Interfund receipts are shown as an adjustment to arrive at total receipts and outlays of trust funds respectively.

Note: Details may not add to totals due to rounding.

Table 9. Summary of Receipts by Source, and Outlays by Function of the U.S. Government, December 1993 and Other Periods

[\$ millions]

Classification	This Month	Fiscal Year To Date	Comparable Period Prior Fiscal Year
RECEIPTS			
Individual income taxes	54,183	129,497	121,548
Corporation income taxes	28,239	32,604	26,525
Social insurance taxes and contributions:			
Employment taxes and contributions	33,273	94,238	89,651
Unemployment insurance	259	4,078	3,549
Other retirement contributions	423	1,150	1,213
Excise taxes	4,695	13,101	11,766
Estate and gift taxes	1,179	3,475	2,940
Customs	1,584	4,980	4,708
Miscellaneous	1,582	4,069	3,233
Total	125,416	287,191	265,132
NET OUTLAYS			
National defense	26,809	74,080	77,973
International affairs	548	7,244	7,319
General science, space, and technology	1,496	4,439	4,593
Energy	385	1,320	1,661
Natural resources and environment	1,567	6,263	6,683
Agriculture	3,074	6,753	7,808
Commerce and housing credit	1,126	143	-6,556
Transportation	3,714	10,095	8,880
Community and Regional Development	772	2,600	2,453
Education, training, employment and social services	4,455	13,139	12,287
Health	8,906	26,897	23,632
Medicare	13,803	36,023	31,074
Income security	19,771	53,877	50,914
Social Security	25,917	77,012	97,430
Veterans benefits and services	4,469	10,486	9,969
Administration of justice	1,244	3,560	3,633
General government	1,708	3,665	4,939
Interest	16,638	49,891	49,152
Undistributed offsetting receipts	-2,737	-8,240	-8,247
Total	133,667	379,246	385,596

Note: Details may not add to totals due to rounding.

Explanatory Notes

1. Flow of Data Into Monthly Treasury Statement

The *Monthly Treasury Statement (MTS)* is assembled from data in the central accounting system. The major sources of data include monthly accounting reports by Federal entities and disbursing officers, and daily reports from the Federal Reserve banks. These reports detail accounting transactions affecting receipts and outlays of the Federal Government and off-budget Federal entities, and their related effect on the assets and liabilities of the U.S. Government. Information is presented in the *MTS* on a modified cash basis.

2. Notes on Receipts

Receipts included in the report are classified into the following major categories: (1) budget receipts and (2) offsetting collections (also called applicable receipts). Budget receipts are collections from the public that result from the exercise of the Government's sovereign or governmental powers, excluding receipts offset against outlays. These collections, also called governmental receipts, consist mainly of tax receipts (including social insurance taxes), receipts from court fines, certain licenses, and deposits of earnings by the Federal Reserve System. Refunds of receipts are treated as deductions from gross receipts.

Offsetting collections are from other Government accounts or the public that are of a business-type or market-oriented nature. They are classified into two major categories: (1) offsetting collections credited to appropriations or fund accounts, and (2) offsetting receipts (i.e., amounts deposited in receipt accounts). Collections credited to appropriation or fund accounts normally can be used without appropriation action by Congress. These occur in two instances: (1) when authorized by law, amounts collected for materials or services are treated as reimbursements to appropriations and (2) in the three types of revolving funds (public enterprise, intragovernmental, and trust); collections are netted against spending, and outlays are reported as the net amount.

Offsetting receipts in receipt accounts cannot be used without being appropriated. They are subdivided into two categories: (1) proprietary receipts—these collections are from the public and they are offset against outlays by agency and by function, and (2) intragovernmental funds—these are payments into receipt accounts from Governmental appropriation or funds accounts. They finance operations within and between Government agencies and are credited with collections from other Government accounts. The transactions may be intrabudgetary when the payment and receipt both occur within the budget or from receipts from off-budget Federal entities in those cases where payment is made by a Federal entity whose budget authority and outlays are excluded from the budget totals.

