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TREASURY NEWS

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Sept. 18, 1995

REMARKS OF TREASURY SECRETARY ROBERT E. RUBIN
TREASURY DEPARTMENT HISPANIC HERITAGE WEEK LUNCHEON

It's a pleasure to join you today to kick off Hispanic Heritage week here at Treasury. We have an array of activities planned, including briefings on business and finance issues and a presentation on Hispanics in the arts.

I enjoy the opportunity to address luncheons such as these, because I can touch on topics that are of great interest and concern to me and to you.

The Treasury Department is staffed with some of the most talented people in government. I knew about the Department's reputation when I was on Wall Street, and I learned more when I chaired the National Economic Council for the President. Since coming here and learning about all the aspects of Treasury, from taxes and economic policy to law enforcement, I'm even more impressed by the people who work in this building.

We have a great number of very talented Hispanic Americans on the career and appointed staff here and I want to recognize a few. Two of the most senior officials in the Treasury Department are of Hispanic origin and have been here since the outset of the administration. They're giving me the same kind of superb assistance they gave Lloyd Bentsen. They are Ed Knight, our general counsel, and George Munoz, the assistant secretary for management and our chief financial officer.

We also have in our top appointed ranks Alex Rodriguez, Fe Morales Marks, Vic Rojas, Clara Apodaca and Ida Hernandez here at Treasury, and Jose Padilla at Customs, and Belen Robles at Customs, who is the president of LULAC. I also want to recognize one of my secretaries, Annabella Mejia.

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There are a goodly number of Hispanics in the top ranks at Treasury. Throughout Treasury there are more than 11,500 Hispanic men and women in our ranks. We recently completed an EEOC study that showed that in a number of areas our minority employment record is better than the government-wide average or the average for the rest of the labor force. I am committed to seeing that there are no race or gender or other discriminatory impediments to opportunity at the Treasury Department. This is a large organization. Nothing happens overnight, and no one is perfect. When problems are found, they will be dealt with.

This Treasury Department has reached out, actively and aggressively to minority business communities. We have gone to great lengths to make it as easy as possible to do business with the Treasury Department, taken contracting opportunities out on the road with fairs. We do this for two reasons. One, it is good for Treasury. It gives us access to more vendors who are able to compete to do business with us. Second, it is obviously good for the minority business community, which far too often does not have established networks of business opportunities with larger organizations like the Treasury Department.

Just as business benefits from our interest and encouragement, the nation benefits when all Americans are considered in choosing those who will be our leaders, in the executive branch, the legislative branch and the judiciary. President Clinton chose two very able Hispanics for the Cabinet, Henry Cisneros at HUD and Federico Pena at Transportation, and this administration's record on Hispanic judicial appointments is unequaled.

As I said at the outset, these luncheons allow me to talk about a broad range of issues, and I also like to philosophize about our society on occasion.

As many of you know, I grew up in Miami, and later in New York. I've had an exposure to the diversity that's America throughout my life. We are, I believe, the first nation in history that has become truly racially diverse and done so peacefully.

There is an unusual degree of acceptance and offering of encouragement and opportunity in this country which I believe is unique to the United States. That's not to say this nation is race-blind. It isn't and probably never will be, but I believe we do far better than others in living with differences -- perhaps because of our history of being a nation of immigrants.

The presence of so many cultural groups in our society provides us with linkages to disparate cultures. We're not a monolithic culture by any means. We are bound to the rest of the world by our heritage. Those bonds strengthen our social, economic, political and security relationships around the globe.

The strength of this nation, I believe, is that we have reaped the rewards of diversity, or at least made it work far better than anyone else has. Perhaps the greatest challenge we face as a society is continuing to make that work. Diversity presents us with so many opportunities, and we can be a better and stronger nation if we manage diversity well.

I mentioned Miami. I'm going back there this week to speak at an awards banquet. There's a strong Hispanic presence in the area -- one third of everyone in the entire Miami area is Hispanic. In the city of Miami proper, two and one-half times as many people speak Spanish at home as speak English. When I grew up there Miami had a relatively small Hispanic population. I believe Miami is a far richer city today for its diversity, and much better positioned as the gateway to Latin and South America because of its diversity.

By the way, on the point about languages, this administration does not believe we should mandate the use of English. We must encourage its use, but don't believe it should be written in stone as the official language.

Having said that, I want to spend the time I have left with you today talking about a few of the issues we are all concerned about. I know you're interested in a number of issues that we deal with at Treasury -- financial services modernization, free trade, tax matters, law enforcement, but today I want to touch upon an issue that can have some alarming consequences if not addressed, and that is the widening income gap.

In the '50s, 60s and 70s, all income groups in this country saw their income rise in a roughly proportional manner. But for nearly the last 20 years now, that has not been the case. The lowest 60 percent have seen their incomes falling, and the growth has all occurred at the upper end of the income scale. The median earnings of year-round, full-time male workers fell more than 10 percent in real terms from 1973 to 1993.

This trend toward income inequality is a central problem in our society today and it holds real dangers. It could become an enormous threat to our social fabric on the one hand, and simultaneously undermine support for the right kinds of policies -- free trade and the like -- that are absolutely critical to our growth and success in the coming years and decades.

Many of the issues we are dealing with today with respect to the budget debate are issues that relate to the question of reversing income disparity and making certain that all Americans benefit from our economic growth. Before I take up the budget question, I want to briefly cover another issue very central to our ability to reverse the income disparity trend, and that is access to capital through programs such as the Community Reinvestment Act and the Community Development Financial Institutions Act.

This administration has made a very concerted effort to improve access to capital. We've encouraged and supported the rewriting of the rules for the CRA to make it clear to the banking community that we want to see results, not piles of paperwork. Some in Congress want to limit the CRA -- they say to solve problems -- but those issues have already been addressed in the revised regulations. The President and I feel very strongly that the new rules, which are consensus rules throughout the lending community, should be allowed a chance to work.

The CDFI Act had strong bipartisan support in the last Congress. I've been out and seen some of the excellent work community development financial institutions are doing around the country. But we're having trouble with the appropriation for 1996. This is a very important public-private partnership in which public dollars are heavily leveraged in the private sector. The CDFI transition team is working hard to produce regulations and expects to have them out this fall. It would be a tragedy if a program that can produce important benefits in both rural and urban America is put in jeopardy. Getting adequate appropriations for the CDFI Fund is a top priority for both the President and me. Other voices must be heard as well.

I have one other area of concern on the capital access issue, and that's the North American Development Bank which was set up to deal with the problems of safe drinking water and waste disposal on the border. The bank expects to make its first infrastructure loans this fall. We were able to make a contribution of $56.5 million for this fiscal year, but a similar appropriation for 1996 has been zeroed-out in the Senate Appropriations Committee. The Clinton Administration is strongly opposed to that. We are firmly committed to NADBank and are working as hard as we can to restore funding for the bank. Every voice needs to be heard on this because the work NADBank will do is critical to the lives of people on both sides of the border.

Now, let's get back to the budget. Both sides agree that the budget should be brought to balance. The debate is over how to accomplish that aim. The President has said repeatedly that his aim is to prepare our economy for the 21st century. To do that while balancing the budget you must make the kind of investments necessary to have a well-educated, well-trained work force which is able to compete and succeed globally.

Education is central to that aim. The President's budget would invest $40 billion in education and training and related areas over the next seven years, and offer education incentives such as a tax deduction for families with education and job-training expenses. The congressional majority's budget would reduce education and training spending by $36 billion because that budget is being driven by an arbitrary time line to reach balance. That's the wrong way to go about balancing the budget. The right way is to weigh the relative economic impact of various cuts, viewing them over the long term, make sound policy decisions that bring you to balance.

Education is central to the President's economic program, and I believe it should be central on the agendas of groups whose ability to take advantage of the opportunities this nation offers is directly related to access to education.

One other point about the budget, and that's about the Earned Income Tax Credit. This is one of the most bipartisan programs ever to come out of Washington. Ronald Reagan called it the best pro-family, anti-poverty program ever devised in Washington. It encourages Americans to work rather than rely on welfare. If the congressional majority has its way, taxes on lower income Americans who are eligible for the EITC will be raised by as much as $66 billion over the next seven years. It is absolutely wrong to tax these people back into poverty and simultaneously provide a tax increase for the most wealthy in our society -- a tax cut I might add of dubious economic utility.

These are some of the key issues of the budget debate. The proper resolution of these issues is absolutely critical to how well this nation will be equipped to compete and succeed in the global economy. As important as these issues are to the economy as a whole, they are also important to the issue of whether we can stem the trend toward income inequality, and offer the opportunity to succeed to greater and greater numbers of Americans who have not yet been fully able to be part of our American dream.

This administration is committed to balancing the budget and continuing to make the investments that are essential for this nation's continued success and leadership.

Thank you for coming. I know some of you came from long distances to show your support of Hispanic Heritage. We are here to serve. I hope you sense the commitment President Clinton and I have to this and all groups of Americans.

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DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

September 18, 1995

SECRETARY OF THE TREASURY

The Honorable John R. Kasich
Chairman
Committee on the Budget
United States House of Representatives
Washington, D.C. 20515

Dear John:

On July 17, I wrote to urge the Congressional leadership to take timely action to increase the permanent statutory limit on the public debt. Our current projections indicate that the debt subject to limit will first reach the $4.9 trillion debt ceiling at the end of October. It is of critical importance to the protection of the national interest that the Congress now move promptly to raise the permanent statutory ceiling.

We see an increasing amount of discussion in the financial marketplace about the disruption that will inevitably occur if a debt limit crisis is precipitated by Congress' failure to take timely and responsible action. I am confident that we all share the conviction that a default on the debt of the United States is unthinkable. I am deeply concerned, however, that holding a debt limit increase hostage to a resolution of differences on the budget could cause profound damage to our country by creating uncertainty as to whether the United States will meet its financial obligations.

Let there be no mistake about it: even the appearance of a risk that the United States of America would not meet its obligations because of the failure of Congress to provide the necessary debt authority in a timely fashion would be likely to impose significant additional costs on American taxpayers, and could do permanent damage to our credit standing. The debt obligations of the United States are recognized throughout the world as the paradigm of an investment free of credit risk. That credit standing is a precious asset of the American people.

Furthermore, some suggestions have been made that the Government can operate on a cash-flow basis without an increase in the debt limit. This is simply not realistic. The Government's expenditures do not match its receipts on a day-to-day basis. Expenditures will far exceed net receipts beginning in October and throughout November. On the first of November, veterans', military, and civil service retirement benefits, medicare payments, and military active duty pay totaling nearly $9 billion, are due to be paid. On November 3, $16.5 billion of social security benefits are scheduled to be paid by electronic funds transfer. Benefit checks totaling another $8.5 billion are expected to be cashed over the next few days. On November 15, Treasury has an interest payment due to the public of $25 billion. In addition, the debt limit must increase, even when there is a budget surplus, to accommodate full investment by the Federal trust funds and net Federal direct lending program activity.

I urge the leadership to move promptly to pass a permanent debt limit increase, separate and apart from the debate on the budget. As the Congressional Budget Office observed in The Economic and Budget Outlook: An Update, released in August:

> "Limiting the Treasury's borrowing authority is not a productive method of achieving deficit reduction. Significant deficit reduction can best be accomplished by legislative decisions that reduce outlays or increase revenues. Failing to raise the debt limit in a timely manner, though perhaps bringing a difficult vote on legislation to a head, only serves to make the Treasury's job of paying the government's bills more difficult. *An extended delay could have a significant effect on the government's credibility and the interest rates that it must pay on future borrowing.*"

CBO also stated:

> "The rise in mandatory spending and growth of the trust fund surplus has turned the statutory limit on federal debt into an anachronism. Through its regular budget process, the Congress already has ample opportunity to vote on overall revenues, outlays, and deficits."

Accordingly, any effort to use the debt limit increase as a means of achieving political leverage in the budget debate must be viewed as contrary to the public interest. Timely action on the debt ceiling would provide comfort to financial markets both here and abroad that the integrity of the obligations of the United States will not be compromised, nor will even a risk of such compromise be countenanced.

Sincerely,

Robert E. Rubin

Robert E. Rubin

DEPARTMENT OF THE TREASURY

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FOR IMMEDIATE RELEASE
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CONTACT: Calvin Mitchell
(202) 622-2920

SENATE BUDGET PLAN HITS WORKING FAMILIES WITH TAX HIKE

A plan introduced by members of the Republican Leadership in the U.S. Senate would increase taxes by an average of $655 on more than 18 million taxpayers, according to a review of the proposal released today by the U.S. Treasury. The Senate begins work this week on the plan offered by Senator Roth (R-DE) and Senator Nickles (R-OK).

The Roth/Nickles plan would slash the Earned Income Tax Credit (EITC) by roughly $66 billion during the next seven years.

"At a time when wages of lower-income working Americans have not kept pace, it makes no sense to raise their taxes," Treasury Secretary Robert E. Rubin said. "The EITC is the best incentive-to-work program this country has. Those working families earning less than $28,500 should not have to pay the tab for balancing the budget."

The Treasury Department released today a state-by-state study analyzing the impact of the Roth/Nickles proposal on working families making less than $28,500 a year. The legislation would have a serious impact on families working hard to stay off welfare. The Clinton Administration opposes the tax increase.

The EITC was started 20 years ago during the Ford Administration, and it was expanded during the administrations of Reagan, Bush and Clinton. President Reagan called the EITC, "The best anti-poverty, the best pro-family, the best job creation measure to come out of Congress."

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RR-567

UNITED STATES

Provided only to those who work, the Earned Income Tax Credit (EITC) is a valuable tool in encouraging work over welfare. Nationally, the EITC helps 21,100,000 low-income workers and their families (or 17.5 percent of American taxpayers) in their struggle to stay even in our society. In the past, the EITC has received bipartisan acclaim. Begun in 1975, the EITC was expanded by Presidents Reagan, Bush, and Clinton. The Clinton Administration expanded and simplified the credit in 1993 and has made great strides in reducing error rates and preventing fraud.

Interestingly, despite the success of the EITC, proposals currently being considered would slash the credit, thereby increasing taxes on millions of working Americans. Particularly, the proposal offered by Senators Roth (R-DE) and Nickles (R-OK) would have a disastrous effect on the EITC and its roughly 20 million recipients and their families. The Roth-Nickles proposal would cut the EITC by about $66 billion in the next seven years, slashing the program nearly in half.

The Treasury Department has estimated the impact of nearly 80 percent of the Roth-Nickles proposal on EITC recipients.

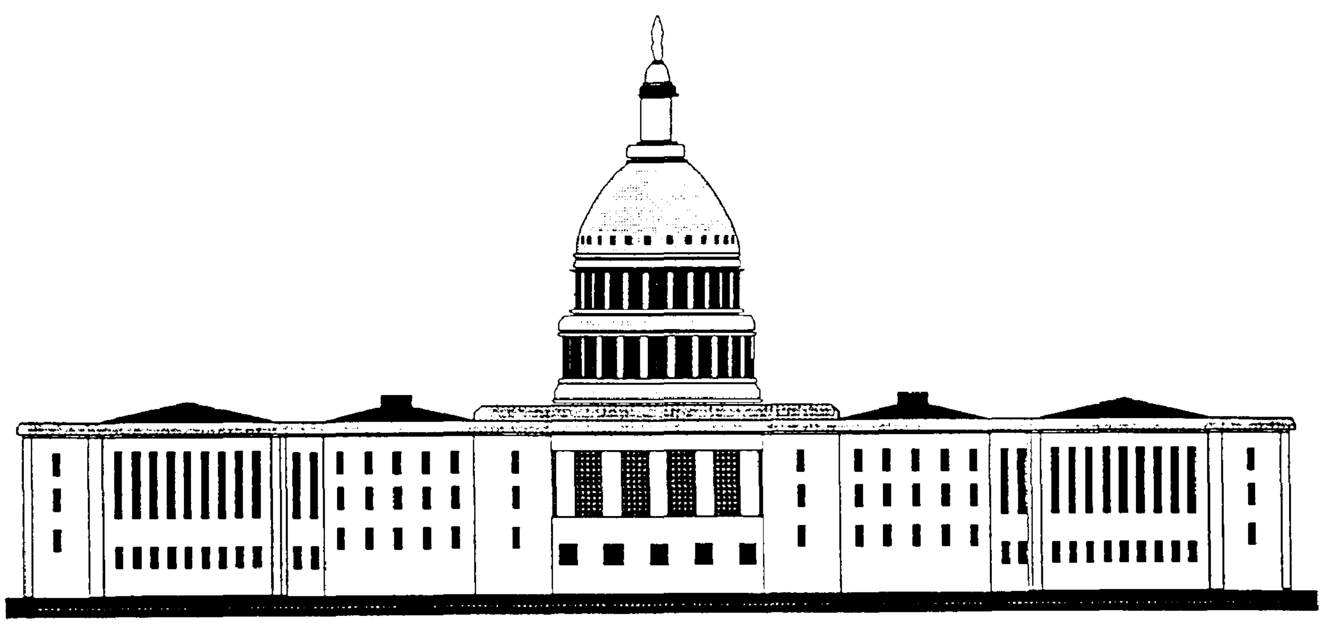
The Roth-Nickles proposal will **increase taxes** in the year 2002 for 18,393,000 American taxpayers. On average, each affected recipient will see a tax increase of more than <u>$655</u> in the year 2002.

Families with two or more children will be the most affected. Nationally, 7,581,000 such families will see an average **tax increase** in 2002 estimated at <u>$959</u> per recipient.

Throughout the United States, 4,334,000 workers without qualifying children will be eliminated from the program under the Roth-Nickles proposal. These are very-low income working Americans with incomes of roughly $11,000 per year.

Tax Increases on Working Families

An Analysis of the Roth-Nickles Proposals to Cut the Earned Income Tax Credit



Office of Economic Policy
Department of the Treasury

September 18, 1995

Increasing Taxes On Working Families
The Roth-Nickles Plan To Cut the Earned Income Tax Credit

Summary

This analysis shows that the major components of a plan put forth by Senators Roth and Nickles to cut the Earned Income Tax Credit (EITC) **will increase taxes** by an average of $655 in the year 2002 (measured at 1996 income levels) on 18.4 million working taxpayers and their families, or 89 percent of the total EITC population. Additionally, this study finds that the Roth-Nickles proposal **will raise taxes on families with two or more children** by an average $959.

Senators Roth (R-DE) and Nickles (R-OK) have introduced legislation (S. 899) to slash the EITC by about $66 billion in the next seven years, cutting the program nearly in half. These cuts would have a serious impact on the millions of working families who receive the credit. The analysis contained in this document estimates both the number of people affected by the major components of their proposal in each state and the average tax increase affected recipients would experience by 2002.

The Roth-Nickles plan achieves its savings through a number of changes to the EITC such as: rescinding part of the planned credit expansions enacted in 1993, removing automatic inflation adjustment of the credit (deindexing), and eliminating the credit for workers who do not reside with children.

The analysis here estimates the impacts of just these three components (which represent approximately 80 percent) of the Roth-Nickles cuts in the year 2002, the final year of the Republican budget estimates. Had it included the additional components of their plan -- i.e. expanding the definition of adjusted gross income for purposes of determining eligibility for the EITC to include social security benefits, child support payments, etc. -- then the tax increase on working families would obviously have been even higher. According to the Treasury estimates, the average tax increase would rise from $655 to $724 as a consequence of these additional provisions. These further cuts in their proposal were not included because the data do not lend themselves to distribution by state.

For example, in Florida alone, over 1.1 million EITC recipients would see a tax increase totaling almost $744 million in the year 2002. That would mean, on average, a tax increase of $674 for each of these Florida families in 2002. The roughly 455,000 affected Florida families with two or more children will see their taxes increased by an even larger amount -- $988 in 2002.

EITC recipients in all states would see a sizeable tax increase if the Roth-Nickles plan were implemented. According to this study, the smallest state-wide per recipient tax increase under the Roth-Nickles proposal would occur in Alaska, where most of the State's EITC recipients would see a sizeable $529 increase in 2002.

Tax Increase on Working Families in 2002
An Analysis of the Roth-Nickles EITC Proposals to Reduce and Deindex the EITC *
(1996 $)

State	Taxpayers	Tax Increase (Thousands)	Amount per Taxpayer
Alabama	466,350	$332,889	$714
Alaska	23,438	$12,389	$529
Arizona	324,390	$216,440	$667
Arkansas	246,180	$165,622	$673
California	2,612,388	$1,766,583	$676
Colorado	210,781	$133,375	$633
Connecticut	102,005	$58,892	$577
Delaware	45,303	$29,401	$649
District of Columbia	61,317	$40,668	$663
Florida	1,102,837	$743,545	$674
Georgia	660,733	$452,278	$685
Hawaii	47,586	$27,494	$578
Idaho	77,252	$49,571	$642
Illinois	746,268	$479,227	$642
Indiana	338,906	$215,136	$635
Iowa	140,269	$85,536	$610
Kansas	139,951	$86,092	$615
Kentucky	277,665	$176,537	$636
Louisiana	482,042	$330,691	$686
Maine	69,749	$42,010	$602
Maryland	301,149	$193,282	$642
Massachusetts	215,420	$128,347	$596
Michigan	475,862	$285,277	$599
Minnesota	191,404	$115,274	$602
Mississippi	377,876	$271,001	$717
Missouri	353,187	$224,514	$636
Montana	56,934	$35,205	$618
Nebraska	92,541	$57,730	$624
Nevada	100,291	$63,322	$631
New Hampshire	48,420	$29,558	$610
New Jersey	447,890	$287,569	$642
New Mexico	161,818	$105,068	$649
New York	1,083,237	$686,735	$634
North Carolina	649,666	$439,475	$676
North Dakota	33,875	$20,877	$616
Ohio	602,041	$370,022	$615
Oklahoma	258,321	$165,907	$642
Oregon	184,094	$116,679	$634
Pennsylvania	590,510	$358,833	$608
Rhode Island	47,940	$29,878	$623
South Carolina	374,998	$259,515	$692
South Dakota	46,801	$29,530	$631
Tennessee	457,863	$301,613	$659
Texas	1,853,886	$1,257,445	$678
Utah	102,511	$65,435	$638
Vermont	30,388	$17,971	$591
Virginia	408,464	$269,442	$660
Washington	269,442	$164,887	$612
West Virginia	121,687	$76,294	$627
Wisconsin	228,195	$140,222	$614
Wyoming	29,299	$18,141	$619
U.S. Total	*18,393,000*	*$12,040,919*	*$655*

*This analysis comprises approximately 80 percent of the total Roth-Nickles cuts. It includes proposals to:
(1) reduce EITC credit rates; (2) eliminate the EITC for workers who do not reside with children; and (3) deindex the EITC.