Intrabudgetary transactions are subdivided into three categories: (1) interfund transactions, where the payments are from one fund group (either Federal funds or trust funds) to a receipt account in the other fund group; (2) Federal intrafund transactions, where the payments and receipts both occur within the Federal fund group; and (3) trust intrafund transactions, where the payments and receipts both occur within the trust fund group.

Offsetting receipts are generally deducted from budget authority and outlays by function, by subfunction, or by agency. There are four types of receipts, however, that are deducted from budget totals as undistributed offsetting receipts. They are: (1) agencies' payments (including payments by off-budget Federal entities) as employers into employees retirement funds, (2) interest received by trust funds, (3) rents and royalties on the Outer Continental Shelf lands, and (4) other interest (i.e., interest collected on Outer Continental Shelf money in deposit funds when such money is transferred into the budget).

3. Notes on Outlays

Outlays are generally accounted for on the basis of checks issued, electronic funds transferred, or cash payments made. Certain outlays do not require issuance of cash or checks. An example is charges made against appropriations for that part of employees' salaries withheld for taxes or savings bond allotments — these are counted as payments to

the employee and credits for whatever purpose the money was withheld. Outlays are stated net of offsetting collections (including receipts of revolving and management funds) and of refunds. Interest on the public debt (public issues) is recognized on the accrual basis. Federal credit programs subject to the Federal Credit Reform Act of 1990 use the cash basis of accounting and are divided into two components. The portion of the credit activities that involve a cost to the Government (mainly subsidies) is included within the budget program accounts. The remaining portion of the credit activities are in non-budget financing accounts. Outlays of off-budget Federal entities are excluded by law from budget totals. However, they are shown separately and combined with the on-budget outlays to display total Federal outlays.

4. Processing

The data on payments and collections are reported by account symbol into the central accounting system. In turn, the data are extracted from this system for use in the preparation of the *MTS*.

There are two major checks which are conducted to assure the consistency of the data reported:

1. Verification of payment data. The monthly payment activity reported by Federal entities on their Statements of Transactions is compared to the payment activity of Federal entities as reported by disbursing officers.
2. Verification of collection data. Reported collections appearing on Statements of Transactions are compared to deposits as reported by Federal Reserve banks.

5. Other Sources of Information About Federal Government Financial Activities

- *A Glossary of Terms Used in the Federal Budget Process, March 1981* (Available from the U.S. General Accounting Office, Gaithersburg, Md. 20760). This glossary provides a basic reference document of standardized definitions of terms used by the Federal Government in the budgetmaking process.

- *Daily Treasury Statement* (Available from GPO, Washington, D.C. 20402, on a subscription basis only). *The Daily Treasury Statement* is published each working day of the Federal Government and provides data on the cash and debt operations of the Treasury.

- *Monthly Statement of the Public Debt of the United States* (Available from GPO, Washington, D.C. 20402 on a subscription basis only). This publication provides detailed information concerning the public debt.

- *Treasury Bulletin* (Available from GPO, Washington, D.C. 20402, by subscription or single copy). Quarterly. Contains a mix of narrative, tables, and charts on Treasury issues, Federal financial operations, international statistics, and special reports.

- *Budget of the United States Government, Fiscal Year 19* — (Available from GPO, Washington, D.C. 20402). This publication is a single volume which provides budget information and contains:

- Appendix, *The Budget of the United States Government, FY 19* —
- The United States Budget in Brief, FY 19* —
- Special Analyses*
- Historical Tables*
- Management of the United States Government*
- Major Policy Initiatives*

- *United States Government Annual Report and Appendix* (Available from Financial Management Service, U.S. Department of the Treasury, Washington, D.C. 20227). This annual report represents budgetary results at the summary level. The appendix presents the individual receipt and appropriation accounts at the detail level.

Scheduled Release

The release date for the January 1994 Statement will be 2:00 pm EST February 22, 1994.

For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402 (202) 783-3238. The subscription price is \$27.00 per year (domestic), \$33.73 per year (foreign).
No single copies are sold.



PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239
FOR IMMEDIATE RELEASE
January 25, 1994

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 2-YEAR NOTES

Tenders for \$17,040 million of 2-year notes, Series AC-1996, to be issued January 31, 1994 and to mature January 31, 1996 were accepted today (CUSIP: 912827N57).

The interest rate on the notes will be 4%. All competitive tenders at yields lower than 4.11% were accepted in full. Tenders at 4.11% were allotted 43%. All noncompetitive and successful competitive bidders were allotted securities at the yield of 4.11%, with an equivalent price of 99.791. The median yield was 4.09%; that is, 50% of the amount of accepted competitive bids were tendered at or below that yield. The low yield was 4.05%; that is, 5% of the amount of accepted competitive bids were tendered at or below that yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	<u>Received</u>	<u>Accepted</u>
TOTALS	\$48,617,280	\$17,040,220

The \$17,040 million of accepted tenders includes \$822 million of noncompetitive tenders and \$16,218 million of competitive tenders from the public.

In addition, \$1,010 million of tenders was awarded at the high yield to Federal Reserve Banks as agents for foreign and international monetary authorities. An additional \$339 million of tenders was also accepted at the high yield from Federal Reserve Banks for their own account in exchange for maturing securities.

TREASURY



NEWS

1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR RELEASE AT 2:30 P.M.
January 25, 1994

CONTACT: Office of Financing
202/219-3350

TREASURY'S WEEKLY BILL OFFERING

The Treasury will auction two series of Treasury bills totaling approximately \$25,200 million, to be issued February 3, 1994. This offering will result in a paydown for the Treasury of about \$675 million, as the maturing weekly bills are outstanding in the amount of \$25,883 million.

Federal Reserve Banks hold \$6,416 million of the maturing bills for their own accounts, which may be refunded within the offering amount at the weighted average discount rate of accepted competitive tenders.

Federal Reserve Banks hold \$3,016 million as agents for foreign and international monetary authorities, which may be refunded within the offering amount at the weighted average discount rate of accepted competitive tenders. Additional amounts may be issued for such accounts if the aggregate amount of new bids exceeds the aggregate amount of maturing bills.

Tenders for the bills will be received at Federal Reserve Banks and Branches and at the Bureau of the Public Debt, Washington, D. C. This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular (31 CFR Part 356, published as a final rule on January 5, 1993, and effective March 1, 1993) for the sale and issue by the Treasury to the public of marketable Treasury bills, notes, and bonds.

Details about each of the new securities are given in the attached offering highlights.

oOo

Attachment

**HIGHLIGHTS OF TREASURY OFFERINGS OF WEEKLY BILLS
TO BE ISSUED FEBRUARY 3, 1994**

January 25, 1994

<u>Offering Amount</u>	\$12,600 million	\$12,600 million
<u>Description of Offering:</u>		
Term and type of security	91-day bill	182-day bill
CUSIP number	912794 K4 5	912794 M6 8
Auction date	January 31, 1994	January 31, 1994
Issue date	February 3, 1994	February 3, 1994
Maturity date	May 5, 1994	August 4, 1994
Original issue date	May 6, 1993	February 3, 1994
Currently outstanding	\$27,791 million	---
Minimum bid amount	\$10,000	\$10,000
Multiples	\$ 1,000	\$ 1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

- | | |
|-------------------------------|--|
| Noncompetitive bids | Accepted in full up to \$1,000,000 at the average discount rate of accepted competitive bids |
| Competitive bids | (1) Must be expressed as a discount rate with two decimals, e.g., 7.10%. |
| | (2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is \$2 billion or greater. |
| | (3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders. |

Maximum Recognized Bid

at a Single Yield 35% of public offering

Maximum Award 35% of public offering

Receipt of Tenders:

- | | |
|----------------------------------|--|
| Noncompetitive tenders | Prior to 12:00 noon Eastern Standard time on auction day |
| Competitive tenders | Prior to 1:00 p.m. Eastern Standard time on auction day |

Payment Terms Full payment with tender or by charge to a funds account at a Federal Reserve Bank on issue date

DEPARTMENT OF THE TREASURY

TREASURY



NEWS

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FOR IMMEDIATE RELEASE
Text as Prepared for Delivery
January 26, 1994

REMARKS OF TREASURY SECRETARY LLOYD BENTSEN
NATIONAL ASSOCIATION OF MANUFACTURERS
WASHINGTON, D.C.