Office of Economic Policy, Department of the Treasury, September 11, 1995
The proposal is estimated at 1996 income levels, assuming the features of 2002 law.
State allocations are based on tabulations from *Statistics of Income*, Tax Year 1993.
Numbers may not add due to rounding.

Tax Increase on Working Families in 2002
An Analysis of the Roth-Nickles EITC Proposals to Reduce and Deindex the EITC *
(1996 $)

	Total Tax Increase			Two-Child Families			Eliminating Credit for Childless Workers		
State	Taxpayers	Total Amount (Thousands)	Amount per Taxpayer	Taxpayers	Total Amount (Thousands)	Amount per Taxpayer	Taxpayers	Total Amount (Thousands)	Amount per Taxpayer
Alabama	466,350	$332,889	$714	192,214	$201,047	$1,046	109,888	$20,759	$189
Alaska	23,438	$12,389	$529	9,661	$7,482	$775	5,523	$773	$140
Arizona	324,390	$216,440	$667	133,703	$130,719	$978	76,437	$13,497	$177
Arkansas	246,180	$165,622	$673	101,467	$100,027	$986	58,008	$10,328	$178
California	2,612,388	$1,766,583	$676	1,076,742	$1,066,922	$991	615,565	$110,163	$179
Colorado	210,781	$133,375	$633	86,877	$80,551	$927	49,667	$8,317	$167
Connecticut	102,005	$58,892	$577	42,043	$35,568	$846	24,036	$3,672	$153
Delaware	45,303	$29,401	$649	18,673	$17,756	$951	10,675	$1,833	$172
District of Columbia	61,317	$40,668	$663	25,273	$24,561	$972	14,448	$2,536	$176
Florida	1,102,837	$743,545	$674	454,554	$449,062	$988	259,865	$46,367	$178
Georgia	660,733	$452,278	$685	272,333	$273,152	$1,003	155,691	$28,204	$181
Hawaii	47,586	$27,494	$578	19,614	$16,605	$847	11,213	$1,715	$153
Idaho	77,252	$49,571	$642	31,841	$29,938	$940	18,203	$3,091	$170
Illinois	746,268	$479,227	$642	307,588	$289,427	$941	175,846	$29,884	$170
Indiana	338,906	$215,136	$635	139,686	$129,931	$930	79,858	$13,416	$168
Iowa	140,269	$85,536	$610	57,814	$51,659	$894	33,052	$5,334	$161
Kansas	139,951	$86,092	$615	57,683	$51,995	$901	32,977	$5,369	$163
Kentucky	277,665	$176,537	$636	114,445	$106,619	$932	65,427	$11,009	$168
Louisiana	482,042	$330,691	$686	198,682	$199,720	$1,005	113,585	$20,622	$182
Maine	69,749	$42,010	$602	28,748	$25,372	$883	16,435	$2,620	$159
Maryland	301,149	$193,282	$642	124,124	$116,732	$940	70,961	$12,053	$170
Massachusetts	215,420	$128,347	$596	88,789	$77,515	$873	50,760	$8,004	$158
Michigan	475,862	$285,277	$599	196,135	$172,292	$878	112,129	$17,790	$159
Minnesota	191,404	$115,274	$602	78,891	$69,619	$882	45,101	$7,188	$159
Mississippi	377,876	$271,001	$717	155,748	$163,670	$1,051	89,040	$16,899	$190
Missouri	353,187	$224,514	$636	145,572	$135,594	$931	83,223	$14,001	$168
Montana	56,934	$35,205	$618	23,466	$21,262	$906	13,415	$2,195	$164
Nebraska	92,541	$57,730	$624	38,142	$34,866	$914	21,806	$3,600	$165
Nevada	100,291	$63,322	$631	41,337	$38,243	$925	23,632	$3,949	$167

Tax Increase on Working Families in 2002
An Analysis of the Roth-Nickles EITC Proposals to Reduce and Deindex the EITC *
(1996 $)

State	Total Tax Increase			Two-Child Families			Eliminating Credit for Childless Workers		
	Taxpayers	Total Amount (Thousands)	Amount per Taxpayer	Taxpayers	Total Amount (Thousands)	Amount per Taxpayer	Taxpayers	Total Amount (Thousands)	Amount per Taxpayer
New Hampshire	48,420	$29,558	$610	19,957	$17,851	$894	11,409	$1,843	$162
New Jersey	447,890	$287,569	$642	184,606	$173,676	$941	105,538	$17,933	$170
New Mexico	161,818	$105,068	$649	66,696	$63,455	$951	38,130	$6,552	$172
New York	1,083,237	$686,735	$634	446,475	$414,751	$929	255,246	$42,824	$168
North Carolina	649,666	$439,475	$676	267,772	$265,419	$991	153,083	$27,405	$179
North Dakota	33,875	$20,877	$616	13,962	$12,609	$903	7,982	$1,302	$163
Ohio	602,041	$370,022	$615	248,142	$223,473	$901	141,861	$23,074	$163
Oklahoma	258,321	$165,907	$642	106,472	$100,199	$941	60,869	$10,346	$170
Oregon	184,094	$116,679	$634	75,878	$70,468	$929	43,379	$7,276	$168
Pennsylvania	590,510	$358,833	$608	243,389	$216,716	$890	139,144	$22,377	$161
Rhode Island	47,940	$29,878	$623	19,759	$18,045	$913	11,296	$1,863	$165
South Carolina	374,998	$259,515	$692	154,562	$156,734	$1,014	88,362	$16,183	$183
South Dakota	46,801	$29,530	$631	19,290	$17,835	$925	11,028	$1,841	$167
Tennessee	457,863	$301,613	$659	188,716	$182,158	$965	107,888	$18,808	$174
Texas	1,853,886	$1,257,445	$678	764,112	$759,430	$994	436,837	$78,414	$180
Utah	102,511	$65,435	$638	42,252	$39,519	$935	24,155	$4,080	$169
Vermont	30,388	$17,971	$591	12,525	$10,854	$867	7,160	$1,121	$157
Virginia	408,464	$269,442	$660	168,356	$162,729	$967	96,248	$16,802	$175
Washington	269,442	$164,887	$612	111,055	$99,583	$897	63,489	$10,282	$162
West Virginia	121,687	$76,294	$627	50,156	$46,078	$919	28,674	$4,758	$166
Wisconsin	228,195	$140,222	$614	94,055	$84,687	$900	53,770	$8,744	$163
Wyoming	29,299	$18,141	$619	12,076	$10,956	$907	6,904	$1,131	$164
U.S. Total	*18,393,000*	*$12,040,919*	*$655*	*7,581,000*	*$7,272,074*	*$959*	*4,334,000*	*$750,866*	*$173*

*This analysis comprises approximately 80 percent of the total Roth-Nickles cuts. It includes proposals to: (1) reduce EITC credit rates; (2) eliminate the EITC for workers who do not reside with children; and (3) deindex the EITC. This analysis does not reflect Roth-Nickles proposals to expand and lower the investment income cap and expand AGI test or compliance proposals.

Office of Economic Policy, Department of the Treasury, September 11, 1995

The proposal is estimated at 1996 income levels, assuming the features of 2002 law.

State allocations are based on tabulations from Statistics of Income, Tax Year 1993.

Numbers may not add due to rounding.

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
September 18, 1995

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Tenders for $11,411 million of 26-week bills to be issued September 21, 1995 and to mature March 21, 1996 were accepted today (CUSIP: 912794X74).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	5.21%	5.44%	97.366
High	5.22%	5.45%	97.361
Average	5.22%	5.45%	97.361

Tenders at the high discount rate were allotted 49%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$44,321,861	$11,410,581
Type		
Competitive	$37,717,482	$4,806,202
Noncompetitive	1,309,379	1,309,379
Subtotal, Public	$39,026,861	$6,115,581
Federal Reserve	3,000,000	3,000,000
Foreign Official Institutions	2,295,000	2,295,000
TOTALS	$44,321,861	$11,410,581

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AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
September 18, 1995

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Tenders for $11,436 million of 13-week bills to be issued September 21, 1995 and to mature December 21, 1995 were accepted today (CUSIP: 912794W26).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	5.23%	5.39%	98.678
High	5.25%	5.41%	98.673
Average	5.25%	5.41%	98.673

Tenders at the high discount rate were allotted 20%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$53,322,891	$11,436,447
Type		
Competitive	$48,079,379	$6,192,935
Noncompetitive	1,409,202	1,409,202
Subtotal, Public	$49,488,581	$7,602,137
Federal Reserve	3,229,310	3,229,310
Foreign Official Institutions	605,000	605,000
TOTALS	$53,322,891	$11,436,447

5.24 -- 98.675

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PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
September 18, 1995

Contact: Peter Hollenbach
(202) 219-3302

BUREAU OF THE PUBLIC DEBT AIDS SAVINGS BONDS OWNERS AFFECTED BY HURRICANE IN THE U.S. VIRGIN ISLANDS AND PUERTO RICO

The Bureau of Public Debt took action to assist victims of Hurricane Marilyn that struck the U.S. Virgin Islands and Puerto Rico by expediting the replacement or payment of United States Savings Bonds for owners in the affected areas. The emergency procedures are effective immediately for paying agents and owners in those areas of the U.S. Virgin Islands and Puerto Rico hit by the hurricane. These procedures will remain in effect through October 31, 1995.

Public Debt's action waives the normal six-month minimum holding period for Series EE savings bonds presented to authorized paying agents for redemption by residents of the affected area. Most financial institutions serve as paying agents for savings bonds.

The islands of St. Croix, St. John and St. Thomas in the U.S. Virgin Islands and Eastern Puerto Rico, are included in the initial declaration. Should additional islands be declared disaster areas the emergency procedures for savings bonds owners will go into effect for those areas.

The replacement of bonds lost or destroyed will also be expedited by Public Debt. Bond owners should complete form PD-1048, available at most financial institutions or the Federal Reserve Bank. Bond owners should include as much information as possible about the lost bonds on the form. This information should include how the bonds were inscribed, social security number, approximate dates of issue, bond denominations and serial numbers if available. The completed form must be certified by a notary public or an officer of a financial institution. Completed forms should be forwarded to Public Debt's Savings Bond Operations Office located at 200 Third St., Parkersburg, West Virginia 26106-1328. Bond owners should write the words "Hurricane Marilyn" on the front of their envelopes to help expedite the processing of claims.

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(RR-570)

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR RELEASE AT 2:30 P.M.
September 19, 1995

CONTACT: Office of Financing
202/219-3350

TREASURY'S WEEKLY BILL OFFERING

The Treasury will auction two series of Treasury bills totaling approximately $22,800 million, to be issued September 28, 1995. This offering will result in a paydown for the Treasury of about $3,200 million, as the maturing weekly bills are outstanding in the amount of $26,001 million.

Federal Reserve Banks hold $6,208 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 $3,347 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) 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

RR-571

HIGHLIGHTS OF TREASURY OFFERINGS OF WEEKLY BILLS
TO BE ISSUED SEPTEMBER 28, 1995

September 19, 1995

Offering Amount	$11,400 million	$11,400 million
Description of Offering:		
Term and type of security	91-day bill	182-day bill
CUSIP number	912794 W3 4	912794 X8 2
Auction date	September 25, 1995	September 25, 1995
Issue date	September 28, 1995	September 28, 1995
Maturity date	December 28, 1995	March 28, 1996
Original issue date	June 29, 1995	September 28, 1995
Currently outstanding	$14,416 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 Daylight Saving time on auction day

Competitive tenders . . . . Prior to 1:00 p.m. Eastern Daylight Saving 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

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

Testimony by
Deputy Secretary of the Treasury
Lawrence H. Summers
before the
United States Senate
Select Committee on Intelligence
September 20, 1995

Introduction

Mr. Chairman, Members of the Committee, thank you very much for the opportunity to appear before you. Two of the most urgent imperatives facing us today are the need to meet changing national security challenges overseas, and the obligation to impose strict budgetary restraints during this era of dwindling resources here at home. Re-engineering the Intelligence Community to meet these twin objectives is a pressing task. I'd like to say a few words about how we at Treasury see national security needs evolving over the coming years, and how the Intelligence Community can modify its work to meet those challenges as efficiently, and as cost-effectively as possible.

Economic Security Issues to the Fore

If one looks at the matrix of national security concerns as they have evolved over the

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past decade, an important pattern emerges. Military, terrorist, and criminal threats to our national security remain paramount. Nonetheless, a number of global changes have served to push the sorts of economic issues with which we at Treasury deal to the fore.

First, the abandonment of socialism and embrace of market-based democracy by formerly communist countries means that scores of nations in Eastern Europe, Asia, and elsewhere are now undergoing difficult economic and social transitions. Ensuring that this process succeeds in strategically sensitive regions is one of the most important tasks we face.

The rise of emerging markets generally has been a second critical development. Developing countries have become our fastest growing export markets and have become critical for our prosperity. They now take some 40 percent of our exports, and support roughly 4 million U.S. jobs. As with the former communist states, sustained economic growth in sensitive regions of Latin America, Asia, and Africa -- coupled with an expansion of our own economic ties -- can serve as an important stabilizing force.

Third, a rapid increase in the speed and integration of global financial markets is one of the defining events of this era. This has brought great economic benefits to much of the world's population, including our own citizens. But it has also meant that events in one corner of the globe can spill over rapidly to affect other markets and economies, threatening our jobs and financial security at home.

Mexico's financial difficulties and the ensuing reactions on financial markets as diverse as Argentina's, South Africa's, and Thailand's, offered a vivid example of the possibility for such spillover and contagion effects earlier this year.

Fourth, the vast expansion of global commerce means that our prosperity depends more and more on the matrix of trade, tax, financial and other agreements which govern our international economic relations. Support for these negotiations must be a high priority.

Designing appropriate policies to meet these economic security issues requires a complete understanding of the economic, social, and political forces at work in the countries with which we deal. Precise, accurate, and focussed information from the Intelligence Community can play a critical role in helping us perform our missions.

Potential for Economies and Savings

That intelligence objective might not seem to square with the wish to conserve resources and ensure fiscal responsibility here at home. The two objectives, however, can be comfortably met. Realization of any potential economies that do exist, and honing by the Intelligence Community of its work to fit client needs, can maximize savings while increasing the precision and relevance of the Community's product. As John Deutch has very accurately stated, a "consumer focus," rather than a "supply focus," must now become the guiding principle for all the Community's work.

The Intelligence Community's Role

Secretary Rubin and I have already met with Director Deutch to communicate Treasury's thoughts on how this process should move forward. Let me offer a number of principles which I believe can accomplish this objective of conserving resources and achieving economies, while ensuring that the Community maintains a "consumer focus" in its work.

First, the Intelligence Community must concentrate limited resources on the kinds of information gathering and analysis that it does best. A major difference between economic and military information is that the former is widely and publicly available, while the latter is often available only through intelligence operations. It is difficult to see how the Intelligence Community can add much value to reports on European government finances -- whether generated by U.S. government economists or Wall Street analysts based on public information -- or for that matter, how the Community can improve on analyses of emerging market economic prospects. Any wasteful duplication should be eliminated, *vis-a-vis* both what private sector analysts are doing, as well as the work being performed within other government agencies.

Second, even in those analytic activities where the Intelligence Community can play a value-adding role, the Community must rely more on what outside information exists, in addition to non-public sources. As many societies become increasingly open, more and more information about them becomes publicly available. Drawing on reliable public information ensures that the Community uses the best ingredients for its products, at the lowest possible cost.

That is not to say that widely available information will always be adequate. Political and economic developments in many of the key countries with which we deal -- those undergoing transition, as well as important emerging markets -- are not fully transparent. Yet these are often the very societies in which political and economic forces may be most volatile, and for which an understanding of the interaction between economics and politics is critical, if we are to design appropriate United States policies. The Intelligence Community can best fulfill its function by providing Treasury with information drawn from all possible sources on economic issues and the social contexts in which they are unfolding.

Third, the financial problems which pose the most significant risk of contagion, and which therefore pose the greatest threat to our national financial security, can erupt as a result both of purer economic factors, as well as the more subtle interplay of economic, social, and political causes. It is tempting to believe that sufficiently detailed analysis can give us the capacity to predict such crises. That is obviously not the case. Nonetheless, information that is geared toward trying to foresee potential problems can serve to warn us of incipient crises, in time to design more effective responses. The Community must assimilate that early-warning objective into all its thinking.

Fourth, the Community should become more receptive to studying low probability events. In my experience, analyses produced by the Community tend too often to reproduce mainstream, middle-of-the-road views, without sufficiently considering extreme, if relatively unlikely scenarios. Whether the issue is the potential collapse of a nation like the Soviet Union, or financial crises erupting in important U.S. markets, the Community must be more sensitive to the possibility that low-probability events with large consequences may occur, and analyze these possibilities with greater rigor.

Fifth, the Intelligence Community must better target information in support of specific diplomatic objectives. As complex commercial and financial agreements become ever more important, the need to understand political and economic developments in the nations with whom we are engaged in discussions becomes essential. That can help assure the successful outcome of our negotiations.

In addition, many of the issues, which are now the subject of international economic discussion are highly complex, with specific facts and assertions that are difficult to verify. For example, talks on trade barriers which exclude U.S. products may depend on a full understanding of the many subtle ways in which a country may subsidize its industries, or otherwise discriminate against foreigners. Agreements that protect U.S. intellectual property may require verification of approaches taken by foreign governments, or even of criminal activities that occur overseas. It can be difficult to monitor implementation of complex accords once they are reached. The information necessary to accomplish these verification objectives can be difficult to gather and analyze. The Intelligence Community can play an important role in providing it.

Sixth, the Intelligence Community can play a role in detecting foreign attempts to seek an unfair advantage over U.S. businesses through industrial espionage. The United States rejects any effort at assisting our own businesses through the use of intelligence operations to steal intellectual property or any proprietary information from foreign entities, whether public or private. Such a practice is abhorrent, and we will not tolerate it. Unfortunately, there have been past instances in which foreign governments have used industrial espionage to seek an unfair advantage for their own firms.

Law Enforcement

While I have addressed economic security so far, I would like to touch on another, equally important area of work in which there may be room for improvements in how the Intelligence Community and other agencies, including Treasury, interact: law enforcement.

Enhanced law enforcement agency use of Intelligence Community skills and resources can ensure that those resources are used to their fullest potential. We at the Treasury have moved with the Intelligence Community in this direction for nearly a decade, and are beginning to see the fruits of heightened cooperation. Since the early 80s, the Customs Service has increased its use of intelligence information to track drug traffickers and other smuggling and fraud operations. Several major recent drug seizures have resulted directly from information provided through such intelligence channels.

The Secret Service has reported improvements in the quality and relevance of intelligence traffic received through the Community. Investigation of the World Trade Center bombing marked a watershed in cooperation among the ATF, the Secret Service, the FBI, other enforcement agencies, and the Intelligence Community in tracking foreign terrorist cells.

The Joint Intelligence Community Law Enforcement Working Group (JICLE), which joins all the principle intelligence and enforcement agencies, has stepped up its efforts to smooth out procedures for cooperation and joint work. In addition, the number of law enforcement officials now on detail to Intelligence Community counter-terrorism and counter-narcotics units has risen slowly but steadily over the past 5 years. These and other forms of cooperation should increase, so that our enforcement agencies can get maximum utility from existing Intelligence Community resources.

Conclusion

To conclude, let me say that the evolving complexities of the global landscape make the need for accurate, relevant, and timely economic information from the Intelligence Community more, rather than less pressing. The fall of communism and embrace of market forces have widened the range of possible economic outcomes for the United States, for the emerging market countries which are important to us, and for the global economy as a whole. The vast increase in international trade and investment mean that prospects for our own and global prosperity are far more intertwined than they were before. Carefully-honed, efficiently-derived reporting from the Intelligence Community is critical, if we are to design appropriate policies that address the challenges we face, and anchor the establishment of prosperous, market-based democracies worldwide.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE. N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR IMMEDIATE RELEASE
September 19, 1995

Contact: Jon Murchinson
(202) 622-2960

STATEMENT BY SECRETARY RUBIN ON CRA REFORM

The CRA provisions adopted today in the budget bill passed by House Banking represent a step backward for America's communities. The bill exempts nearly 90 percent of insured depositories from CRA and strikes a blow against the effort to rebuild urban and rural communities. CRA, by furthering access to capital for creditworthy borrowers, means jobs, opportunity and hope for distressed communities. These attempts to roll back the CRA didn't belong in the regulatory relief bill and they don't belong in the budget reconciliation bill.

The Administration led the way last year in a comprehensive rewrite of the regulations under which CRA is administered. These fundamental CRA reforms -- the first since 1977 -- will provide real regulatory burden relief. They deserve a chance to work.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
September 19, 1995

Contact: Calvin Mitchell
(202) 622-2920

STATEMENT BY SECRETARY RUBIN ON EITC

The House Ways & Means Committee today voted to raise taxes on over 14 million working Americans and their families by cutting the Earned Income Tax Credit (EITC) by $23 billion over seven years. I believe strongly that we should balance the budget. But I don't think we should raise income taxes on the lowest-paid working Americans in order to get there. President Reagan called this working person's tax credit, "the best anti-poverty, the best pro-family, the best job-creation measure to come out of the Congress." Cutting the EITC is no way to reward work, strengthen families or move the economy forward.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR IMMEDIATE RELEASE
September 20, 1995

STATEMENT BY TREASURY SECRETARY ROBERT E. RUBIN

"I welcome today's announcement by the Government of Japan of a significant economic stimulus package.

The Japanese authorities have taken a series of constructive policy actions in keeping with the cooperative strategy for growth and the adjustment of external imbalances, set out in the April 25 G-7 communique.

I look forward to rapid implementation of this package, further follow-up on deregulation, and the adoption of a comprehensive plan to strengthen the financial system.

I look forward to the next G-7 meeting with Minister Takemura and our other G-7 colleagues in October."

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR RELEASE AT 2:30 P.M.
September 20, 1995

CONTACT: Office of Financing
202/219-3350

TREASURY TO AUCTION 2-YEAR AND 5-YEAR NOTES TOTALING $29,250 MILLION

The Treasury will auction $17,750 million of 2-year notes and $11,500 million of 5-year notes to refund $16,943 million of publicly-held securities maturing September 30, 1995, and to raise about $12,300 million new cash.

In addition to the public holdings, Federal Reserve Banks hold $961 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 $1,020 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 noncompetitive 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) 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.

If the auction of 2-year Treasury notes to be held Tuesday, September 26, 1995, results in a high yield in a range of 5.500 percent through and including 5.624 percent, the 2-year notes will be considered an additional issue of the outstanding 5-1/2 percent 5-year notes of Series R-1997 (CUSIP No. 912827G97) originally issued September 30, 1992. The additional issue of the notes would have the same CUSIP number as the outstanding notes, which are currently outstanding in the amount of $12,139 million. Accrued interest of $0.30055 per $1,000 for September 30, 1995 to October 2, 1995, would be payable in addition to the auction price of the notes.

If the auction results in the issuance of an additional amount of the Series R-1997 notes rather than a new 2-year note, it will be noted at the bottom of the Treasury's auction results press release.

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Attachment

RR-576

HIGHLIGHTS OF TREASURY OFFERINGS TO THE PUBLIC OF
2-YEAR AND 5-YEAR NOTES TO BE ISSUED OCTOBER 2, 1995

September 20, 1995

Offering Amount	$17,750 million	$11,500 million
Description of Offering:		
Term and type of security	2-year notes	5-year notes
Series	AJ-1997	Q-2000
CUSIP number	912827 V3 3	912827 V4 1
Auction date	September 26, 1995	September 27, 1995
Issue date	October 2, 1995	October 2, 1995
Dated date	October 2, 1995	October 2, 1995
Maturity date	September 30, 1997	September 30, 2000
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	March 31 and September 30	March 31 and September 30
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 three decimals, e.g., 7.123%

(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 Daylight Saving time on auction day

Competitive tenders . . . Prior to 1:00 p.m. Eastern Daylight Saving 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
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

September 21, 1995

The Honorable Newt Gingrich
Speaker of the House
United States House of Representatives
Washington, D.C. 20515

The Honorable Robert Dole
Majority Leader
United States Senate
Washington, D.C. 20510

Dear Mr. Speaker and Mr. Majority Leader:

I understand the House Majority is releasing its plan to restructure Medicare today. I am writing to discuss the condition of the Medicare Hospital Trust Fund in the context of these reform plans.

As Managing Trustee of the Medicare Hospital Insurance (HI) Trust Fund, I am concerned by a growing number of statements by Members of Congress which appear to be based on a misunderstanding of what our annual report said. Because votes for significant changes in Medicare should not be cast without Members knowing the facts, I want to recount briefly what the Trustees reported about the funding status of Medicare.

Simply said, no Member of Congress should vote for $270 billion in Medicare cuts believing that reductions of this size have been recommended by the Medicare Trustees or that such reductions are needed now to prevent an imminent funding crisis. That would be factually incorrect.

In the annual report to Congress on the financial condition of Medicare, the Trustees concluded that the HI Trust Fund will not be depleted until 2002, seven years from now. When we issued our findings, we asked Congress to take remedial action to fix the HI Trust Fund on a near-term basis and then in the context of health care reform to make long-term changes in the system that would accommodate the influx of "baby-boomer" beneficiaries. At no time did the Trustees call the funding crisis "imminent." Without adequate time for reflection, a responsible, bipartisan, long-term solution to the financing problem could not be structured. We therefore did not imply that cuts of the magnitude being proposed now were needed.

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Nonetheless, the Majority is asking for $270 billion in Medicare cuts, almost three times what is needed to guarantee the life of the Hospital Insurance (Part A) Trust Fund for the next ten years. Moreover, I understand that the $270 billion of cuts proposed by the Majority includes increases in costs to beneficiaries under Part B of the Medicare program, even though increases in Part B do not contribute to the solvency of the Part A Trust Fund. In this context it is clear that more than $100 billion in Medicare funding reductions are being used to pay for other purposes -- not to shore up the Medicare HI Trust Fund.

By contrast, the President's proposal, by providing ten years of trust fund security, is consistent with actions by prior Congresses and would afford us far more than sufficient time to propose a bipartisan solution to the long-term fiscal needs of Medicare. Such a bipartisan solution will be needed regardless of whether the President's plan or Congress's plan is finally adopted.

To emphasize, the Trustees did not recommend $270 billion of Medicare cuts at this time nor state that the funding problems facing Medicare require actions of this magnitude now to deal with a financing problem that occurs in the next century.

I hope this information can be provided to Members of Congress on both sides of the aisle as they review the significant changes in Medicare that are being considered so that Members can have a clear understanding of the facts.

Sincerely,

Robert E. Rubin

Robert E. Rubin

DEPARTMENT OF THE TREASURY

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FOR IMMEDIATE RELEASE
Text as Prepared for Delivery
September 21, 1995

**TESTIMONY OF THE HONORABLE JOHN D. HAWKE, JR.
UNDER SECRETARY OF THE TREASURY
FOR DOMESTIC FINANCE
ON THE
SAVINGS ASSOCIATION INSURANCE FUND
AND THE THRIFT CHARTER
BEFORE THE SUBCOMMITTEE ON FINANCIAL INSTITUTIONS
AND CONSUMER CREDIT
COMMITTEE ON BANKING AND FINANCIAL SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES**

RR-578

SAVINGS ASSOCIATION INSURANCE FUND AND THE THRIFT CHARTER

Testimony of the Honorable John D. Hawke, Jr.
Under Secretary of the Treasury
for Domestic Finance

Before the Subcommittee on
Financial Institutions and Consumer Credit
Committee on Banking and Financial Services
United States House of Representatives

September 21, 1995

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SAVINGS ASSOCIATION INSURANCE FUND AND THE THRIFT CHARTER

Testimony of John D. Hawke, Jr.
Under Secretary of the Treasury

Before the Subcommittee on Financial Institutions and Consumer Credit
Committee on Banking and Financial Services
United States House of Representatives

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Madam Chairwoman, Mr. Vento, Members of the Subcommittee.

I appreciate this opportunity to present the Administration's initial views on the Thrift Charter Convergence Act of 1995 (the "Convergence Act" or the "bill"), a draft bill to resolve the problems of the Savings Association Insurance Fund (SAIF) and to address thrift charter and related regulatory issues. I want to commend the Committee for adopting the critical elements of the SAIF solution that the Treasury, jointly with the Federal Deposit Insurance Corporation (FDIC) and the Office of Thrift Supervision (OTS), proposed here on August 2. Since then, the Treasury has been developing proposals on the future of the thrift charter and related rules and institutional arrangements (as I indicated we would do), and it has been our intent to present those views to the Banking Committee by the beginning of October. We look forward to working with you in this area.

In my testimony, I will (1) summarize the main points in our August 2 testimony, i.e., the Treasury's understanding of SAIF's problems, the reasons why they should be resolved now, and the critical elements of a comprehensive solution contained both in the joint proposal of the Treasury, the FDIC, and OTS, and in the Convergence Act; (2) discuss the major concerns we have with some of the bill's related insurance fund provisions; (3) address the complaints about the proposed SAIF solution raised by banks that have a portion of their deposits insured by SAIF ("Oakar" banks); and (4) provide our initial views on the Convergence Act's provisions dealing with the thrift charter and related issues.

I. SAIF'S PROBLEMS AND SOLUTION

A. SAIF'S PROBLEMS

As we testified in August, SAIF has four major weaknesses. First, SAIF has slender reserves. As of June 30, 1995, SAIF held $2.6 billion in reserves to cover $708.6 billion in insured deposits. These reserves amounted to only 36.5 cents per $100 of insured deposits -- 71 percent *below* the statutory standard of $1.25 in reserves per $100 of insured deposits. The failure of one or two large thrift institutions could exhaust these reserves and leave the Fund insolvent. By contrast, the Bank Insurance Fund (BIF) had reserves of $24.7 billion as of June 1995 to cover $1.9 trillion in insured deposits -- almost $1.29 in reserves per $100 of insured deposits.

Second, SAIF has only meager income with which to protect depositors and build reserves. Roughly forty-five percent of SAIF premiums go to pay interest on the Financing Corporation (FICO) bonds issued to prop up the former thrift deposit insurance fund.

Third, SAIF has excessive concentrations of risk because it insures a specialized industry and because of the industry's concentration in large West Coast institutions. These risk concentrations represent long-term structural problems in the Fund.

Fourth, and most importantly by far, SAIF has an assessment base in long-term decline. Over the five and one-half years from the end of 1989 through June 1995, SAIF's domestic deposits -- instead of growing 45 percent (as projected in 1989, when SAIF was established) have shrunk more than 22 percent, from $950 billion at the end of 1989 to $739 billion as of March 1995 -- an annual shrinkage rate of almost 5 percent. Although SAIF's deposit base has grown slightly since late last year, this reversal is likely to be short-lived if there is no SAIF solution, as healthy thrifts will now be charged 575 percent times what healthy banks will pay for the same deposit insurance. It is very likely that SAIF members, anticipating a legislative solution to SAIF's problems, have deferred steps to reduce their reliance on SAIF-insured deposits.

B. NEED FOR ACTION

Without a SAIF solution, SAIF-insured deposits will likely resume their decline, because depository institutions not only have the *motive* -- a 19-cent premium differential between the lowest rates charged by SAIF and BIF -- but also the *means* to reduce their reliance on SAIF-insured deposits. Current law generally prohibits SAIF members from converting to BIF membership.[1] But depository institutions can sell off loans, instead of holding them in portfolio, and thus reduce their need for deposits.

[1]Until SAIF's reserves reach 1.25 percent of insured deposits, current law generally prohibits SAIF members from becoming BIF members and vice versa, and generally prohibits other "conversion" transactions between BIF and SAIF members, including: mergers; assumptions of deposit liabilities; transfers of assets in exchange for assumptions of deposit liabilities; and certain deposit transfers involving receiverships.

They can replace deposits with nondeposit funding sources, such as Federal Home Loan Bank borrowings. Or they can seek to switch from SAIF to BIF, for example, by forming affiliated BIF-insured banks with branches in their thrift lobbies. Accordingly, we believe it would be unwise to assume that SAIF's assessment base will grow, stabilize, or shrink only very slowly.

SAIF's greatest vulnerability arises from the interaction between the payments on the FICO bonds, which claim the first $793 million in annual SAIF premiums, and a SAIF assessment base in long-term decline. The combination of fixed FICO payments and a shrinking assessment base tends to create a vicious circle in which (1) shrinkage of the assessment base makes FICO payments consume an increasing share of SAIF premiums, which (2) reduces SAIF's capacity to bear losses and build reserves and renders increasingly remote the prospect of SAIF ever accumulating sufficient reserves so that it could cut premiums, which (3) makes SAIF-insured deposits less attractive as a funding source, which in turn (4) promotes further shrinkage of the assessment base and leaves SAIF with even less income remaining after FICO payments.

If not corrected, SAIF's weaknesses could leave the Fund insolvent and the FICO interest payments in default. They could also make it more difficult for savings institutions to attract and retain capital, thus harming what remains of the thrift industry and diminishing the industry's capacity to help solve its problems.

C. Proposal to Resolve SAIF's Problems

The Administration believes that six principles should guide any solution to the problems of SAIF. First, it should minimize the costs and risks to the taxpayers.

Second, it should assure prompt capitalization of SAIF. Third, it should avoid default on the FICO bonds. Fourth, it should require a fair and substantial contribution from institutions with SAIF-insured deposits. Fifth, it should allocate burdens fairly, and avoid market distortions and perverse incentives. And sixth, it should maintain public confidence in federal deposit insurance by acting promptly, before SAIF's problems become more serious.

As presented to this Subcommittee in August, the joint proposal of the Treasury, the FDIC, and OTS has three critical elements:

First, *capitalizing SAIF through a special assessment on SAIF-insured deposits.* Institutions with SAIF-insured deposits would pay a special assessment at a rate sufficient to increase SAIF's reserves to $1.25 per $100 of deposits at the beginning of 1996. The special assessment would be based on institutions' SAIF-assessable deposits on a specific past date, such as March 31, 1995, which would make the assessment difficult to evade and would give institutions no new incentives to shrink their SAIF-insured deposits. The special assessment is entirely attributed to 1996, and therefore, we understand can be deducted.

To help ensure that the special assessment does not inadvertently contribute to the failure of institutions that might otherwise have survived, the FDIC's Board of Directors could exempt weak institutions from the special assessment if the exemptions would actually reduce risk to the Fund. But any exempted institution would pay premiums for 1996 through 1999 under the current SAIF risk-based premium schedule (with rates ranging from 23 to 31 basis points). Thus weak institutions would still, over time, generally pay more than healthy institutions.

Second, *spreading FICO payments pro rata over all FDIC-insured institutions.* Spreading FICO payments over a large deposit base ($3.2 trillion as of June 1995) would avoid the vicious circle of shrinkage, perverse incentives, and record-high premium rates described above. And it would leave BIF premiums only 2.5 cents higher per $100 of deposits than they otherwise would have been -- still allowing BIF premiums to decline dramatically from the 23-cent rates prevailing over the past four years.

Third, *merging the deposit insurance funds as soon as practicable -- preferably no later than the beginning of 1998.* Merging the funds would cure the longer-term weaknesses of SAIF that arise from the Fund's concentrations of risk. Merger would provide the requisite asset and geographic diversification, and would protect taxpayers from the possibility of another deposit insurance crisis by ensuring that SAIF's problems would not need to be revisited.

The joint proposal also includes provisions to restore the FDIC's authority to rebate excess BIF premiums, and give the FDIC some flexibility to reduce the frequency of premium rate changes.

Let me emphasize, as we did in August, that the joint proposal provides a *complete and permanent solution to SAIF's problems.* It deals comprehensively and definitively with SAIF's inadequate reserves and income, shrunken deposit base, and excessive risk concentrations, and with the perverse incentives created by a premium differential.

II. CONCERNS WITH INSURANCE FUND PROVISIONS

We applaud the inclusion of the joint proposal's three critical elements in the Convergence Act. We also note that the draft released on September 19 resolved several of the concerns we had voiced informally about earlier versions of the bill. Let me turn now to remaining concerns we have with some insurance fund provisions of the Convergence Act.

A. ASSESSMENT RATE SETTING TO MAINTAIN THE DESIGNATED RESERVE RATIO

Current law requires the FDIC to set assessment rates in order to maintain the designated reserve ratio of the insurance funds, now at 1.25 percent of insured deposits. The FDIC views the designated reserve ratio as a target, around which the actual reserve ratio is expected to fluctuate due to economic factors beyond the FDIC's control. Strict rules apply when the fund becomes undercapitalized. We are troubled by the provisions in the Convergence Act that would (1) treat the designated reserve ratio as a rigid limit on the fund's reserves level; and (2) prevent the FDIC from maintaining a risk-based pricing system under certain conditions when the fund is fully capitalized. We strongly recommend retaining the rate-setting provisions in current law, rather than adopting the provisions in the bill.

Attempting to treat the designated reserve ratio as a rigid ceiling would not only ignore the impossibility of controlling the economic factors that affect fund reserves; it would also, to a significant degree, make deposit insurance into a pay-as-you-go system, in which insurance costs are borne at the time the losses are incurred. This would foreclose the FDIC's ability to spread risk over time and possibly subject banks to extremely large swings in insurance premiums. Such pricing would inject volatility into bank earnings that would likely increase the industry's costs of attracting and retaining capital.

We are not arguing that the FDIC should be managing the funds to a level above the 1.25 percent of insured deposits. Rather, it should remain able to manage the fund to 1.25 percent over time, allowing for some fluctuations in reserve levels from one rate-setting period to another.

Allowing the FDIC to set premiums *only* to the extent necessary to maintain the reserve ratio rigidly at the designated reserve ratio might imply that, in good economic times -- i.e., when premium income is not needed -- the FDIC would have to set premiums at zero for *all* insured institutions. This would effectively undermine the FDIC's statutory mandate to assess institutions based on the risks they pose to the insurance fund. In so doing, it would (1) penalize well-managed and well-capitalized institutions; (2) provide no incentives to institutions to control risk-taking; which (3) could result in greater costs to the FDIC once the economy or institution behavior causes losses to the fund; thereby (4) reducing taxpayer protection provided by a healthy insurance fund. Charging no premium at all would also fail to take account of the fact that the FDIC's guarantee of deposits confers a significant benefit on *all* insured institutions.

We would also note that if the bill precludes the FDIC from collecting premiums, it may create obstacles to servicing the FICO debt.

B. Rebate Authority

The Convergence Act requires the FDIC to rebate to insured depository institutions the amount by which actual reserves exceed what is needed to maintain the designated reserve ratio for any semiannual period (but not greater than the amount of assessments paid). Mandatory rebates of excess assessments would unduly restrict the FDIC's ability to spread risk over a time and stabilize premium rates, and under certain conditions, prevent the FDIC from charging institutions based on the risks they pose to the insurance fund. A better approach would be to provide the FDIC with discretionary authority to rebate assessments, as a tool to aid in managing the fund at the designated reserve ratio.

III. NO SPECIAL TREATMENT FOR OAKAR AND SASSER DEPOSITS

You have asked that we address the effect of the SAIF solution on Oakar and Sasser banks. Like all other SAIF members, both the joint proposal and the Convergence Act make Sasser banks' SAIF-assessable deposits subject to the special assessment and, in return, give them the benefit of the lower regular premium rates that result from SAIF's capitalization and spreading FICO costs across all FDIC-insured institutions.

The joint proposal and the Convergence Act call for Oakar deposits (the portion of BIF-member banks' deposits that is effectively insured by SAIF) to be subject to the same special assessment levied on all SAIF-insured deposits, in exchange for the benefit of lower regular premiums -- and a merged fund -- to follow.

Recently, groups of Oakar banks have made various arguments why they should be relieved of some, or all, of the burden of the special assessment. They have also made various proposals for relief, some of which shift costs from Oakar banks to other banks, and others of which shift costs from Oakar banks to thrifts.

The arguments that the Oakar banks have made generally fall along one or more of the four following lines: (1) Oakar purchases benefitted the government by taking troubled thrifts off the government's hands; (2) Oakar banks were not informed that they might have to pay substantially higher premiums on their SAIF-insured deposits, much less a special assessment; (3) a large part of the thrift deposits acquired have "run off," so they are being asked to pay an assessment on "phantom" deposits; and (4) Oakar banks are being burdened with a new obligation without receiving any benefit in return.

As we will explain, we see no merit in these arguments.

1. Oakar purchases were profit-motivated business transactions. Banks bought thrifts -- troubled or otherwise -- for sound business reasons. They expected to benefit from the thrift and branch locations they bought. The lower franchise values of thrifts (relative to banks) have been an attractive way for banks to purchase branches and expand a stable source of financing (i.e., core deposits).

The Oakar provision was designed to allow banks to engage in transactions that were otherwise not permitted. It allowed banks to achieve efficiencies by directly consolidating acquired thrifts, rather than having to hold them separately because of the statutory moratorium on converting deposits from one insurance fund to another. It provided an alternative to costly insurance fund entrance and exit fees at the time of acquisition.

2. Acquirers could have no reasonable expectations that premiums would remain unchanged. Since FIRREA, the law has been clear that: (1) a portion of the expanded deposit base that results when a bank acquires a thrift would be assessed by SAIF; and (2) the FDIC would set premiums for SAIF and BIF independently. No bank that had acquired a thrift had any right or basis to assume that deposit insurance premiums would not change in the future. Indeed, the more recent the transaction, the more aware the acquiring banks should have been about SAIF's problems and the possibility of a premium differential if those problems were not addressed. These banks likely would have factored these concerns into their business decisions, including the prices bid on the thrift deposits.

3. Deposit run-off is not the issue. Banks buying thrifts have not merely been purchasing specific individual deposit accounts. They have been acquiring franchises -- sets of business relationships *and* prospects for future development of new relationships. The rules for determining what part of an acquirer's total deposits over time are subject to SAIF premiums have been prescribed by statute and by the FDIC regulation since 1989.

Congress has always required Oakar deposit growth to be calculated by formula, rather than based on what actually happened to the specific deposits acquired. In fact, when the Oakar amendment was first adopted, it imputed a minimum 7 percent growth rate at a time when SAIF deposits were declining. The formula was designed to protect SAIF, and it provided a straightforward means for determining what portion of an institution's total deposits over time would be assessed by each of the two insurance funds.

It is extremely difficult to measure run-off, even to define it. Some banks have identified run-off when an address on an account is changed, when there is a change in a checking account program, when a spouse is added to an account, or when the funds from one type of account are rolled into another. Those drafting the Oakar provisions knew that the FDIC would have difficulty tracking the status of specific acquired deposits, or validating and interpreting banks' own measurement of deposit run-off.