FOR IMMEDIATE RELEASE
Text as Prepared for Delivery
January 26, 1994

REMARKS OF TREASURY SECRETARY LLOYD BENTSEN
NATIONAL ASSOCIATION OF MANUFACTURERS
WASHINGTON, D.C.

I just got back from a 12-day trip, went to five countries, and logged 51 hours on an airplane.

Before I left, I thought: "This trip, with so many time zones, is going to be tough." So, I went to the pharmacy to pick up some sleeping pills and to fill a prescription for cholesterol medicine.

On the cholesterol pills, the pharmacist said: \$190.

I wasn't looking for a bargain, but that sounded awfully high. I'm a price-conscious consumer. So, I told him I belonged to a health plan, and he said: "Oh, then it's just \$80!"

Sleeping pills -- they went from \$14 to 90 cents.

You can talk health care in the abstract. Talk about spending 14 percent of GNP, or a trillion dollars this year, but how many Americans have ever seen a trillion dollars?

I see \$190 vs. \$80 for one prescription -- and I see a system that's gone haywire, and that's what we're going to talk about. I'm going to talk straight -- real straight -- and who knows, I may even have a few surprises for you.

You just heard from Jim Cooper, and I'm sure you heard the President last night.

We're about mid-way in the first quarter on this one. Sam Rayburn used to say, when two men agree on everything, one of them is doing all of the thinking. We still have many thinkers on the field -- in addition to the President's, something like six proposals. You'll see a lot of fleshing out of alternatives.

By the way, before I get into this, Jerry Jasinowski and I go way back. Jerry worked on the Joint Economic Committee in the late '70s, when I took my first trip to the Far East to see how we could help American business do more selling to Asia.

This trip, I also went as a salesman. What I saw was an exploding market -- and our manufacturers and financial services industry must be a part of it.

The point I want to make is that the Joint Economic Committee got together that year. I was the Committee Chairman, and Democrats and Republicans came together, for the first time, and issued a joint report.

Now, they tell me it was not only the first time, it was also the last time. They haven't done it since.

Well, I think this year you'll see a coming together, on a bipartisan basis, on a sensible health care plan.

In fact, let's be real sensible about this.

It doesn't make any sense to me that our nation accounts for 40 percent of all health care spending in this world, but we only have 5 percent of the population.

It doesn't make any sense that what we get for all that additional spending is a lower proportion of citizens with health insurance coverage than the other industrial countries.

And listen to this: a typical insurance policy here provides less coverage than in the other industrial countries.

I worry that in the last five years, we've lost 1.7 million manufacturing jobs, while gaining 1.7 million health care jobs. It's nice to be healthy, but unless we have a strong manufacturing base, we won't be able to pay our hospital bills.

We have a problem with crime in this country. A top priority of mine, and the law enforcement functions we have at Treasury, is to get guns off the streets.

I've heard that each year we spend over \$14 billion treating gunshot wounds. And 85 percent of that is taxpayer subsidized. You and I pay for that.

Throughout my public life, many of you have come to me seeking comprehensive reform. You have never seen a more ardent advocate for reform than this President. Never. He has put a bold proposal on the table, a proposal with many components that I know you embrace.

Let's talk about where we agree.

We agree on universal coverage within an employment-based system.

We agree on portability regardless of where you work or your health status. We need to reduce job lock and to start agreeing to insure unhealthy people, instead of only healthy ones.

We agree we need more in the way of preventive medicine -- immunizations, and the like -- so doctors don't have to see children come into an emergency room seriously ill because their parents couldn't afford a shot for them.

We agree consumers need more information -- need to know about the quality and the costs of their care.

And we agree that to be effective a plan must achieve real cost containment. Head-on, we're tackling costs.