Moreover, some run-off in the specific accounts acquired was inevitable and predictable, and banks certainly factored it into the prices they bid for deposits.

But run-off in these specific deposit accounts should not even be an issue. A much more important question is what happened overall to the franchise that was acquired. Did it grow under the new management? If not, who should bear the burden of the acquirer's misjudgment? And by what standard can anyone judge whether these institutions should now get some relief? We see no principled basis on which the petitions of the Oakar banks can be given any credence.

4. Finally, the special assessment has ample offsetting benefits. The special assessment does not alter the existing obligation of either Oakar banks or savings associations to capitalize SAIF. Under current law, they would have to continue to pay premiums at the present high rates until SAIF is capitalized. The special assessment accelerates the fulfillment of their obligation to capitalize SAIF.

Banks with SAIF-insured Oakar deposits would in fact benefit directly from lower regular premiums following the special assessment. They would also benefit from the joint proposal's resolution of SAIF's long-term weaknesses (i.e., through a fund merger), and from the continued stability of the deposit insurance system that the joint proposal would maintain.

IV. THRIFT CHARTER AND RELATED ISSUES

As you are aware, the Treasury is developing its proposals for the thrift charter and related institutional arrangements, including regulatory and tax aspects. Certain general principles have guided us in our evaluation of proposals concerning these issues:

- Decisions about powers, ownership, and regulation in the context of this legislation should be viewed as transitional: the resolution of the thrift charter question should not become the vehicle for broad financial modernization. While modernization is of critical importance, it raises issues that should be addressed separately. Proposals of the sort now before the Subcommittee should be confined to issues that arise from folding the thrift charter and regulatory system into the *existing* bank system.

- Proposals should minimize artificial incentives for financial institutions to maintain a narrow focus, i.e., they should not perpetuate concentrations of assets and earnings by financial institutions in specialized fields unless responding to market incentives.

- Proposals should avoid abrupt termination of institutions' current lawful activities.

- Proposals should attempt to level the playing field prospectively among insured depositories.

- Proposals should preserve the dual banking system and should be strictly neutral in terms of the incentives they create for choosing a state or federal charter.

We recognize that these principles can often conflict with each other. The difficult task before us is to strike an appropriate balance. With that in mind, we are prepared to discuss some concerns we have based on our initial review of the Convergence Act's charter and regulatory issues.

A. TIMETABLE FOR CHARTER CONVERSION

Our concerns about the charter conversion deadline in an earlier draft of the bill were addressed in the more recent version, which requires conversion by January 1, 1998. In order to facilitate an orderly process, it would be helpful if procedures could be adopted to streamline and accelerate the conversion process for those thrifts prepared to convert at an earlier date.

B. SAVINGS INSTITUTION POWERS

We note conflicting considerations in resolving issues related to the disparity of powers between thrifts and banks. On the one hand, it is reasonable to be concerned about competitive equity between former thrifts and existing banks. On the other hand, those institutions that have exercised such powers, often for many years -- profitably, legally, and in accordance with safety and soundness requirements -- should not be unfairly penalized. Nor should their capital be jeopardized by the loss of income from established activities that are safe and sound.

The tension between these considerations should be resolved as much as possible by a reasonable grandfather provision that would not force a precipitous abandonment of former thrift powers or a disruptive divestiture of nonconforming assets. A reasonably long grandfather period would allow converting institutions to make orderly plans for a transition to bank powers. Furthermore, unlike the grandfather provision proposed in the Convergence Act, the period would be fixed for all institutions, rather than a short fixed period followed by extensions allowed by regulators only on a case-by-case basis. Such a process would unnecessarily clog the regulatory process with petitions for relief.

Such a grandfather provision would have the added benefit of giving Congress the opportunity to decide the broader questions of financial modernization on a separate course -- before former thrifts would have to terminate grandfathered activities.

C. Holding Companies

We find the holding company issue one of the most difficult to resolve. Thrift holding companies cover a wide spectrum: while many are engaged primarily in the thrift business, others have a wide range of affiliations and activities not permissible for bank holding companies. There has been no evidence that diversified ownership has in and of itself been a significant problem from either supervisory or social policy perspectives. In fact, many diversified holding companies have been a source of strength to their thrift subsidiaries. We want to prevent a disruption of settled relationships that have not been problematic in the past.

On the other hand, the thrift subsidiaries of these companies would now be banks. It is not unreasonable to expect that the banks' owners should be treated the same as owners of existing banks.

At this time, we are leaning towards an arrangement that would provide some choice for companies that own savings institutions -- either to pursue opportunities in ways permitted to them currently as owners of thrifts, or, alternatively, to be regulated as owners of banks. They could, for example, opt to meet qualified thrift lender requirements and continue to be regulated as thrift holding companies, allowing them to expand in areas not authorized for bank holding companies. In this event, they would be regulated by the successor to the Office of Thrift Supervision, which currently regulates these companies. Or they could disregard the constraints of the QTL test and choose to be regulated under the Bank Holding Company Act, with the right to expand in ways permissible for other bank holding companies. The latter choice would precipitate divestiture of activities and affiliations not permitted for bank holding companies after two years.

We are concerned about the rigidity of the requirements in the bill to maintain grandfathered holding company status. A minor infraction of an investment limitation could result in the forfeiture of grandfathered status. In addition, with respect to the prohibition on acquiring more than five percent of another insured depository, no provision is made for shares acquired in the normal course of business, such as shares held for trading or held temporarily pursuant to an underwriting commitment. We would be pleased to work with the Subcommittee in addressing other complexities that might be raised by such an approach.

D. Branching

Congress has taken very forthright steps to promote the elimination of geographic barriers to competition in banking. We think the spirit of the Interstate Branching Act should be reflected in the treatment of branching in this legislation. Accordingly, we do not think it is advisable to limit a former savings association's ability to establish additional branches in a State in which it already has a branch. As has historically been the case with national banks having grandfathered interstate branches, such institutions should have the right to continue to branch in states in which they presently have lawful branches.

E. Regulator

Our position at this time would be to merge the Office of Thrift Supervision into the Office of the Comptroller of the Currency as a structural matter, rather than liquidate the OTS and divide its employees among the three federal bank regulators as proposed in the Convergence Act. We recognize that in the process of conversion, some thrifts will end up as state-chartered banks, and therefore will be regulated by an agency other than the merged OCC/OTS. Thus, some reallocation of personnel will be necessary. Consideration must be given to the timing and method for reallocating employees in a way that matches personnel resources to new regulatory constituents at each of the agencies.

F. Federal Home Loan Bank Membership

We would strongly object to a permanent prohibition on institutions currently chartered as federal savings associations from withdrawing voluntarily from the Federal Home Loan Bank System. This would perpetuate current inequities in the treatment of mandatory and voluntary members. However, we understand that this provision is designed to maintain the status quo until the Federal Home Loan Bank issues can be addressed in comprehensive legislation.

G. Home Owners Loan Act

The blanket repeal of the Home Owners Loan Act (HOLA) may have substantial ramifications that need to be explored, among them the effects on the Federal Home Loan Bank System (e.g., on differential standards for institutions that do or do not meet HOLA's qualified thrift lender test).

H. Taxes

We believe that, on a prospective basis, existing banks and former thrifts should be taxed similarly. There are several alternatives for dealing with the existing bad debt reserves of converting thrifts, and we are still in the process of considering those alternatives.

V. CONCLUSION

As we concluded in our August testimony, we have an opportunity that arises from identifying problems before they become a crisis. The Administration, the regulators, the Congress, and large segments of the industry have reached a consensus on the critical elements of a solution that would permanently resolve SAIF's near-term problems and long-term deficiencies. As important as the issues concerning future charter and regulatory options for the current thrift industry are, we should not let their resolution hinder quick enactment of a comprehensive financial solution to the remaining thrift deposit insurance problems.

We stand ready to work with the Subcommittee and other Members of Congress to facilitate this solution.

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REMARKS OF TREASURY SECRETARY ROBERT E. RUBIN
MIAMI HERALD SPIRIT OF EXCELLENCE AWARDS DINNER
MIAMI, FLORIDA

It's nice to be home again and have the opportunity to join you in honoring five South Floridians who each have made very important contributions to the South Florida community. It is fitting, and it promotes the long-term health of the area, that once a year the community stops and recognizes a small group of talented and dedicated people who make a contribution to one of America's great cities. Their experience shows how getting involved in the community can be both personally rewarding and enormously useful to the area and to our society.

More than one hundred and sixty years ago, Touqueville wrote that voluntary associations -- the informal joining of citizens -- were uniquely important in America; and so it still is today. Now, nearly two centuries later, there is a resurgent interest in community involvement -- involvement outside the important and necessary programs of government -- to make America better. Tonight we celebrate commitment and involvement in the voluntary sector that plays such a critical and unique role in our society. That celebration, as well as the example of your five honorees, should inspire all of us to raise our sights in serving our country through voluntary activity.

Public service, outside and inside government, is enormously rewarding. I spent 26 years in the private sector, and it was challenging and fulfilling. But now, I have the chance to apply the lessons of those 26 years to the larger economic issues of how to make the global economy work for all Americans -- and that is a challenging and remarkable opportunity to have.

I was reflecting on what I could say about the Miami area, and I started thinking about how different the Miami of today is from the Miami in which I grew up.

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Obviously, the portion of the population that is Hispanic has risen substantially. I saw a statistic the other day that in the city of Miami proper, roughly two and one-half times as many people speak Spanish at home as speak English. The change in Miami's demographics has made it a far more exciting, vibrant and vital town than it was when I was growing up. The presence of different racial and ethnic groups better enables us to work effectively with the rest of the world and strengthens our social, economic, political and national security ties around the globe. It is no coincidence that the President chose Miami for the Summit of the Americas last year. In the span of just a few decades Miami has positioned itself to serve as the gateway to Latin America, an area with such great potential.

We are, I believe, the first great and lasting nation in history that has become truly culturally and racially diverse. If you step back and look at this nation's 200-plus years of history, it has been a remarkable period. Other nations have been torn apart by their differences, but ours has survived and prospered. That is not to say we haven't had and do not now have shortcomings and difficulties -- we have and we do, and they must be addressed -- but we have come a long way. The diverse composition of our society presents us with both problems and opportunities. Our challenge, therefore, is to overcome the problems, and realize the opportunities.

We have had unique advantages. In most of the countries our ancestors came from, there was a rigid class structure; if your family was poor, that would never change. Here, we have something called the American Dream -- an ideal that, to be sure, has worked imperfectly, but nonetheless is real. It is not a guarantee, but the opportunity to succeed and do well through one's own efforts -- and opportunity that has been a source of inspiration and unity in our society and around the world.

Our challenge today -- in a global economy and in an information age -- is to keep that Dream alive and to be sure it works for every American.

We must look both within and without for opportunities to make us stronger within our borders. We must seize on the opportunities to fruitfully engage with the rest of the world. A prime example of that is the North American Free Trade Agreement. It offers a vision for trade and a closer association with different cultures and societies. Part of NAFTA's importance is our relationship with Mexico, and part is the vision of a relationship of mutual respect with the entire region. True, Mexico's financial difficulties mean a delay in the full realization of the benefits of NAFTA, but I am certain we will eventually reap those benefits, and not just in Mexico but throughout the hemisphere.

There is a great deal going on in Washington now that is central to the questions of how our society faces its future and what kind of nation we will be in the next century. Our economy has undergone a stark and profound set of changes, in technology and in globalization. Our economy's future depends on how well we prepare Americans to compete effectively in an increasingly global economy.

I want to touch briefly tonight on some of the budget issues central to our economic future.

The debate under way in Washington is not about whether to balance the budget. There is agreement on that. After decades of deficit spending, after 12 years in which our debt quadrupled, President Clinton re-established the discipline of fiscal responsibility. Our economic program, passed in 1993, has resulted in lower deficits for three fiscal years in a row -- for the first time since Harry Truman was President. Since President Clinton took office, the deficit has been cut nearly in half, both in dollar terms and as a percentage of our Gross Domestic product. Now both parties are building on that progress by committing the country to balancing the budget at the beginning of the new century, and the only debate is over how balance will be achieved. This is a historic departure from the budget habits of the past.

I want to discuss two areas where the President and congressional majority differ in this debate: The President believes that as the budget is balanced, we must maintain a real and vigorous program of investment in education and training and related areas to prepare America to compete and succeed in the 21st century. And, he believes the budget must continue to maintain the social compact amongst Americans.

Why the emphasis on education and training? Because there is nothing more central to our ability to compete and succeed globally. And because there is a disturbing trend in this nation which education and training and the programs the President advances will address. That trend -- if not met head-on -- could undermine the remarkable success we have achieved in the United States in bringing together so many disparate groups of people.

If you look back to the '50s, '60s and '70s, across the spectrum of income groups in the United States, incomes were rising at roughly proportional rates. Everyone was getting ahead at roughly the same rate. That has not been the case for almost 15 years now. The top 40 percent of the income brackets are continuing to experience rising incomes, but the lower 60 percent are seeing their incomes erode. The median income of year-round, full-time male workers fell more than 10 percent in real terms between 1978 and 1993.

The widening income gap poses very profound and disturbing problems for the United States. It is already tearing at our social fabric. You can also see it in the lowered respect many have for our institutions -- government, the media, law enforcement, business and other national institutions.

Beyond that, a trend of this nature can become self-fulfilling. As the income gap widens and dissatisfaction and unease increase, it becomes harder to obtain public support for the very kind of forward-looking economic policies requisite for economic growth, having a better educated work force for the next century, and raising living standards. One example of that is the backlash against free trade we have seen.

Adopting budget and economic programs that create growth, prepare our economy for the 21st century and provide Americans the opportunity to prosper will address the problems of income inequality and falling median incomes.

This is not a problem in the abstract. It is a problem in reality, and it in large measure is at the heart of the budget debate in Washington.

The critical nature of education in strengthening economies is recognized around the world. Let me illustrate the point. Earlier this year I was in Indonesia for a meeting of finance ministers from Asian and Pacific countries. Many of the nations represented at the table are ones which 20 years ago were asking the United States for aid. Today, they have strong, growing and vibrant economies. Many, in fact, are now our competitors in trade. What each of these economies has in common is a very strong and sustained investment in education. That is what has brought their economies along so far and so fast, and that is what is absolutely necessary in the United States to strengthen and sustain our position as the world's most productive and competitive economy.

In preparing the budget, the President started with the question of what is best for the long term economic growth of the nation. That led to a budget that is balanced and also makes vigorous investments in education, training, technology and related areas. The congressional majority, on the other hand, started with an arbitrary date by which to reach balance. That forced it to make severe reductions in the areas absolutely critical to determining how prepared Americans and the American economy are for the 21st Century.

I also want to touch briefly on the very special social compact that exists in the United States amongst our citizens. This is the 60th anniversary of Social Security, and the 30th anniversary of Medicare. I had the opportunity last month to speak in Hyde Park, New York, at the Roosevelt Library and birthplace. I was reminded there about his absolute commitment to the social compact amongst Americans, to strengthening the unity of our country.

Part of that compact is protecting the elderly. We all recognize that reducing the growth in Medicare costs is necessary to achieve a balanced budget. But in the course of doing so, the President is committed to ensuring that Medicare remains an effective program. There isn't a community in the nation where respect for the elderly is higher than this one. That is why the President came here this week to voice his concerns about Medicare. The social compact that FDR helped create must be preserved.

Tonight is a special night. It is about recognizing how talented Americans can play a role in preparing our nation for the future, in taking advantage of opportunities, in drawing us closer together as a community and country, and in seeing that the American Dream is available for all Americans.

Tonight's honorees exemplify the spirit of excellence that will enable the United States to deal with its problems and meet its challenges as our great country enters the 21st Century.

My congratulations to the winners, and thank you for asking me to join you this evening. Thank you.

-30-

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR IMMEDIATE RELEASE
September 21, 1995

STATEMENT OF TREASURY SECRETARY ROBERT E. RUBIN

Frank Newman became one of the Treasury Department's most valued assets in the nearly three years he spent here. Starting first as Under Secretary for Domestic Finance, then Deputy Secretary, and for a time as Acting Secretary, Frank handled complex issues, under intense pressures, and demonstrated the kind of resolve and integrity that has made him respected throughout the financial community. His counsel has been excellent and his judgment first-rate. He was a leader in the successful passage of the landmark Interstate Banking Bill, and made Treasury work better and more efficiently as the department's Chief Operating Officer.

We wish him well at Bankers Trust. His rare talents will be missed.

-30-

RR-580

Department of the Treasury Bureau of Alcohol, Tobacco and Firearms

ATF NEWS

SEP 25 95 0 0 2 6 4 0

Washington, DC 20226 24 Hour Telephone: (202) 927-8500

September 19, 1995

****** PRESS ADVISORY ******

DIRECTOR MAGAW TO SPEAK AT PRESS CLUB LUNCHEON

Picture an agency that:

** collects 35 dollars in revenues for every dollar it spends;

** has technical expertise respected by industry and law enforcement organizations all over the world;

** has mutually productive working relationships with the industries it regulates;

** works closely with its counterparts in State and local law enforcement agencies.

ATF Director John W. Magaw will discuss how ATF meets this description by pointing to the accomplishments, history and programs that define ATF as a successful Federal agency. In the standard format for Press Club luncheons, Director Magaw will also respond to queries from the media.

WHEN: Monday, September 25, 1995, 12:30 pm to 2:00 pm

WHERE: The National Press Club
14th and F Streets, NW
Washington, DC

CONTACTS: Tickets: Ms. Pat Nelson (202) 662-7501

DEPARTMENT OF THE TREASURY

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FOR IMMEDIATE RELEASE
September 21, 1995

Contact: Michelle Smith
(202) 622-2960

UNITED STATES AND LUXEMBOURG INITIAL NEW INCOME TAX TREATY

On September 21, delegations from the United States and Luxembourg initialled the text of a new income tax treaty between the two countries. The new treaty will replace the current treaty, which was signed in 1962.

The new treaty reflects important changes in the income tax treaty policies of the countries since 1962, particularly with respect to exchange of information and limitation on benefits. After signature by the two governments, the treaty is subject to ratification in each country. The text of the treaty will be made public after signature.

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RR-582

General Explanation
of the
Administration's Pension Simplification Proposal

Department of the Treasury
Department of Labor
September 1995

General Explanation
of the
Administration's Pension Simplification Proposal

Department of the Treasury
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September 1995

ADMINISTRATION'S PENSION SIMPLIFICATION PROPOSAL

On June 12, President Clinton proposed significant changes to simplify the pension system and expand coverage. These proposals would make it simpler and more cost effective for businesses, tax-exempt organizations, and state and local governments to provide retirement plans for their workers and to allow their workers to save for retirement on a tax-deferred basis. The current pension system works well for many, particularly those who work for large organizations, where almost three quarters of workers are covered by employer retirement plans. But millions of Americans, particularly those who work for small organizations, do not have the opportunity to participate in an employer retirement plan, in part because their employers find it complex, expensive, and frustrating to maintain these plans. Moreover, employers that do maintain retirement plans want more of the money they spend on these plans to go to retirees, rather than to paying administrative expenses.

The legislative portions of the Administration's proposal are described below. Enactment of the proposal would represent an important first step toward creating a pension system that works better and costs less. It would establish a new retirement savings vehicle specifically designed to meet the needs of small employers. It also would repeal or substantially modify complex rules that are outmoded, redundant, or no longer necessary to achieve policy goals, thus simplifying the pension system and reducing administrative costs for all employers.

The Administration's proposal would enable businesses, governments, and tax-exempt organizations with 100 or fewer employees to establish an extremely simple retirement plan -- the National Employee Savings Trust, or NEST -- that combines many attractive features of the 401(k) plan and the IRA. If the employer made contributions on behalf of each eligible employee under either of two alternative formulas, the NEST would not be subject to any of the complex nondiscrimination or top-heavy rules, nor to any employer reporting requirements.

The proposal also would promote retirement savings through improved and expanded 401(k) plans. The proposal would exempt from nondiscrimination testing any 401(k) plan under which the employer made contributions (either nonelective contributions or a combination of nonelective and matching contributions) in accordance with alternative formulas similar to those applicable to the NEST. In addition, all tax-exempt organizations (other than state and local governments) would be able to provide 401(k) plans for their employees.

Further, this proposal would simplify the pension system and reduce the administrative costs of maintaining retirement plans for all employers. It would

- Repeal the family aggregation rules, so that spouses and children who work in the same business would be allowed to earn pension benefits of their own;

- Repeal section 415(e) -- an excessively complex limit on contributions and benefits for employees who participate in a defined contribution plan and a defined benefit plan of the same employer;

- Replace the current seven-part definition of "highly compensated employee" with a simple two-part test that would save many middle-income Americans from being disadvantaged by nondiscrimination rules that were originally meant to help them;

- Repeal the requirement that actively working employees begin receiving pension distributions at age 70 1/2 and, thus, allow them to continue accumulating new benefits without simultaneously being required to receive distributions;

- Modify the definition of "leased employee" to better target the abuses that were originally intended to be addressed by the leased employee rules.

- For multiemployer plans, eliminate the special vesting schedule and partial termination rules, simplify the limits on contributions and benefits, and allow more pre-funding of benefits; and

- For state and local government plans, simplify the limits on contributions and benefits.

The Administration's proposal would strengthen protection of workers' benefits by expanding current law to allow all terminating private retirement plans, whether defined benefit or defined contribution, to transfer the accounts of missing participants to the Pension Benefit Guaranty Corporation. This would make it easier for all workers to receive the benefits to which they are entitled.

Finally, the proposal would streamline reporting and disclosure requirements by eliminating the required filing of summary plan descriptions with the Department of Labor.

Increasing the retirement income security of American workers is important, and increasing retirement plan coverage and benefits is a logical and effective way for the public and private sectors to work together with individual workers to achieve this result. The Administration's proposal is a cost-effective beginning. We look forward to working with Congress on its enactment and on appropriate measures to offset its revenue cost.

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THE NEST -- A SIMPLE PLAN FOR SMALL BUSINESS

Current Law

Under current law, an individual may contribute up to the lesser of $2,000 or the amount of the individual's compensation (wages and self-employment income) to an individual retirement arrangement (IRA)[1] each year. (The dollar limit is $2,250 if the individual's spouse has no compensation.) These contributions are fully deductible only if the individual (and spouse, if any) is not an active participant in an employer-sponsored retirement plan or has adjusted gross income (AGI) no greater than $40,000 for a married taxpayer filing a joint tax return, $25,000 for a single taxpayer, or $0 for a married taxpayer filing a separate return. Once AGI exceeds these thresholds, the deduction begins to be phased out, so that the allowable deduction is zero for a married taxpayer filing a joint return, a single taxpayer, and a married taxpayer filing a separate return once AGI reaches $50,000, $35,000, and $10,000, respectively. To the extent that an individual is not eligible for deductible IRA contributions, he or she may make nondeductible IRA contributions (up to the contribution limit).

The earnings on IRA account balances are not included in income until they are withdrawn. Withdrawals from an IRA (other than withdrawals of nondeductible contributions) are includible in income, and must begin by age 70 1/2. Amounts withdrawn before age 59 1/2 are generally subject to an additional 10% tax. The additional tax does not apply to distributions upon the death or disability of the taxpayer or withdrawals in the form of substantially equal periodic payments over the life (or life expectancy) of the IRA owner or over the joint lives (or life expectancies) of the IRA owner and his or her beneficiary.

Simplified employee pensions (SEPs) and, for employers with 25 or fewer employees, salary reduction SEPs (SARSEPs), are employer-sponsored plans under which employer contributions and, in the case of SARSEPs, employee-elected salary reduction contributions are made to IRAs established by employees. An employer that adopts a SEP must contribute to the SEP for every employee who has attained age 21, has worked for the employer during at least three of the immediately preceding five years, and is paid at least $400 (for 1995, as adjusted for cost of living) by the employer for the year. Thus, for example, an employer would have to make a SEP contribution for an employee who worked for the employer one hour per year in the preceding three years and worked 40 hours (and earned $400) in the current year, if the employer was making contributions for any other employee for the year. SEPs do not allow employees to make elective contributions through salary reduction.

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[1] An individual retirement arrangement (IRA) may be an individual retirement account or an individual retirement annuity. An individual retirement account must generally be a trust. However, a custodial account generally is treated as a trust if the custodian is a bank (or other person approved by the IRS) and the custodial account meets all of the requirements that a trust must meet.

SARSEPs allow employees to make elective contributions, but cannot provide for employer matching contributions. SARSEPs are available only to for-profit employers that had 25 or fewer employees at all times during the preceding year. In addition, special eligibility and nondiscrimination rules apply to SARSEPs. If at least 50% of the eligible employees do not choose to make elective contributions to a SARSEP in a year, then no employee can make elective contributions. An employer with 25 or fewer employees may fall below the 50% threshold (and out of SARSEP eligibility) from year to year.

SARSEPs are subject to the top-heavy rules. A SARSEP is considered top-heavy if the aggregate accounts of key employees in the plan exceed 60% of the aggregate accounts of all employees in the plan. If a SARSEP is top-heavy and any key employee of the employer makes elective contributions of at least 3% of pay, then the employer must make minimum contributions of 3% of pay for all non-key employees -- even if those non-key employees also make elective contributions of 3% of pay.

Reasons for Change

The tax-favored employer retirement plans currently available under the Internal Revenue Code (the "Code") have not been sufficiently successful in attracting small employers. In 1993, for example, only 24% of full-time workers in private firms with fewer than 100 employees were covered by employer retirement plans. In contrast, 73% of full-time workers in firms with 1,000 or more workers were covered.

The administrative cost and complexity associated with traditional qualified retirement plans often discourage small employers from sponsoring these plans. For employers with few employees, the cost of maintaining the plan may even exceed the benefits provided to employees. As a result, pension coverage of employees of small employers is significantly lower than the pension coverage of employees of larger employers.

SEPs and SARSEPs, which were designed for small employers, are perceived by many employers as overly complicated and impractical. The nondiscrimination and eligibility rules applicable to SARSEPs make it difficult for an eligible employer to maintain a SARSEP on an ongoing basis. An eligible employer cannot encourage employees to make elective contributions by offering to match employee contributions dollar-for-dollar or otherwise. (An employer match is a strong incentive for employees to contribute to a retirement plan.)

The inability to offer matching contributions also makes it difficult for the employer to satisfy the SARSEP nondiscrimination test. Under the SARSEP nondiscrimination test, elective contributions for any highly compensated employee are limited to 125% of the average elective contributions for all nonhighly compensated employees for the year. Thus, highly compensated employees are limited to very low levels of elective contributions unless other employees make significant elective contributions -- which they are less likely to make without the incentive of a matching contribution. Concerns have also been raised that, where

SEPs and SARSEPs are used, there may be significant noncompliance with the statutory requirements.

Proposal

The proposal would provide a new, simple retirement plan for employers with 100 or fewer employees. The new plan would be known as the National Employee Savings Trust, or "NEST."

The NEST would operate through individual IRA accounts for employees, and would incorporate design-based nondiscrimination safe harbors similar to those the Administration is proposing for 401(k) plans. Like other IRA accounts, investment in NEST accounts would be directed by each employee. By eliminating or greatly simplifying many of the rules that apply to other qualified retirement plans, including 401(k) plans, the NEST would remove the key obstacles that currently deter many small employers from setting up retirement plans. The current SEP and SARSEP rules would not be eliminated or modified, but would remain in place.

Funding Through IRAs

New plan would use IRAs as the funding vehicle: All employee and employer contributions to NESTs would be made to IRAs, and the IRA rules would govern except where specified otherwise.

Initial use of specific financial institution: In order to simplify plan administration for employers, an employer could, without fiduciary exposure, require that all of its participating employees use a designated financial institution's IRAs as the recipient of NEST contributions -- but only if participants were notified in writing that the contributions could be moved (in a trustee-to-trustee transfer) without penalty to another IRA at any time. This notification could be incorporated into the annual disclosure to employees regarding the NEST (described below) or could be provided separately.

Employer Eligibility

100 employee limit: Any employer, including a tax-exempt organization or government, would be eligible to make a NEST program available to its employees in a given year if the employer had no more than 100 employees in the prior year. For this purpose, employees would be counted only if they had at least $5,000 of compensation (as reported on Form W-2) from the employer. The "employer" would be determined on a "controlled group" basis (i.e., aggregating 80% affiliates).

Two-year grace period: If an eligible employer established a NEST program and, subsequently, the number of employees grew to exceed 100 (based on the prior year), the employer would continue to be eligible for the current and subsequent year. After that two-year "grace period," the employer would cease to be eligible unless the employee count again dropped to 100 or fewer (based on the prior year).

For example, assume Company A has 90 employees in Year 1, 95 employees in Year 2, 101 employees in Year 3, 103 employees in Year 4, 102 employees in Year 5, and 99 employees in Year 6. Company A would be eligible to make a NEST program available to its employees in Years 2 and 3, based on having had no more than 100 employees in the prior year, and in Years 4 and 5, based on the two-year grace period. Company A would lose its eligibility for Year 6 (because it had more than 100 employees in Year 5 and was no longer in the grace period relating to Year 2), but would be eligible again for Year 7 (based on having had no more than 100 employees in Year 6). No NEST contributions would be permitted for a year in which the employer was not eligible.

Acquisitions: If an eligible employer ceased to meet the 100-employee test because it was acquired by another entity, only the acquired (previously eligible) entity would continue to be eligible during the two-year grace period.

Employee Eligibility to Participate and Vesting

Two-year eligibility: Each employee who attained age 21 and completed two consecutive years of service with the employer would be eligible to participate. A "year of service" would be defined as a calendar year during which an employee's W-2 compensation from the employer was at least $5,000. An employer could choose to allow all employees to participate earlier than upon attainment of age 21 and completion of two years of service.

Participating employees who drop below the $5,000 threshold or whose employment terminates mid-year: Once an employee became eligible, the employee would be entitled to make elective contributions and receive any employer matching contributions even if, during the current calendar year, the employee's W-2 compensation from the employer was less than $5,000. However, no nonelective employer contributions would be required unless the employee had at least $5,000 of compensation from the employer for the calendar year. All employees with at least $5,000 of compensation for the year would receive a nonelective employer contribution for that year.

Portability/100% vesting: All contributions would be 100% vested immediately and would be fully portable, even during the two-year holding period (described below).

No Nondiscrimination Testing

Nondiscrimination tests not applicable: NESTs would not be subject to:

- the top-heavy rules;

- the nondiscrimination rules that apply to elective contributions under a 401(k) plan (the "ADP" test);
- the nondiscrimination rules that apply to matching contributions (the "ACP" test); or
- the nondiscrimination rules that apply to SEPs and SARSEPs. (Thus, there would be no 50% participation requirement, no 125% test, and no social security integration.)

HCE determinations irrelevant: Because NESTs would not be subject to any nondiscrimination tests, an employer that offers a NEST would not be required to determine which employees are "highly compensated employees."

Contributions

NESTs would receive nonelective employer contributions and, depending on the option selected by the employer, elective contributions and employer matching contributions.

Design-based safe harbors: In lieu of top-heavy and nondiscrimination rules, every NEST would be required to choose annually to satisfy one of the following two design-based safe harbors (generally similar to the Administration's proposed 401(k) safe harbors):

(1) The employer makes nonelective contributions of at least 3% of compensation[2] for each eligible employee. The employer may choose to allow employee elective contributions in addition to the employer nonelective contributions. If the employer chose to allow employee elective contributions, the employer could also choose to make matching contributions. However, the match may be no greater than 100% of the first 5% of employee compensation, and employees must be provided notice of the matching contributions as part of the annual disclosure described below.

(2) The employer makes nonelective contributions of at least 1% of compensation for each eligible employee and allows employee elective contributions. The employer must provide a 100% matching contribution on the employee's elective contributions up to 3% of compensation and a matching contribution of at least 50% (and no greater than 100%) on the next 2% of employees' elective contributions. The employer may not provide any other matching formula, including a more generous

[2] The $150,000 compensation limit that applies for purposes of the deduction and contribution limits for qualified plans, SEPs, and SARSEPs would apply for purposes of determining safe harbor and other contributions. However, for this purpose, a simplified definition of compensation would apply -- compensation would be determined *before* elective contributions were subtracted from compensation. Similarly, the definition of "compensation" would be simplified for a self-employed individual participating in a NEST by not subtracting deductible contributions or the self-employment tax deduction.

formula. Although this safe harbor would require a 1% nonelective employer contribution, the top-heavy rules would not apply, as noted above. This means that those employers that otherwise would have been required to make a 3% top-heavy minimum contribution for each non-key employee would have to make only a 1% nonelective contribution. In addition, all employers that offer a NEST would be relieved of the requirement to test the NEST for top-heavy status.

Employee elective contributions: The limit on employees' annual elective contributions (i.e., salary reduction contributions) to a NEST (currently $9,240 in the case of elective contributions to 401(k) plans) would be $5,000. The limit would remain at $5,000 until the section 402(g) limit exceeded $10,000; then, the NEST limit would be indexed to (and remain at) one half of the section 402(g) limit for each year.

Employer matching contributions: The limit on employer matching contributions depends on which of the two design-based safe harbors the employer chooses for the year. Under the first safe harbor, the "3%-nonelective-contributions safe harbor," no employer matching contributions are required, but they are permitted. However, if the employer selects the "matching contribution safe harbor" (the second safe harbor), employer matching contributions are required. All employer matching contributions are limited in accordance with the matching formula described above; other formulas and additional matching contributions are not permitted.

Nonelective employer contributions: A NEST could provide for discretionary nonelective employer contributions in excess of the safe harbor minimums (1% or 3%) from year to year. Any such nonelective employer contributions in excess of the 1% or 3% minimums would have to be an equal percentage of compensation for all eligible employees. Total nonelective contributions (both the safe harbor minimums and discretionary contributions) could not exceed 5% of compensation.

Section 404 deduction limit not applicable: The employer would be permitted to deduct the elective, matching, and nonelective contributions described above (within the limits described) without regard to any separate percent-of-compensation limitation (i.e., there would be no limit comparable to that imposed by section 404(a)(3)).

Timing of Contributions

Quarterly employer contributions: Employer matching contributions would be required to be deposited in employees' accounts (IRAs) no less frequently than quarterly. Employer nonelective contributions would also be required to be deposited no less frequently than quarterly -- but only for employees who were paid at least $5,000 as of the end of the quarter (measured from January 1 of that year). If an employee did not reach the $5,000 threshold until the second, third, or fourth calendar quarter, the employer would be required, after the threshold had been reached, to make nonelective contributions for both the current and all preceding calendar quarters in the year. Contributions for any calendar quarter would be required to be deposited within 45 days after the end of that quarter.

Distributions

Two-year holding period: NEST contributions (and attributable earnings) would be subject to a two-year holding period beginning on the date of contribution.[3] This two-year restriction on withdrawals would apply whether or not the participant had incurred a termination of employment.

Otherwise, distributions from NEST IRAs would be subject to the same rules as distributions from IRAs generally (as distinguished from 401(k) or other qualified plans) -- no other restrictions would be imposed, but an additional 10% tax would apply to distributions before age 59 1/2. During the two-year holding period, contributions and earnings could be rolled over to another IRA -- but the original two-year holding period would continue to apply to the rolled-over amounts in the recipient IRA.

Rollovers: NESTs could originate and receive transfers from other IRAs (whether NESTs, SEPs, SARSEPs, or other IRAs). NESTs could also receive rollovers from qualified plans. All movement of NEST funds to other IRAs, whether or not during the two-year holding period, would be required to be carried out in the form of a trustee-to-trustee transfer. Any amounts rolled over to a NEST would not be subject to the two-year holding period unless they were amounts from a NEST for which the two-year holding period had not yet elapsed.

Miscellaneous

Other plans maintained by the employer: An employer that maintains a NEST could maintain additional tax-qualified plans, other than a plan that allows for elective contributions or matching contributions. For example, if the employer maintained a 401(k), salary reduction or matching 403(b), or SARSEP plan and wished to establish a NEST, it would have to freeze (but not terminate) the 401(k), 403(b), or SARSEP plan. However, an employer could maintain both a NEST and a defined benefit plan.

If an employer did maintain another plan, compliance of the NEST with the NEST requirements would be determined without regard to the other plan. The other plan would have to take the NEST into account only for purposes of the section 404 deduction limits and the section 415 contribution and benefits limitations. The top-heavy rules and nondiscrimination rules, for example, would apply to the other plan without regard to the NEST; the NEST would not affect the compliance of the other plan with these rules.

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[3] For purposes of this rule, a contribution made on any date within a calendar year would be deemed to be made on the first day of that year.

If an employee who participates in a NEST also participates in a separate employer's 401(k), 403(b), or SARSEP plan, the section 402(g) elective deferral limit for that employee would be coordinated. Elective contributions to the NEST would have to be taken into account in determining whether the $9,240 or $9,500 limit had been exceeded under the other plan, but any elective contributions made to the other plan would not be taken into account in determining whether the $5,000 NEST limit had been exceeded.

Coordination with IRA deduction rules: NESTs would be treated as qualified plans for purposes of the IRA deduction phase-out rules. Thus, employees who participated in a NEST and had AGI in excess of the applicable thresholds would be phased out of making deductible IRA contributions. This is the same rule that currently applies to SEPs and SARSEPs. On the other hand, the $2,000 (or $2,250) IRA contribution limit would not apply to NEST contributions.

IRS model form: The IRS would be directed to issue a model NEST document. Vendors and employers would have the option of using their own documents, however.

Reporting: An employer maintaining a NEST would not be subject to any reporting requirements (e.g., Form 5500 filing). However, the NEST trustee or custodian would be required to report NEST contributions on Form 5498, on which IRA contributions are reported.

Disclosure: Employees would be required to be notified annually in writing of their rights under the plan, including, for example, the right to a matching contribution. Similarly, if an employer wanted to switch between safe harbor formulas, the employer would be required to notify eligible employees which formula would be used for a year no later than a reasonable time before the employer required employees to make their elections for the year.

Calendar plan year: The calendar year would be the plan year for all NESTs and would have to be used in applying all NEST contribution limits, eligibility, and other NEST requirements.

These provisions would be effective for years beginning after December 31, 1996.

Revenue Estimate (in millions of dollars)

	Fiscal Years						
	1995	1996	1997	1998	1999	2000	Total
NEST: Simple plan for small business	0	0	-58	-113	-158	-176	-505

SIMPLIFY DEFINITION OF HIGHLY COMPENSATED EMPLOYEE AND REPEAL THE FAMILY AGGREGATION RULES

Current Law

Definition of highly compensated employee. A qualified employer retirement plan must satisfy various nondiscrimination tests to ensure that it does not discriminate in favor of "highly compensated employees." Thus, all of the nondiscrimination tests require the employer to identify its "highly compensated employees." This term is currently defined by reference to a test with seven major parts. Under this definition, an employee is treated as a highly compensated employee for the current year, if, at any time during the current year or the preceding year, the employee:

(1) owned more than 5% of the employer,

(2) received more than $100,000 (as indexed for 1995) in annual compensation from the employer,

(3) received more than $66,000 (as indexed for 1995) in annual compensation from the employer and was one of the top-paid 20% of employees during the same year, or

(4) was an officer of the employer who received compensation greater than $60,000 (as indexed for 1995).

These four rules are modified by three additional rules.

(5) An employee described in any of the last three categories for the current year but not the preceding year is treated as a highly compensated employee for the current year only if he or she was among the 100 highest paid employees for that year.

(6) No more than 50 employees or, if fewer, the greater of three employees or 10% of employees are treated as officers.

(7) If no officer has compensation in excess of $60,000 (for 1995) for a year, then the highest paid officer of the employer for the year is treated as a highly compensated employee.

Family aggregation. If an employee is a family member of either a more-than-5% owner of the employer or one of the employer's ten highest-paid highly compensated employees, then any compensation paid to the family member and any contribution or benefit under the plan on behalf of the family member is aggregated with the compensation paid and contributions or benefits on behalf of the highly compensated employee. Therefore, the highly compensated employee and the family member(s) are treated as a single highly compensated employee. For purposes of this rule, an employee's "family member" is generally a spouse, parent, grandparent, child, or grandchild (or the spouse of a parent, grandparent, child, or grandchild).

A similar family aggregation rule applies with respect to the $150,000 annual limit on the amount of compensation that may be taken into account under a qualified plan. (However, under these provisions, only the highly compensated employee's spouse and children or grandchildren under age 19 are aggregated.)

Reasons for Change

The definition of highly compensated employee is not only complicated, it classifies many middle-income workers as "highly compensated employees" who are then prohibited from receiving better benefits than others.

The family aggregation rules greatly complicate the application of the nondiscrimination tests, particularly for family-owned or operated businesses, and may unfairly reduce retirement benefits for the family members who are not highly compensated employees.

Proposal

Definition of highly compensated employee. The current seven-part test would be replaced by a simplified two-part test: an employee would be a "highly compensated employee" for the current year only if the employee owned more than 5% of the employer during the current or preceding year *or* had compensation from the employer of more than $80,000 (indexed annually for cost of living) during the preceding year. This dollar threshold would mean that many middle-income Americans no longer would be subject to nondiscrimination restrictions.

Family aggregation. The family aggregation rules would be repealed.

These provisions would be effective for years beginning after December 31, 1995.

Revenue Estimate (in millions of dollars)

	Fiscal Years						
	1995	1996	1997	1998	1999	2000	Total
Definition of HCE/repeal family aggregation	0	3	5	5	6	7	26

PLANS MAINTAINED BY SELF-EMPLOYED INDIVIDUALS

Current Law

Prior to the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), numerous special rules applied to qualified retirement plans that covered self-employed individuals. Almost all of these special rules were repealed by TEFRA. However, special aggregation rules that do not apply to other qualified retirement plans still apply to qualified plans that cover an "owner-employee" (i.e., a sole proprietor of an unincorporated trade or business or a more-than-10% partner of a partnership). These aggregation rules generally require affected plans to be treated as a single plan and affected employers to be treated as a single employer. For example, under one of the special rules, if an owner-employee controls more than one trade or business, then any qualified plans maintained with respect to those trades or businesses must be treated as a single plan and all employees of those trades or business must be treated as employed by a single employer.

Reasons for Change

The special aggregation rules afford plan participants little, if any, protection because they are largely duplicative of the general aggregation rules that apply to all qualified employer plans, including plans that cover self-employed individuals.

Proposal

The special aggregation rules for qualified plans that cover owner-employees would be repealed. As under current law, these plans would be subject to the general plan aggregation rules that apply to tax-qualified employer retirement plans.

This provision would be effective for years beginning after December 31, 1995.

Revenue Estimate (in millions of dollars)

	Fiscal Years						
	1995	1996	1997	1998	1999	2000	Total
Plans covering self-employed individuals	0	-2	-4	-4	-4	-5	-19

SUBSTANTIAL OWNER RULES RELATING TO PLAN TERMINATIONS

Current Law

The Employee Retirement Income Security Act of 1974, as amended (ERISA) contains very complicated rules for determining the benefits guaranteed by the Pension Benefit Guaranty Corporation (PBGC) for an individual who owns more than 10 percent of a business (a "substantial owner") and who is a participant in the business's terminating plan. These rules were designed to prevent a substantial owner from establishing a plan, underfunding it, and terminating it in order to receive benefits from the PBGC. Under the rules, the PBGC guarantee with respect to a participant who is not a substantial owner is generally phased in over five years from the date of the plan's adoption or amendment. However, for a substantial owner, the guarantee is generally phased in over 30 years from the date the substantial owner begins participation in the plan. The substantial owner's benefit under each amendment within the 30 years before plan termination is separately phased in. In addition, a substantial owner's guaranteed benefit cannot exceed twice the amount guaranteed under the original plan provisions.