Last year, health care prices rose less than they've risen in 20 years, and I think it's because of what we're proposing and of your efforts to trim costs. But those prices still rose twice as fast as the consumer price index.

This plan has serious cost containment; the first line of defense is more aggressive private sector competition -- but we back it up with limits on premium increases as a fail-safe. We phase in coverage, and we've put a limit on the amount of funds available to finance premium discounts.

We've labored over finances. It's fiscally responsible. If we do nothing, that would be fiscally irresponsible.

We've run the numbers through many a computer, worked them over at Treasury, hired outside experts to scrub them.

I am fully aware that when you do something this big, it's subjective. So we insisted on some circuit breakers to ensure that the plan pays for itself and makes headway on the deficit.

We stretched out the phasing in of the program, so if something isn't working, we can change it.

We've had experience with runaway entitlements and the President has made it clear that he will not support a plan that could become another runaway entitlement. He won't do it.

If someone can convincingly demonstrate that the numbers are wrong, we'll modify the plan to make it right.

In this town, you don't do anything big anymore unless it's going to reduce the long-term deficit. For all those skeptics who didn't believe that this Administration and this Congress could cut the deficit, here we are more than \$65 billion ahead of projections and more than \$120 billion ahead of what it would have been if we had done nothing. I say we're earning some credibility.

Now, let's talk differences.

When you're real sick, you go to another doctor for a second opinion.

On something that affects one-seventh of this country's economy, we're looking for some second opinions. And maybe some third and fourth opinions. The President has said he's willing to modify his proposal -- that's not a standard line you hear out of a President.

But he's willing to make modifications, so long as reform achieves his goal of universal coverage with a defined set of benefits. Without defined benefits, you as employers and we as public officials have no way of evaluating the true costs.

One at a time, let's look at our differences.

First, the alliance structure. I know this is a major issue for you. You think the 5,000 employee threshold for joining regional alliances is too high. You want it reduced to 500.

We hear you. We're willing to discuss this and other details of our plan.

Let me explain how the Administration came up with the number, because this is one of the issues we debated extensively.

You recommended to us that companies should have the chance to self insure, to opt out as they do today under ERISA. That recommendation weighed heavily in our thinking, and we said any firm with more than 5,000 employees could form its own alliance.

We got the concept right, but the President couldn't have been more clear when he said we're open for discussion on this as well as other issues.

Here's the problem. We can't agree to so low a threshold that everybody opts out and only the smallest companies and individuals remain in the alliances. This is not just a philosophical issue, it's an employer cost issue.

I used to run an insurance company. I know how these things work, and to hold down premium costs it's critical that the alliances be large enough that the risk can be spread.

Insofar as businesses having their own alliances and being charged 1 percent more -- there's a very valid reason for that. Businesses (especially manufacturers) don't go out of their way to hire the sick or older worker.

How many times have I seen factories close in cities and new ones go up in the middle of a green field? Why? So you can attract young, healthy workers who don't have big pensions and big salaries yet.

Regional alliances must take all comers. Like the older worker; or the very sick, who today can't buy any coverage because they have pre-existing conditions.

And speaking as the fellow who helps run the books of this country, I have an obligation to make sure that we don't watch companies opt out when they're too small. And later, when they can't cover their costs, the American taxpayer pays the price. I will oppose that.

Some say the number should be 100. I'm troubled by that number. We have to work carefully with the actuaries and the benefit managers. We shouldn't just pick a number out of thin air. It has to be driven by consideration of risk.

So, as far as the threshold, let's work together on this.

Two, the benefit package. You think we're too generous. We thought about limiting the coverage required under the plan. You know where I've been in the past on that one -- the incremental approach. I've agreed with you.

The problem is, when you're talking something this comprehensive, if you fail to have a standard package that includes benefits that people use, you risk losing the cost containment war.

Say some service is not covered, like mental health -- well, there's little incentive for doctors to be cost conscious on that one, is there? If you don't cover, say substance abuse, the provider can charge whatever they wish -- driving the costs up.