Reasons for Change

The substantial owner phase-in rules are complex and difficult to apply because of the need to obtain plan documents going back up to 30 years. The reduced guarantee for employees with less than a majority ownership interest penalizes employees who may have little, if any, control over plan benefit levels or funding decisions. It also unfairly penalizes substantial owners who granted themselves low benefits when they entered the plan.

Proposal

The same five-year phase-in that currently applies to a participant who is not a substantial owner would apply to a substantial owner with less than a 50% ownership interest. For a substantial owner with a 50% or more ownership interest (a "majority owner"), the phase-in would depend on the number of years the plan has been in effect, rather than on the number of years the owner has been a participant. Specifically, the guaranteeable plan benefit for a majority owner would be 1/30 for each year that the plan has been in effect. (Benefits under plan amendments would not be separately phased in.) Under this approach, the fraction would be the same for each majority owner, eliminating the need for separate computations based on documents that are up to 30 years old. However, a majority owner's guaranteed benefit would be limited so that it could not be more than the amount that would be guaranteed under the regular five-year phase-in applicable to other participants.

These provisions would be effective for plan terminations for which notices of intent to terminate were provided on or after the date of enactment.

Revenue Estimate (in millions of dollars)

	Fiscal Years						
	1995	1996	1997	1998	1999	2000	Total
Substantial owner rules	0	*	*	*	*	*	*

* = revenue loss of less than $500,000

SIMPLIFIED NONDISCRIMINATION TESTING FOR 401(k) PLANS

Current Law

The actual deferral percentage (ADP) test generally applies to the elective contributions (typically made by salary reduction) of all employees eligible to participate in a 401(k) plan. The test requires the calculation of each eligible employee's elective contributions as a percentage of the employee's pay. The ADP test is satisfied if the plan passes either of the following two tests: (1) the average percentage of elective contributions for highly compensated employees does not exceed 125% of the average percentage of elective contributions for nonhighly compensated employees, or (2) the average percentage of elective contributions for highly compensated employees does not exceed 200% of the average percentage of elective contributions for nonhighly compensated employees, and does not exceed the percentage for nonhighly compensated employees by more than two percentage points. The actual contribution percentage (ACP) test is almost identical to the ADP test, but generally applies to employer matching contributions and after-tax employee contributions under any qualified employer retirement plan.

Both the ADP test and the ACP test generally compare the average contributions for highly compensated employees for the year to the average contributions for nonhighly compensated employees for the same year.

When the ADP or ACP test is violated, correction is made by reducing the excess contributions of highly compensated employees beginning with employees who have deferred the greatest percentage of pay.

Reasons for Change

The annual application of these tests, and correcting violations of these tests, can be complicated and costly. For example, because the current year average for the nonhighly compensated employees is not known until the end of the year, the tests commonly require either monitoring and adjustments of contributions over the course of the year or complicated correction procedures and information reporting after the end of the year.

The current correction method often does not affect the most highly paid of the highly compensated employees: their contributions, as a percentage of pay, are likely to be lower than the percentage contributions of lower-paid highly compensated employees, even if the dollar amount of their contributions is higher. For example, if an officer makes $65,000 and contributes $5,000 (7.7% of pay), his or her contribution would be reduced before that of a CEO who makes $150,000 and contributes $9,000 (6% of pay). It also is usually somewhat simpler to determine the total dollar amount contributed by an employee than to determine what percentage of pay that dollar amount represents.

Proposal

Design-based safe harbors. The proposal would provide two alternative "design-based" safe harbors. If a plan were properly designed, the employer would avoid all ADP and ACP testing. Under the first safe harbor, the employer would have to make nonelective contributions of at least 3% of compensation for each nonhighly compensated employee eligible to participate in the plan. Alternatively, under the second safe harbor, the employer would have to provide a 100% matching contribution on an employee's elective contributions up to the first 3% of compensation, and a matching contribution of at least 50% on the employee's elective contributions up to the next 2% of compensation. The second safe harbor also would require the employer to make a nonelective contribution of at least 1% of compensation for each eligible nonhighly compensated employee.

A more generous matching contribution formula would also be considered to satisfy the matching contribution safe harbor, but only if the level of matching contributions did not increase as employee elective contributions increased and the matching contributions at every level of compensation were at least as great as they would have been under the safe harbor formula. However, for purposes of satisfying the matching contribution safe harbor with respect to the ACP test (but not the ADP test), matching contributions could not be made with respect to employee elective contributions in excess of 6% of compensation. The safe harbors could not be used to satisfy the ACP test with respect to after-tax employee contributions.

Under both safe harbors, the nonelective employer contributions and the matching employer contributions would be nonforfeitable immediately (i.e., 100% vested) and generally could not be distributed prior to the participant's death, disability, termination of employment, or attainment of age 59 1/2. In addition, each employee eligible to participate in the plan would have to be given notice of his or her rights and obligations under the plan within a reasonable period before the beginning of any year.

Use of prior-year data and simplified correction procedures. The proposal would also simplify the nondiscrimination rules for plans that chose not to use the design-based safe harbors. First, the proposal would modify the ADP and ACP tests to require the average contributions for highly compensated employees for the current year to be compared to the average contributions for nonhighly compensated employees for the *preceding* year. For the first plan year of a 401(k) plan, the average percentage for nonhighly compensated employees would be deemed to be 3% or, at the employer's election, the average percentage for that first plan year. Second, a simplified correction method would require excess contributions to be distributed first to those highly compensated employees who deferred the highest dollar amount (as opposed to the highest percentage of pay) for the year. Under this approach, the lower-paid highly compensated employees would no longer tend to bear the brunt of the correction method.

These provisions would be effective for years beginning after December 31, 1996.

Revenue Estimate (in millions of dollars)

	Fiscal Years						
	1995	1996	1997	1998	1999	2000	Total
401(k) safe harbors and simplify nondiscrimination rules	0	0	-38	-69	-92	-113	-312

401(k) PLANS FOR TAX-EXEMPT ORGANIZATIONS

Current Law

Except for certain plans established before July 2, 1986, an organization exempt from income tax is not allowed to maintain a section 401(k) plan.

Reasons for Change

This rule prevents many tax-exempt organizations from offering their employees retirement benefits on a salary reduction basis. Although tax-sheltered annuity programs can provide similar benefits, many types of tax-exempt organizations are also precluded from offering those programs.

Proposal

The proposal would allow organizations exempt from income tax (other than state or local governments) and Indian tribes to maintain 401(k) plans.

This provision would be effective for years beginning after December 31, 1996.

Revenue Estimate (in millions of dollars)

	Fiscal Years						
	1995	1996	1997	1998	1999	2000	Total
Allow tax-exempt organizations to have 401(k)'s	0	0	-36	-63	-71	-76	-246

DISTRIBUTIONS UNDER RURAL COOPERATIVE 401(k) PLANS

Current Law

Under a section 401(k) plan, distributions are generally allowed only after separation from service, death, disability, attainment of age 59 1/2, or hardship. However, 401(k) plans that qualify as "rural cooperative plans" (e.g., 401(k) plans maintained by rural electrical cooperatives or cooperative telephone companies) are money purchase pension plans. Therefore, in accordance with the distribution restrictions generally applicable to pension plans, these plans cannot allow distributions on account of a participant's attainment of age 59 1/2.

Reasons for Change

It is appropriate to allow 401(k) plans maintained by rural cooperatives to permit distributions to plan participants under the same circumstances as 401(k) plans maintained by other employers.

Proposal

The rules governing distributions from 401(k) plans of rural cooperatives would be conformed to those that apply to other 401(k) plans by allowing distributions after attainment of age 59 1/2.

This provision would be effective for distributions after December 31, 1995.

Revenue Estimate (in millions of dollars)

	Fiscal Years						
	1995	1996	1997	1998	1999	2000	Total
Distributions under rural cooperative 401(k)'s	0	1	2	2	2	2	9

REPEAL OF MINIMUM PARTICIPATION RULE FOR DEFINED CONTRIBUTION PLANS

Current Law

Under current law, every qualified defined benefit plan or defined contribution plan is required to cover at least 50 employees or, in smaller companies, 40% of all employees of the employer. In general, this rule was intended primarily to prevent an employer from establishing individual defined benefit plans for highly compensated employees in order to provide those employees with more favorable benefits than those provided to lower paid employees under a separate plan. The rule prevents an employer from favoring one small group of participants over another by, for example, covering them under two separate plans and funding one plan better than the other.

Reasons for Change

As applied to defined contribution plans, the minimum participation rule adds complexity for employers without delivering commensurate benefits to the system.

- The 50-employee/40% rule currently acts as a largely redundant backstop to the nondiscrimination rules designed to prevent qualified retirement plans from unduly favoring the top group of employees. Since 1986, when the minimum participation rule was enacted, other nondiscrimination provisions have further limited the potential for discriminatory practices that originally caused the minimum participation rule to be applied to plans other than individual defined benefit plans.

- Defined contribution plans are generally fully funded and, therefore, there is no risk that an employer will favor participants in one plan over participants in another by providing more favorable funding.

Thus, the abuses intended to be addressed by the minimum participation requirement are unlikely to arise in the context of defined contribution plans. This requirement adds unnecessary administrative burden and complexity with respect to these plans.

Proposal

The minimum participation rule would be repealed for defined contribution plans.

This provision would be effective for plan years beginning after December 31, 1995.

Revenue Estimate (in millions of dollars)

	Fiscal Years						
	1995	1996	1997	1998	1999	2000	Total
Repeal minimum participation rule for DC plans	0	-4	-6	-6	-6	-6	-28

DEFINITION OF LEASED EMPLOYEE

Current Law

Individuals who are "leased employees" of a service recipient are considered to be employees of that recipient for all qualified retirement plan purposes. A "leased employee" is any person who is not a common-law employee of the recipient and who provides services to the recipient if (1) the services are provided pursuant to an agreement between the recipient and the employer of the service provider, (2) the person has performed the services for the recipient on a substantially full-time basis for at least one year, and (3) the services are of a type historically performed, in the business field of the recipient, by employees.

Reasons for Change

The historically performed standard produces many unintended and inappropriate results. For example, under this standard, employees and partners of a law firm could be leased employees of a client of the firm if they work a sufficient number of hours for the client and it is not unusual for employers in the client's business to have in-house counsel.

Proposal

The "historically performed" test would be replaced by a test that considers whether the services performed for the recipient are performed under significant direction or control by the recipient.

This provision would generally be effective for years beginning after December 31, 1995. The provision would not apply to relationships that have been previously determined by an IRS ruling not to involve leased employees.

Revenue Estimate (in millions of dollars)

	Fiscal Years						
	1995	1996	1997	1998	1999	2000	Total
Treatment of leased employees	0	-1	-2	-2	-2	-2	-9

REPEAL OF SLOWER VESTING SCHEDULE FOR MULTIEMPLOYER PLANS

Current Law

The accrued benefits of a collectively bargained employee under a multiemployer pension plan are not currently required to become nonforfeitable (i.e., "vested") until the employee has completed 10 years of service. If the employee's employment terminates before then, all benefits can be lost. Accrued benefits of all other employees (i.e., employees under all non-multiemployer plans and any noncollectively bargained employees under a multiemployer plan) must vest after five years of service, or after seven years if partial vesting begins after three years.

Reasons for Change

The 10-year vesting schedule for multiemployer plans adds to the complexity of the pension law by providing different vesting schedules for different types of plans and for different people covered by the same plan. In addition, conforming the multiemployer plan vesting rules to the vesting rules for other plans would ensure that workers covered by multiemployer plans would become entitled to pension benefits on the same basis as workers covered by other plans.

Proposal

The special 10-year vesting rule applicable to multiemployer plans would be repealed.

This provision would be effective for plan years beginning on or after the earlier of (1) the later of January 1, 1996, or the date on which the last of the collective bargaining agreements pursuant to which the plan is maintained terminates, or (2) January 1, 1998, with respect to participants who have at least one hour of service after the effective date.

Revenue Estimate (in millions of dollars)

	Fiscal Years						
	1995	1996	1997	1998	1999	2000	Total
Elimination of special vesting schedule for multiemployer plans	0	0	-33	-48	-40	-25	-146

PARTIAL TERMINATION RULES FOR MULTIEMPLOYER PLANS

Current Law

When a qualified employer retirement plan is terminated, all plan participants are required to become 100% vested in their accrued benefits to the extent those benefits are funded. In order to prevent an employer from evading this rule simply by amending the plan to exclude nonvested employees or by laying off nonvested employees before terminating the plan, a qualified employer retirement plan must also provide that, upon a "partial termination," all affected employees must become 100% vested in their benefits accrued to the date of the termination, to the extent the benefits are funded.

Whether a partial termination has occurred in a particular situation is generally based on the specific facts and circumstances of that situation, including the exclusion from the plan of a group of employees who have previously been covered by the plan, by reason of a plan amendment or severance by the employer. In addition, if a defined benefit plan stops or reduces future benefit accruals under the plan, a partial termination is deemed to occur if, as a result, a potential reversion of plan assets to the employer is created or increased.

Reasons for Change

Over the years, court decisions have left unanswered many key questions as to how to apply the partial termination rules. Accordingly, applying the rules can often be difficult and uncertain, especially for multiemployer plans. For example, multiemployer plans experience frequent fluctuations in participation levels caused by the commencement and completion of projects that involve significant numbers of union members. Many of these terminated participants are soon rehired for another project that resumes their active coverage under the plan. In addition, it is common for participants leaving one multiemployer plan's coverage to maintain service credit under a reciprocal agreement if they move to the coverage of another plan sponsored by the same union. As a result, these participants do not suffer the interruption of their progress along the plan's vesting schedule that ordinarily occurs when an employee stops being covered by a plan. Given these factors, and the related proposal to require multiemployer plans to vest participants after five (instead of the current 10) years of service, the difficulties associated with applying the partial termination rules to multiemployer plans outweigh the benefits.

Proposal

The requirement that affected participants become 100% vested in their accrued benefits (to the extent funded) upon the partial termination of a qualified employer retirement plan would be repealed with respect to multiemployer plans.

This proposal would be effective for partial terminations that begin on or after January 1, 1996.

Revenue Estimate (in millions of dollars)

	Fiscal Years						
	1995	1996	1997	1998	1999	2000	Total
Repeal partial termination rules for multiemployer plans	*	*	*	*	*	*	*

* = revenue loss of less than $500,000

DEDUCTION AND ACTUARIAL VALUATION RULES FOR MULTIEMPLOYER PLANS

Current Law

An employer's annual deduction for contributions to a defined benefit plan is generally limited to the amount by which 150% of the plan's current liability (or, if less, 100% of the plan's accrued liability) exceeds the value of the plan's assets. The 150%-of-current-liability limit restricts the extent to which an employer can deduct contributions for liabilities that have not yet accrued.

Defined benefit plans are required to have an actuarial valuation no less frequently than annually.

Reasons for Change

An employer has little, if any, incentive to make "excess" contributions to a multiemployer plan. The amount an employer contributes to a multiemployer plan is fixed by the collective bargaining agreement, and a particular employer's contributions are not set aside to pay benefits solely to the employees of that employer. Moreover, no reversions are permitted from multiemployer plans.

Proposal

Because the 150% limit on deductible contributions unnecessarily complicates the deduction rules for multiemployer plans, the 150% limit would be eliminated for those plans. Therefore, the annual deduction for contributions to a multiemployer plan would be limited to the amount by which the plan's accrued liability exceeds the value of the plan's assets.

Under the proposal, actuarial valuations would be required no less frequently than every three years for multiemployer plans.

These provisions would be effective for years beginning after December 31, 1995.

Revenue Estimate (in millions of dollars)

	Fiscal Years						
	1995	1996	1997	1998	1999	2000	Total
Full funding limitation for multiemployer plans/triennial valuations	0	-6	-8	-8	-8	-8	-38

COMBINED PLAN LIMIT ON CONTRIBUTIONS AND BENEFITS

Current Law

An employee who participates in a qualified defined benefit plan and a qualified defined contribution plan of the same employer must currently satisfy a combined plan limit. This limit is satisfied if the sum of the "defined benefit fraction" and the "defined contribution fraction" is no greater than 1.0.

The defined benefit fraction measures the portion of the maximum permitted defined benefit that the employee actually uses. The numerator is the projected normal retirement benefit, and the denominator is generally the lesser of 125% of the dollar limitation for the year ($120,000 for 1995), *or* 140% of the employee's average compensation for the three years of employment in which the employee's average compensation was highest.

The defined contribution fraction measures the portion that the employee actually uses of the maximum permitted contributions to a defined contribution plan for the employee's entire career with the employer. The numerator is generally the total of the contributions and forfeitures allocated to the employee's account for each of the employee's years of service with the employer. The denominator is the sum of a calculated value for each of those years of service. The calculated value is the lesser of 125% of the dollar limitation for that year of service ($30,000 for 1995), *or* 35% of the participant's compensation. Because of the historical nature of this fraction, its computation is extremely cumbersome and requires the retention of various data for an employee's entire career.

The combined plan limit is not the only Code provision that safeguards against an individual accruing excessive retirement benefits on a tax-favored basis. There are maximum limits for both defined benefit and defined contribution plans. In addition, a 15% "excess distribution" penalty was enacted in 1986 to achieve many of the same goals as the combined plan limit. A distribution is generally considered an "excess distribution" to the extent all distributions to an individual from all of the individual's qualified employer plans and IRAs exceed $150,000 during a calendar year. The limit is $750,000 for a lump sum distribution. Excess distributions made after death are subject to an additional estate tax of 15%. Other rules also protect against excessive benefits.

Reasons for Change

Because other provisions of the Code, such as the excise tax on excess distributions, go far toward ensuring that an individual cannot accrue excessive retirement benefits on a tax-favored basis, the complexity of the combined plan limit is not justified.

Proposal

The combined plan limit (Code section 415(e)) would be repealed.

This provision would be effective for years beginning after December 31, 1995.

Revenue Estimate (in millions of dollars)

	Fiscal Years						
	1995	1996	1997	1998	1999	2000	Total
Repeal 415(e) combined limit	0	-100	-147	-153	-159	-165	-724

SIMPLIFIED CONTRIBUTION AND BENEFIT LIMITS FOR GOVERNMENTAL PLANS AND MULTIEMPLOYER PLANS

Current Law

Annual additions to a defined contribution plan for any participant are limited to the lesser of $30,000 (for 1995) or 25% of compensation. Annual benefits payable under a defined benefit plan are limited to the lesser of $120,000 (for 1995) or 100% of "three-year-high average compensation." If benefits under a defined benefit plan begin before social security retirement age, the dollar limit must be reduced. Reductions in the dollar or percentage limit may also be required if the employee has fewer than 10 years of plan participation or service. Certain special rules apply to governmental plans.

Reasons for Change

These qualified plan limitations are uniquely burdensome for governmental plans, which have long-established benefits structures and practices that may conflict with the limitations. In addition, some state constitutions may significantly restrict the ability to make the changes needed to conform the plans to these limitations.

These limitations also present problems for many multiemployer plans. These plans typically base benefits on years of credited service, not on a participant's compensation. In addition, the 100%-of-compensation limit is based on an employee's average compensation for the three highest *consecutive* years. This rule often produces an artificially low limit for employees in certain industries, such as building and construction, where wages vary significantly from year to year.

Proposal

The rules for governmental plans and multiemployer plans would be modified to eliminate the 100%-of-compensation limit (but not the $120,000 limit) for such plans, and to exempt certain survivor and disability benefits from the adjustments for early commencement and for participation and service of less than 10 years. In addition, certain employee salary reduction contributions could be counted as "compensation" for purposes of applying the limitations on benefits and contributions. To the extent that governmental employers have previously made elections that would prevent them from utilizing these simplification provisions, the proposal would allow those employers to revoke their elections.

These provisions would be effective for years beginning after December 31, 1995. Governmental plans would be treated as if in compliance with the requirements of section 415 for years beginning before January 1, 1996.

Revenue Estimate (in millions of dollars)

	Fiscal Years						
	1995	1996	1997	1998	1999	2000	Total
Simplify 415 limits for governmental plans	0	-2	-3	-3	-3	-3	-14
Simplify 415 limits for multiemployer plans	0	-3	-5	-5	-6	-6	-25

EXCESS BENEFIT PLANS OF GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS

Current Law

The amount of reasonable compensation that may be provided to an employee under a nonqualified deferred compensation arrangement maintained by a for-profit organization generally is not subject to any limitation. In addition, such deferred compensation is not taxable to the employee until it is paid or otherwise made available to the employee to draw upon at any time.

With few exceptions, nonqualified deferred compensation arrangements maintained by state and local governments and tax-exempt organizations are subject to special, more restrictive rules under section 457 of the Code. First, the amount deferred for any participant under such arrangements generally must be limited to $7,500 per year. Second, if this dollar limit and other restrictions are not satisfied, the deferred compensation is taxed to the participant in the first taxable year in which the compensation is not subject to a substantial risk of forfeiture, even if the compensation is not paid or otherwise made available to the participant until a later date.

An "excess benefit plan" is a nonqualified deferred compensation plan maintained by an employer solely for the purpose of providing benefits for certain employees in excess of the limitations on annual contributions and benefits imposed by section 415 of the Code (i.e., the lesser of $30,000 or 25% of compensation for a defined contribution plan, and the lesser of $120,000 or 100% of compensation for a defined benefit plan). If an employee's qualified plan contributions or benefits exceed these limits, an excess benefit plan may provide the excess contributions or benefits on a nonqualified basis.

Reasons for Change

An excess benefit plan provides to certain employees -- those whose contributions or benefits are reduced by the section 415 limits -- contributions or benefits that are already provided to other employees under a qualified plan. Even though an excess benefit plan does not provide management employees with disproportionately higher benefits than those provided to lower paid employees, the restrictions of section 457 still apply to such a plan if it is maintained by a state and local government or tax-exempt organization. These employers are therefore at a disadvantage in attempting to provide all employees with proportionate contributions or benefits.

Proposal

The proposal would exempt excess benefit plans of state and local governments and tax-exempt organizations from section 457. The exemption would not apply to an excess benefit plan that also provided benefits in excess of qualified plan limitations other than the section 415 limits.

This provision would be effective for years beginning after December 31, 1995.

Revenue Estimate (in millions of dollars)

	Fiscal Years						
	1995	1996	1997	1998	1999	2000	Total
Allow tax-exempt organizations and state and local governments to provide excess benefit plans	0	-3	-5	-5	-5	-5	-23

COMMENCEMENT OF MINIMUM DISTRIBUTIONS BEFORE RETIREMENT

Current Law

Under current law, an employee who participates in a qualified employer retirement plan must begin taking distributions of his or her benefit by the April 1 following the year in which he or she reaches age 70 1/2. Generally, the so-called "minimum distribution" for any year is determined by dividing the employee's account balance or accrued benefit by the employee's life expectancy as of that year.

Reasons for Change

If the employee is still working and accruing new benefits at age 70 1/2, the new benefits must be taken into account to determine the minimum amount required to be distributed for the same year. In effect, a portion of each year's new benefit accrual is required to be distributed in the same year. This almost simultaneous pattern of contributions and required distributions causes considerable complication and confusion.

Proposal

The requirement to distribute benefits before retirement would be eliminated, except for employees who own more than 5% of the employer that sponsors the plan. Instead, distributions would have to begin by the April 1 following the *later of* the year in which the employee reached age 70 1/2 or the year in which the employee retired from service with the employer maintaining the plan. If payment of an employee's benefits were delayed past age 70 1/2 pursuant to this rule, the benefits ultimately paid at retirement would have to be actuarially adjusted to take into account the delay in payment. Without this adjustment, the delay in payment could cause the employee to "lose" the benefit payments that would otherwise have been paid between age 70 1/2 and retirement. The actuarial adjustment rule and the 5% owner rule would not apply to a governmental plan or a church plan.

The age 70 1/2 requirement would continue to apply to IRAs. Because an IRA is not maintained by an employer, the initial payment date for an IRA cannot be tied to retirement from the employer maintaining the plan. (Note: This proposal includes a separate item that would change the age-70 1/2 rule to an age-70 rule.)

These provisions would generally be effective for years beginning after December 31, 1995.

Revenue Estimate (in millions of dollars)

	Fiscal Years						
	1995	1996	1997	1998	1999	2000	Total
Age 70 1/2 minimum distribution requirement	0	-6	-8	-8	-8	-8	-38

SIMPLIFY TAXATION OF ANNUITY DISTRIBUTIONS

Current Law

If an employee makes after-tax contributions to a qualified employer retirement plan or IRA, those contributions (i.e., the employee's "basis") are not taxed upon distribution. When the plan distributions are in the form of an annuity, a portion of each payment is considered nontaxable basis. This nontaxable portion is determined by multiplying the distribution by an exclusion ratio. The exclusion ratio generally is the employee's total after-tax contributions divided by the total expected payments under the plan over the term of the annuity.

Reasons for Change

The determination of the total expected payments, which is based on the type of annuity being paid, often involves complicated calculations that are difficult for the average plan participant. Yet the burden of determining the exclusion ratio almost always falls on the individual receiving the distribution.

Because of the difficulty an individual may face in calculating the exclusion ratio, and in applying other special tax rules that may be applicable, the IRS in 1988 provided a simplified alternative method for determining the nontaxable portion of an annuity payment. However, this alternative has effectively added to the existing complexity because taxpayers feel compelled to calculate the nontaxable portion of their payments under every possible method in order to ensure that they maximize the nontaxable portion.

Proposal

A simplified method for determining the nontaxable portion of an annuity payment, similar to the current simplified alternative, would become the required method. Taxpayers would no longer be compelled to do calculations under multiple methods in order to determine the most advantageous approach.

Under the simplified method, in most cases, the portion of an annuity payment that would be nontaxable is generally equal to the employee's total after-tax employee contributions, divided by the number of anticipated payments listed in a table (based on the employee's age as of the annuity starting date).

This provision would be effective with respect to annuity starting dates after December 31, 1995.

Revenue Estimate (in millions of dollars)

	Fiscal Years						
	1995	1996	1997	1998	1999	2000	Total
Simplified method for taxing annuity distributions	0	12	19	21	22	23	97

UNIFORM INFORMATION REPORTING PENALTIES

Current Law

The penalty structure for failure to provide information reports with respect to pension payments is currently separate and different from the penalty structure that applies to information reporting in other areas. The penalty for failure to file a Form 1099-R is currently $25 per day per return, up to a maximum of $15,000 per year per return. The penalty for failure to file Form 5498 is currently a flat $50 per return, with no maximum, regardless of the number of returns.

In contrast, the penalty for failure to file any other information return is generally $50 per return up to $250,000 per year, with lower penalties and maximums if the return is filed within specified times. (The penalty is $15 per return filed late but within 30 days and $30 per return filed late but on or before August 1.) Lower maximums also apply to persons with gross receipts of no more than $5 million. The penalty for failure to furnish a payee statement is $50 per payee statement up to $100,000 per year. Separate penalties apply in the case of intentional disregard of the requirement to furnish a payee statement.

Reasons for Change

Conforming the information reporting penalties that apply with respect to pension payments to the general information reporting penalty structure would simplify the overall penalty structure by providing uniformity and would provide more appropriate penalties with respect to pension payments.

Proposal

The penalties for failure to provide information reports with respect to pension payments would be conformed to the general penalty structure. Thus, the penalty for failure to file Form 1099-R would generally be reduced (i.e., for any return that was late by more than two days). The penalty for failure to file Form 5498 would generally remain the same as under current law, but would no longer be unlimited. In addition, for both Form 1099-R and Form 5498, the penalties would be reduced if the forms were filed late but within specified times.

This provision would apply to returns and statements for which the due date (determined without regard to extensions) is after December 31, 1995.

Revenue Estimate (in millions of dollars)

	Fiscal Years						
	1995	1996	1997	1998	1999	2000	Total
Uniform information reporting penalties	0	0	0	0	0	0	0

ERISA SUMMARY PLAN DESCRIPTION FILING REQUIREMENTS

Current Law

Under ERISA, administrators of employee pension and welfare benefit plans are required to furnish each participant and beneficiary with a summary plan description (SPD), summaries of material modifications (SMMs) to the SPD and, at specified intervals, an updated SPD. These documents must also be filed with the Department of Labor (DOL). Filed SPDs, SMMs, and updated SPDs are required to be made available for public disclosure. These requirements are administered by the DOL's Pension and Welfare Benefits Administration (PWBA). The SPD is intended to provide participants and beneficiaries with important information concerning their plan, the benefits provided by the plan, and their rights and obligations under the plan.

Reasons for Change

The primary purpose of having SPDs filed with the DOL is to have them available for participants and beneficiaries who are unable or reluctant to request them from their plan administrators. However, because SMMs are not required to be filed with DOL until 210 days after the end of the plan year, there is little, if any, certainty that the SPD information on file with the DOL at any given point in time is up-to-date.

PWBA annually receives approximately 250,000 SPD and SMM filings. Although PWBA's cost for maintaining a filing, storage, and retrieval system for SPDs is relatively small, approximately $52,000 annually, compliance with the SPD filing requirements costs plan administrators approximately $2.5 million annually, with the annual imposition of an estimated 150,000 burden hours. On average, PWBA receives requests annually for about 2% of the filed SPDs. Many of the requests for SPDs come from researchers and others who are not plan participants and beneficiaries. While there is some limited benefit from the federal government receiving and storing SPDs, the costs to the public and private plan administrators outweigh the benefits. This conclusion is consistent with the findings of the National Performance Review.

Proposal

The proposal would amend ERISA to eliminate the requirement that all SPDs be filed with the DOL, and would authorize the DOL to obtain SPDs from plan administrators for purposes of responding to individual SPD requests or monitoring compliance with the SPD requirements. This approach would substantially reduce costs and burdens for public and private plan administrators, while preserving the ability of the DOL to assist participants who are unable or reluctant to request SPDs from their plan administrators.

This provision would be effective for SPDs that otherwise would be required to be filed with the DOL on or after the date of enactment.

PBGC MISSING PARTICIPANT PROGRAM

Current Law

When a qualified employer retirement plan is terminated, there may be plan participants who cannot be located after a search. If the plan is a defined benefit plan covered by the PBGC, the plan administrator must generally distribute plan assets by purchasing irrevocable commitments from an insurer to satisfy all benefit liabilities. If the plan is a defined contribution plan or other plan not covered by the PBGC, plan assets still must be distributed to participants before the plan is considered terminated.

Because of the problems that plan administrators and participants may face under these rules when plan participants cannot be located, the Retirement Protection Act (RPA), enacted as part of the legislation implementing the General Agreement on Tariffs and Trade (GATT) in 1994, provided special rules for the payment of benefits with respect to missing participants under a terminating plan covered by the PBGC. The rules require the plan administrator to (1) transfer the missing participant's designated benefit to the PBGC or purchase an annuity from an insurer to satisfy the benefit liability, and (2) provide the PBGC with such information and certifications with respect to the benefits or annuity as the PBGC may specify. These rules will be effective after final regulations to implement them are adopted by the PBGC.

Reasons for Change

As currently enacted, these RPA rules would apply only to defined benefit plans that are covered by PBGC. Yet other defined benefit plans, as well as defined contribution plans, face similar problems when they terminate and cannot locate missing participants.

Proposal

The PBGC's program for missing participants would be expanded to defined benefit plans (other than governmental plans) not covered by the PBGC and to defined contribution plans (other than governmental plans). This would provide employers with a uniform method of dealing with missing participants, and would provide missing participants with a central repository location for locating their benefits once a plan has been terminated.

This provision would be effective with respect to distributions that occur after final regulations implementing the provision are adopted by the PBGC.

ELIMINATION OF HALF-YEAR REQUIREMENTS

Current Law

In general, distributions from qualified employer plans and IRAs prior to age 59 1/2 are subject to a 10% penalty. In addition, under certain plans (such as section 401(k) plans), distributions before age 59 1/2 are generally prohibited. Minimum distributions from IRAs and qualified employer plans are required to begin after attainment of age 70 1/2. (Note: This proposal includes a separate item that would eliminate the requirement that distributions from qualified employer plans begin by age 70 1/2 for employees, other than more-than-5% owners, who have not yet retired.)

Reasons for Change

Requirements based on half years are not as simple to apply or communicate as requirements based on whole years, and may lead to confusion as to when distributions to IRA and qualified plan participants must commence and when distributions may be subject to penalty. The exact date on which an individual reaches age 59 1/2 or age 70 1/2 may not be readily apparent, whereas everyone knows his or her date of birth. In addition, an employee's date of birth is included in plan and employer records.

Proposal

To simplify these provisions, all references to age 59 1/2 would be changed to age 59, and all references to age 70 1/2 would be changed to age 70.

These provisions would be effective for years beginning after December 31, 1995.

Revenue Estimate (in millions of dollars)

	Fiscal Years						
	1995	1996	1997	1998	1999	2000	Total
Eliminate half-year requirements	0	31	17	5	6	7	66

DISABLED EMPLOYEES

Current Law

An employer may elect to continue making deductible contributions to a defined contribution plan on behalf of permanently and totally disabled employees who are not highly compensated.

Reasons for Change

Contributions for disabled employees should be encouraged. In addition, contributions should be allowed for highly compensated disabled employees, as well as for nonhighly compensated disabled employees, if the contributions are provided on a nondiscriminatory basis.

Proposal

In order to simplify the rules for permanently and totally disabled workers and to encourage contributions for those disabled workers, an employer would not have to make an election in order to make contributions for disabled employees, and plans would generally be allowed to provide for contributions for disabled highly compensated employees, as well as for disabled nonhighly compensated employees.

This provision would apply to years beginning after December 31, 1995.

Revenue Estimate (in millions of dollars)

	Fiscal Years						
	1995	1996	1997	1998	1999	2000	Total
Contributions on behalf of disabled employees	0	-3	-4	-4	-4	-4	-19

REVERSIONS FOR GOVERNMENT CONTRACTORS

Current Law

If a pension plan terminates and "excess assets" revert back to the employer, that reversion is subject to an excise tax as high as 50%. However, certain government contracting regulations require that a portion of any reversion from a plan maintained by a government contractor be paid to the United States. The portion paid to the United States is nevertheless subject to the reversion excise tax.

Reasons for Change

Because the excise tax was intended to apply only to amounts received by the employer, it should not apply to amounts paid to the United States instead of the employer. Otherwise, government contractors that face plan terminations may experience unintended and unreasonably high costs.

Proposal

Amounts that are required to be repaid to the United States by reason of the applicable government contracting regulations would be exempt from the reversion excise tax.

This provision would be effective on the date of enactment.

Revenue Estimate (in millions of dollars)

	Fiscal Years						
	1995	1996	1997	1998	1999	2000	Total
Employer reversions required by contract to be paid to the U.S.	0	0	0	0	0	0	0

CHURCH PLAN STATUS UNDER ERISA

Current Law

An employer retirement plan that satisfies the definition of a "church plan" under ERISA is generally exempt from Title I of ERISA. An employer retirement plan that satisfies a very similar definition of a "church plan" under the Internal Revenue Code is exempt from certain current Code requirements, such as current-law minimum coverage and vesting. However, under the Code, a church plan can make an election to be subject to these requirements. A plan that makes such an election is no longer exempt from ERISA.

Reasons for Change

As a result of these rules, a plan that wishes to be sure of its status as a church plan must currently seek both a private letter ruling from the IRS (which requires a user fee) and an advisory opinion from the DOL. The DOL begins its review only after the plan obtains a private letter ruling from the IRS. However, despite the similarity of the ERISA and Code definitions of "church plan," there is room for disagreement between the DOL and the IRS. If the DOL requires a church plan to be modified in order to satisfy the ERISA definition, the plan may be required to obtain another private letter ruling (and pay another user fee) regarding the status of the modified plan.

Proposal

ERISA would no longer provide a separate definition of "church plan." Instead, ERISA would provide that a plan that satisfied the definition of a church plan contained in the Code would be exempt from ERISA.

This provision would be effective on the date of enactment.

DATE FOR ADOPTION OF PLAN AMENDMENTS

Current Law

Plan amendments that are made to reflect amendments to the Internal Revenue Code must generally be made by the employer's income tax return due date for the employer's taxable year in which the change in the law occurs.

Reasons for Change

Plan sponsors should be given adequate time to amend plan documents following the enactment of legislation that requires plans to be amended.

Proposal

In order to ensure that plan sponsors have adequate time to amend plan documents for the pension simplification provisions, plan amendments required by this proposal would not be required to be made before the first plan year beginning on or after January 1, 1998, if the plan were operated in accordance with the applicable provision and the amendment were retroactive to the effective date of the applicable provision.

This provision would be effective on the date of enactment.

Revenue Estimate (in millions of dollars)

	Fiscal Years						
	1995	1996	1997	1998	1999	2000	Total
Date for adoption of plan amendments	0	0	0	0	0	0	0

Department of the Treasury
Washington, D.C. 20220

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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September 22, 1995

Monthly Release of U.S. Reserve Assets

The Treasury Department today released U.S. reserve assets data for the month of August 1995.

As indicated in this table, U.S. reserve assets amounted to $86,648 million at the end of August 1995, down from $91,534 million in July 1995.

U.S. Reserve Assets (in millions of dollars)

End of Month	Total Reserve Assets	Gold Stock 1/	Special Drawing Rights 2/3/	Foreign Currencies 4/	Reserve Position in IMF 2/
1995					
July	91,534	11,053	11,487	54,233	14,761
August	86,648	11,053	11,146	49,979	14,470

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/ Includes holdings of Treasury and Federal Reserve System; beginning November 1978, these are valued at current market exchange rates or, where appropriate, at such other rates as may be agreed upon by the parties to the transactions.

RR-583

Monthly Treasury Statement

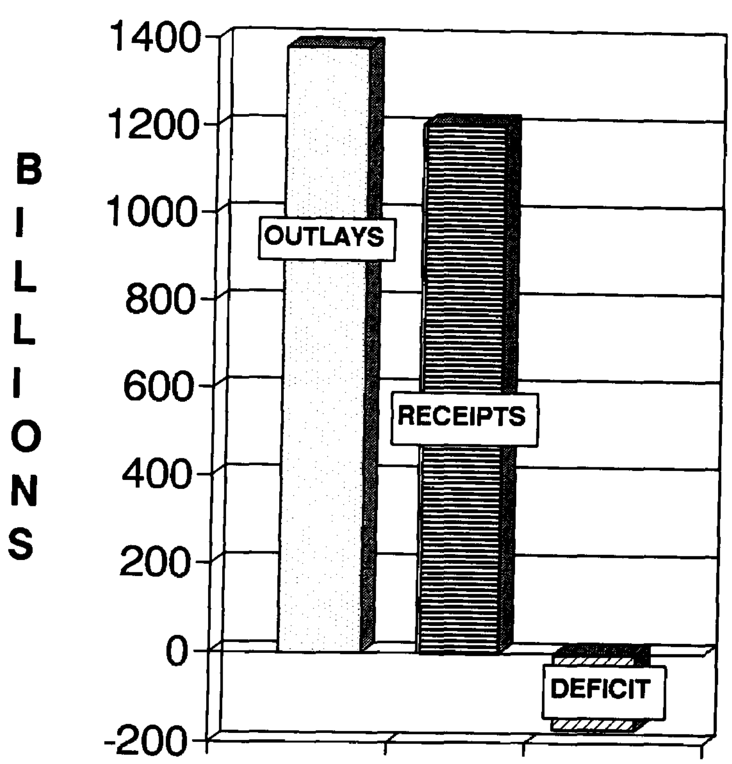
of Receipts and Outlays of the United States Government

For Fiscal Year 1995 Through **August 31, 1995,** and Other Periods

Highlight

The eleven-month cumulative deficit through August 31 for Fiscal Year 1995 is $171.1 billion compared to a cumulative deficit of $207.4 billion for the comparable period in Fiscal Year 1994.

RECEIPTS, OUTLAYS, AND SURPLUS/DEFICIT THROUGH AUGUST 1995



Contents

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 1994 and 1995, by Month

[$ millions]

Period	Receipts	Outlays	Deficit/Surplus (−)
FY 1994			
October	78,662	124,085	45,422
November	83,102	121,483	38,381
December	125,403	133,108	7,705
January	122,961	107,713	−15,248
February	73,186	114,752	41,566
March	93,107	125,422	32,315
April	141,321	123,867	−17,454
May	83,541	115,597	32,057
June	138,119	123,269	−14,850
July	84,822	118,020	33,198
August	97,333	121,608	24,275
September	[1]135,894	[1]131,795	−4,099
Year-to-Date	**[2]1,257,451**	**[2]1,460,720**	**[2]203,269**
FY 1995			
October	89,024	120,365	31,342
November	87,673	124,915	37,242
December	130,810	135,613	4,803
January	131,801	116,166	−15,635
February	82,544	120,899	38,355
March	92,532	143,074	50,543
April	165,392	115,673	−49,720
May	90,405	129,958	39,553
June	147,868	135,054	−12,814
July	92,749	106,328	13,579
August	96,560	130,411	33,851
Year-to-Date	**1,207,356**	**1,378,455**	**171,099**

[1]Receipts have been decreased by $1 million and outlays correspondingly decreased by $1 million in September 1994 to reflect offsetting governmental receipts previously reported as budgetary receipts by the Department of Transportation.

[2]The receipt, outlay and deficit figures differ from the *FY 1996 Budget*, released by the Office of Management and Budget on February 6, 1995, by $100 million due mainly to revisions in the data following the release of the Final September Monthly Treasury Statement.

Table 2. Summary of Budget and Off-Budget Results and Financing of the U.S. Government, August 1995 and Other Periods

[$ millions]

Classification	This Month	Current Fiscal Year to Date	Budget Estimates Full Fiscal Year[1]	Prior Fiscal Year to Date (1994)	Budget Estimates Next Fiscal Year (1996)[1]
Total on-budget and off-budget results:					
Total receipts	96,560	1,207,356	1,357,883	1,121,557	1,414,641
On-budget receipts	69,264	886,986	1,007,654	817,214	1,046,796
Off-budget receipts	27,296	320,370	350,229	304,343	367,845
Reduction in corporate subsidies	......	......	......	......	1,000
Total outlays	130,411	1,378,455	1,517,866	1,328,925	1,578,481
On-budget outlays	104,134	1,120,626	1,228,127	1,078,267	1,273,064
Off-budget outlays	26,277	257,829	289,739	250,658	305,417
Total surplus (+) or deficit (−)	−33,851	−171,099	−159,983	−207,368	−162,840
On-budget surplus (+) or deficit (−)	−34,870	−233,640	−220,473	−261,053	−225,268
Off-budget surplus (+) or deficit (−)	+1,019	+62,541	+60,490	+53,685	+62,428
Total on-budget and off-budget financing	33,851	171,099	159,983	207,368	162,840
Means of financing:					
Borrowing from the public	16,071	177,906	165,772	196,985	195,312
Reduction of operating cash, increase (−)	30,776	17,813	5,942	22,419	−10,000
By other means	−12,996	−24,619	−11,731	−12,036	−22,472

[1]These figures are based on the *Mid-Session Review of the FY 1996 Budget*, released by the Office of Management and Budget on July 31, 1995.