When I watch your companies squeeze the fat -- not much is sacred. The more corners you squeeze from, the more you get out.

So, it's a matter of economics. Insofar as saving money for you and your employees, we do it better if we put a comprehensive package out there -- containing growth in all health spending -- rather than just a narrow group of services.

Six, tort reform. You say we don't go far enough, and I suspect that's an issue we'll debate extensively.

But let's not get wound up on this because there's a misconception on how much of a burden malpractice insurance is in running a practice. We have a situation where, on average, that insurance is two to three percent of a physician's annual costs. That's all -- two to three percent.

We think ours is a good proposal, but we're willing to go back to the drawing board if you have a better idea.

Seven, ERISA. For those of you who are multi-state employers, ERISA is a serious issue. Some of you may know that I had a little something to do with ERISA 20 years ago. A fellow I knew in Houston -- he was a Sunday School teacher at our church -- had worked for a company 29 years. At that time, at that company, you had to have worked there 30 years to be vested.

In his 29th year they fired him -- so they wouldn't have to pay his pension. I went to Russell Long, and with Russell and Jake Javits, I spent a lot of time on it, and we got it enacted.

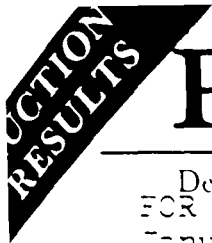
I'm well acquainted with how it's been expanded to cover health benefits. And I am well acquainted with your concerns. I think some of them have been addressed -- like the uniform benefits package across all 50 states. But I know some of you remain troubled by the authority states will have under this plan.

If we lower the threshold from 5,000 to some other number, that will address some of your concerns. But let's keep having a dialogue on ERISA, too. I think we can make some accommodations. Let's talk about the appropriate balance between flexibility at the state level and employers' ability to self-insure.

Now, let me end with this. When it comes time for you to endorse a plan, you'll probably ask a lot of questions. But one question deserves to be asked above all else: Which one provides universal coverage?

Unless you have universal coverage, you cannot contain costs, and you cannot deal with cost shifting. If you lock yourselves into one that doesn't include universal coverage, you won't fix what's really wrong with this system, will you? The American people may not agree on every issue, but they're overwhelmingly for universal coverage.

Don't get yourself committed too early. We want to hear your second opinions, and together let's come up with something sensible that we can enact this year.



PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239
FOR IMMEDIATE RELEASE
January 26, 1994

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 5-YEAR NOTES

Tenders for \$12,029 million of 5-year notes, Series J-1999, to be issued January 31, 1994 and to mature January 31, 1999 were accepted today (CUSIP: 912827N65).

The interest rate on the notes will be 5%. All competitive tenders at yields lower than 5.10% were accepted in full. Tenders at 5.10% were allotted 38%. All noncompetitive and successful competitive bidders were allotted securities at the yield of 5.10%, with an equivalent price of 99.564. The median yield was 5.07%; that is, 50% of the amount of accepted competitive bids were tendered at or below that yield. The low yield was 5.00%; that is, 5% of the amount of accepted competitive bids were tendered at or below that yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	<u>Received</u>	<u>Accepted</u>
TOTALS	\$28,678,165	\$12,029,064

The \$12,029 million of accepted tenders includes \$566 million of noncompetitive tenders and \$11,463 million of competitive tenders from the public.

In addition, \$550 million of tenders was awarded at the high yield to Federal Reserve Banks as agents for foreign and international monetary authorities. An additional \$300 million of tenders was also accepted at the high yield from Federal Reserve Banks for their own account in exchange for maturing securities.

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TREASURY



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FOR IMMEDIATE RELEASE

January 25, 1994

STATEMENT OF TREASURY SECRETARY LLOYD BENTSEN

President Clinton is clearly committed to putting people first -- with health care, welfare reform, job training and anti-crime programs. This year we're going to give Americans universal health coverage. This year we'll see to it that more Americans have jobs, and fewer are on welfare. This year we're going to make neighborhoods safer and get more guns off the streets. President Clinton's second year, like his first year, is going to be a year of accomplishment.

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