... 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 1994 and 1995

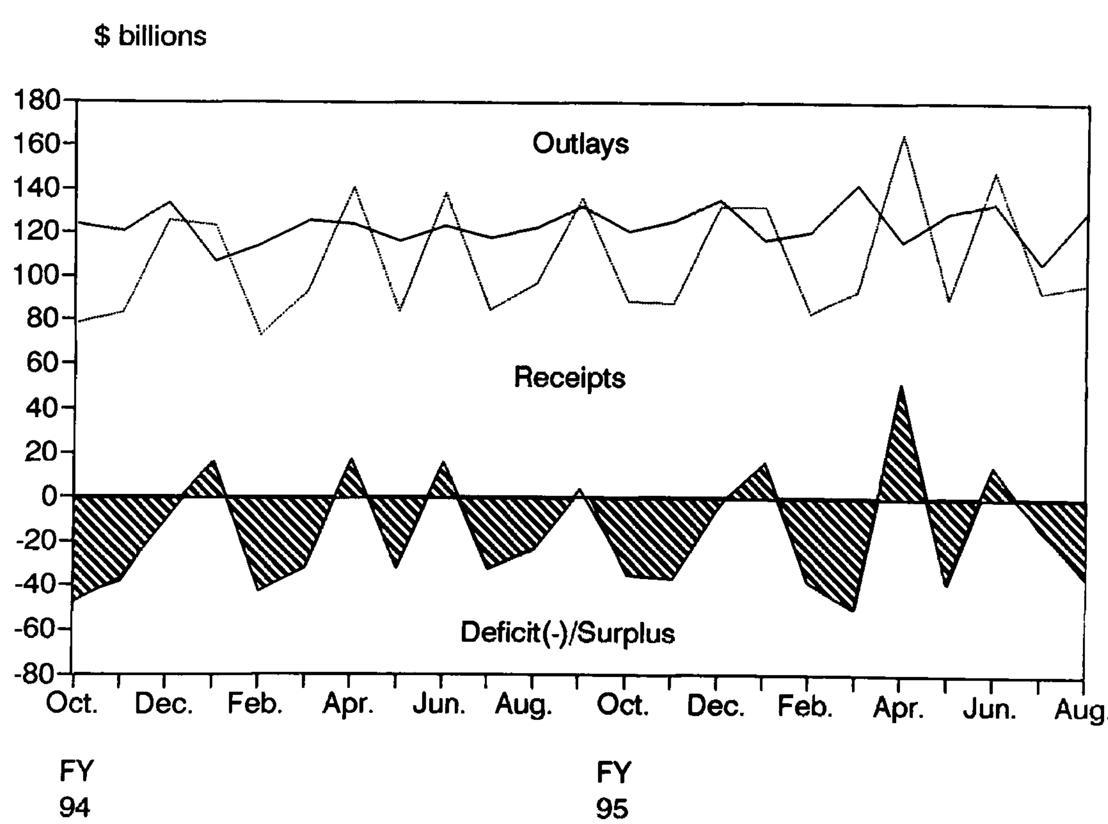


Figure 2. Monthly Receipts of the U.S. Government, by Source, Fiscal Years 1994 and 1995

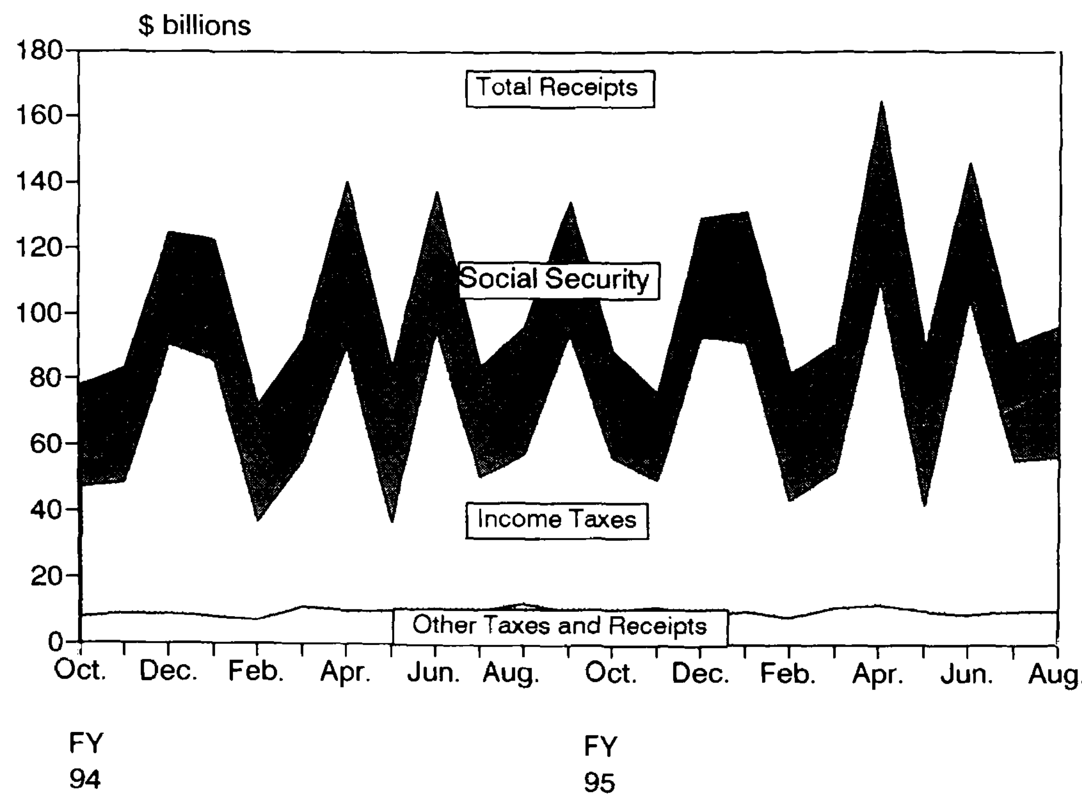


Figure 3. Monthly Outlays of the U.S. Government, by Function, Fiscal Years 1994 and 1995

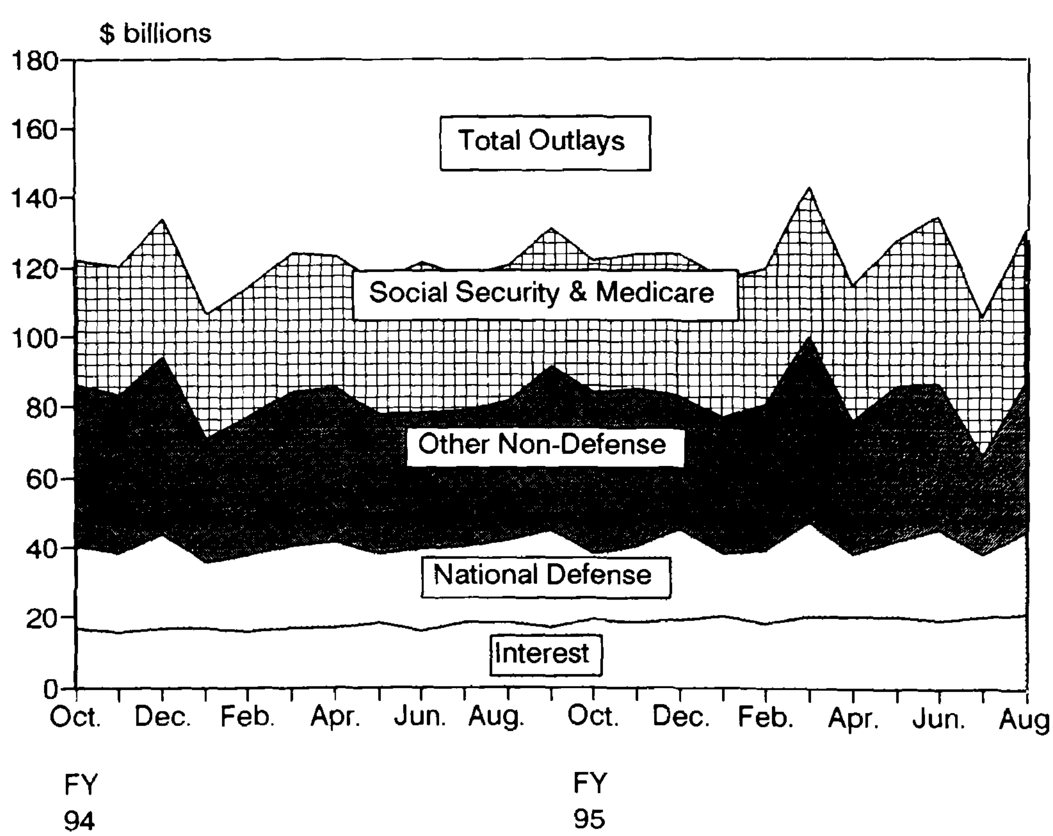


Table 3. Summary of Receipts and Outlays of the U.S. Government, August 1995 and Other Periods

[$ millions]

Classification	This Month	Current Fiscal Year to Date	Comparable Prior Period	Budget Estimates Full Fiscal Year[1]
Budget Receipts				
Individual income taxes	44,122	529,248	485,091	594,369
Corporation income taxes	2,501	124,099	113,119	157,813
Social insurance taxes and contributions:				
Employment taxes and contributions (off-budget)	27,296	320,370	304,343	350,229
Employment taxes and contributions (on-budget)	7,618	91,372	84,853	99,999
Unemployment insurance	4,454	28,643	27,659	28,536
Other retirement contributions	436	4,186	4,250	4,558
Excise taxes	4,757	51,779	49,707	57,710
Estate and gift taxes	1,500	13,476	13,971	14,773
Customs duties	1,794	17,666	18,300	20,230
Miscellaneous receipts	2,081	26,517	[2]20,264	29,666
Total Receipts	**96,580**	**1,207,356**	**1,121,557**	**1,357,883**
(On-budget)	**69,264**	**886,986**	**817,214**	**1,007,654**
(Off-budget)	**27,296**	**320,370**	**304,343**	**350,229**
Budget Outlays				
Legislative Branch	178	2,422	2,342	2,776
The Judiciary	339	2,681	2,470	3,099
Executive Office of the President	15	196	214	192
Funds Appropriated to the President	1,485	10,321	9,659	10,602
Department of Agriculture	2,579	52,888	56,103	58,275
Department of Commerce	253	3,180	2,633	3,549
Department of Defense—Military	22,900	234,523	242,166	260,320
Department of Defense—Civil	2,780	28,905	27,806	31,207
Department of Education	3,862	28,365	21,285	32,297
Department of Energy	1,334	15,748	15,782	15,942
Department of Health and Human Services	27,613	277,081	254,945	301,758
Department of Housing and Urban Development	2,196	26,479	24,282	28,511
Department of the Interior	632	6,562	6,028	7,362
Department of Justice	890	9,845	9,089	11,672
Department of Labor	2,895	29,904	34,707	31,631
Department of State	392	4,912	4,791	5,578
Department of Transportation	3,388	35,035	[2]33,592	39,574
Department of the Treasury:				
Interest on the Public Debt	22,302	312,239	278,403	332,706
Other	431	16,334	11,561	14,952
Department of Veterans Affairs	3,262	33,261	33,158	38,231
Environmental Protection Agency	615	5,790	5,248	6,237
General Services Administration	299	485	111	1,034
National Aeronautics and Space Administration	1,236	12,179	12,301	13,693
Office of Personnel Management	3,482	37,870	35,255	40,893
Small Business Administration	−6	647	683	702
Social Security Administration	30,054	329,692	315,010	362,391
Other independent agencies:				
Resolution Trust Corporation	−1,105	−10,091	3,023	−11,263
Other	266	2,526	3,588	12,824
Allowances	......	......	......	−260
Undistributed offsetting receipts:				
Interest	−1,134	−92,865	−85,534	−93,444
Other	−3,023	−38,659	−31,776	−45,172
Total outlays	**130,411**	**1,378,455**	**1,328,925**	**1,517,866**
(On-budget)	**104,134**	**1,120,626**	**1,078,267**	**1,228,127**
(Off-budget)	**26,277**	**257,829**	**250,658**	**289,739**
Surplus (+) or deficit (−)	**−33,851**	**−171,099**	**−207,368**	**−159,983**
(On-budget)	**−34,870**	**−233,640**	**−261,053**	**−220,473**
(Off-budget)	**+1,019**	**+62,541**	**+53,685**	**+60,490**

[1]These figures are based on the *Mid Session Review of the FY 1996 Budget*, released by the Office of Management and Budget on July 31, 1995.

[2]Receipts have been decreased by $1 million and outlays correspondingly decreased by $1 million in September 1994 to reflect offsetting governmental receipts previously reported as budgetary receipts by the Department of Transportation.

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

Table 4. Receipts of the U.S. Government, August 1995 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	41,631			463,603			424,498		
Presidential Election Campaign Fund	1			67			69		
Other	4,146			148,651			135,236		
Total—Individual income taxes	**45,779**	**1,657**	**44,122**	**612,321**	**83,073**	**529,248**	**559,802**	**74,711**	**485,091**
Corporation income taxes	**3,284**	**782**	**2,501**	**140,703**	**16,604**	**124,099**	**125,283**	**12,164**	**113,119**
Social insurance taxes and contributions:									
Employment taxes and contributions:									
Federal old-age and survivors ins. trust fund:									
Federal Insurance Contributions Act taxes	23,071	......	23,071	243,121	......	243,121	261,258	745	260,513
Self-Employment Contributions Act taxes	86	......	86	14,915	......	14,915	14,424	......	14,424
Deposits by States	......	......	......	1	......	1	−45	......	−45
Other	(* *)	......	(* *)	(* *)	......	(* *)	(* *)	......	(* *)
Total—FOASI trust fund	23,157	......	23,157	258,038	......	258,038	275,638	745	274,893
Federal disability insurance trust fund:									
Federal Insurance Contributions Act taxes	4,123	......	4,123	59,092	......	59,092	27,987	80	27,907
Self-Employment Contributions Act taxes	15	......	15	3,240	......	3,240	1,543	......	1,543
Receipts from railroad retirement account	......	......	......	......	......	......	......	......	......
Deposits by States	......	......	......	(* *)	......	(* *)	(* *)	......	(* *)
Other	......	......	......	......	......	......	......	......	......
Total—FDI trust fund	4,138	......	4,138	62,332	......	62,332	29,530	80	29,450
Federal hospital insurance trust fund:									
Federal Insurance Contributions Act taxes	7,234	......	7,234	81,313	......	81,313	76,227	73	76,155
Self-Employment Contributions Act taxes	34	......	34	6,062	......	6,062	4,888	......	4,888
Receipts from Railroad Retirement Board	......	......	......	359	......	359	394	......	394
Deposits by States	......	......	......	(* *)	......	(* *)	(* *)	......	(* *)
Total—FHI trust fund	7,268	......	7,268	87,734	......	87,734	81,509	73	81,437
Railroad retirement accounts:									
Rail industry pension fund	181	1	180	2,253	19	2,235	2,180	44	2,136
Railroad Social Security equivalent benefit	170	......	170	1,404	......	1,404	1,280	......	1,280
Total—Employment taxes and contributions	34,915	1	34,914	411,761	19	411,742	390,137	941	389,196
Unemployment insurance:									
State taxes deposited in Treasury	3,907	......	3,907	22,947	......	22,947	22,163	......	22,163
Federal Unemployment Tax Act taxes	560	13	547	5,776	104	5,672	5,539	103	5,436
Railroad unemployment taxes	(* *)	......	(* *)	24	......	24	27	......	27
Railroad debt repayment	......	......	......	......	......	......	32	......	32
Total—Unemployment insurance	4,467	13	4,454	28,747	104	28,643	27,761	103	27,659
Other retirement contributions:									
Federal employees retirement – employee contributions	431	......	431	4,106	......	4,106	4,159	......	4,159
Contributions for non-federal employees	6	......	6	80	......	80	91	......	91
Total—Other retirement contributions	436	......	436	4,186	......	4,186	4,250	......	4,250
Total—Social insurance taxes and contributions	**39,818**	**14**	**39,804**	**444,694**	**123**	**444,572**	**422,148**	**1,044**	**421,104**
Excise taxes:									
Miscellaneous excise taxes[1]	2,718	50	2,668	26,655	835	25,820	30,033	1,005	29,028
Airport and airway trust fund	502	13	490	5,081	39	5,042	4,673	28	4,644
Highway trust fund	1,875	328	1,546	21,263	913	20,350	15,988	490	15,498
Black lung disability trust fund	52	......	52	567	......	567	536	......	536
Total—Excise taxes	**5,148**	**391**	**4,757**	**53,566**	**1,787**	**51,779**	**51,230**	**1,523**	**49,707**
Estate and gift taxes	**1,538**	**38**	**1,500**	**13,831**	**355**	**13,476**	**14,323**	**352**	**13,971**
Customs duties	**1,993**	**199**	**1,794**	**19,339**	**1,673**	**17,666**	**19,080**	**780**	**18,300**
Miscellaneous Receipts:									
Deposits of earnings by Federal Reserve banks	1,743	......	1,743	22,967	......	22,967	16,910	......	16,910
All other	338	(* *)	338	3,560	10	3,550	[2]3,374	21	3,354
Total — Miscellaneous receipts	**2,082**	**(* *)**	**2,081**	**26,527**	**10**	**26,517**	**20,284**	**21**	**20,264**
Total — Receipts	**99,641**	**3,081**	**96,560**	**1,310,981**	**103,625**	**1,207,356**	**1,212,151**	**90,594**	**1,121,557**
Total — On-budget	**72,345**	**3,081**	**69,264**	**990,611**	**103,625**	**886,986**	**906,983**	**89,769**	**817,214**
Total — Off-budget	**27,296**	......	**27,296**	**320,370**	......	**320,370**	**305,167**	**825**	**304,343**

[1]Includes amounts for the windfall profits tax pursuant to P.L. 96-223.

[2]Receipts have been decreased by $1 million and outlays correspondingly decreased by $1 million in September 1994 to reflect offsetting governmental receipts previously reported as budgetary receipts by the Department of Transportation.

... No Transactions.

(* *) Less than $500,000.

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

Table 5. Outlays of the U.S. Government, August 1995 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	37	(* *)	37	396	2	394	395	2	394
House of Representatives	57	(* *)	57	658	2	656	708	14	694
Joint items	6	......	6	71	......	71	68	......	68
Congressional Budget Office	2	......	2	19	......	19	19	......	19
Architect of the Capitol	5	1	4	160	8	152	168	8	160
Library of Congress	30	......	30	608	......	608	454	......	454
Government Printing Office:									
Revolving fund (net)	−1	......	−1	18	......	18	36	......	36
General fund appropriations	9	......	9	90	......	90	90	......	90
General Accounting Office	40	......	40	384	......	384	390	......	390
United States Tax Court	2	......	2	29	......	29	29	......	29
Other Legislative Branch agencies	−3	......	−3	27	......	27	27	......	27
Proprietary receipts from the public	......	1	−1	......	11	−11	......	7	−7
Intrabudgetary transactions	−5	......	−5	−15	......	−15	−12	......	−12
Total—Legislative Branch	**180**	**2**	**178**	**2,445**	**23**	**2,422**	**2,372**	**31**	**2,342**
The Judiciary:									
Supreme Court of the United States	2	......	2	24	......	24	23	......	23
Courts of Appeals, District Courts, and other judicial services	325	1	324	2,556	5	2,551	2,346	3	2,343
Other	13	......	13	107	......	107	103	......	103
Total—The Judiciary	**340**	**1**	**339**	**2,686**	**5**	**2,681**	**2,473**	**3**	**2,470**
Executive Office of the President:									
Compensation of the President and the White House Office	2	......	2	33	......	33	36	......	36
Office of Management and Budget	4	......	4	50	......	50	52	......	52
Other	9	......	9	112	......	112	126	......	126
Total—Executive Office of the President	**15**	**......**	**15**	**196**	**......**	**196**	**214**	**......**	**214**
Funds Appropriated to the President:									
International Security Assistance:									
Foreign military loan program	84	76	8	814	566	247	837	584	253
Foreign military financing program	38	......	38	2,802	......	2,802	3,830	......	3,830
Economic support fund	86	......	86	2,640	......	2,640	2,656	......	2,656
Peacekeeping Operations	15	......	15	79	......	79	61	......	61
Other	5	......	5	31	......	31	43	......	43
Proprietary receipts from the public	......	116	−116	......	823	−823	......	777	−777
Total—International Security Assistance	227	192	35	6,365	1,390	4,975	7,427	1,361	6,066
International Development Assistance:									
Multilateral Assistance:									
Contribution to the International Development Association	......	......	......	1,063	......	1,063	879	......	879
International organizations and programs	5	......	5	482	......	482	200	......	200
Other	29	......	29	306	......	306	390	......	390
Total—Multilateral Assistance	34	......	34	1,851	......	1,851	1,469	......	1,469
Agency for International Development:									
Sustainable development assistance program	109	......	109	1,217	......	1,217	1,313	......	1,313
Assistance for eastern europe and the baltic States	23	......	23	305	......	305	232	......	232
Assistance for the new independent States of the former soviet union	75	......	75	777	......	777	226	......	226
Development fund for Africa	69	......	69	688	......	688	565	......	565
Operating expenses	53	......	53	460	......	460	469	......	469
Payment to the Foreign Service retirement and disability fund	......	......	......	45	......	45	44	......	44
Other	28	3	25	214	50	163	250	57	193
Proprietary receipts from the public	......	63	−63	......	774	−774	......	736	−736
Intrabudgetary transactions	−3	......	−3	−3	......	−3	−2	......	−2
Total—Agency for International Development	354	66	288	3,703	825	2,878	3,097	793	2,304
Overseas Private Investment Corporation	6	37	−31	46	249	−203	81	220	−139
Peace Corps	23	......	23	211	......	211	192	......	192
Other	12	(* *)	12	92	2	90	87	6	82
Total—International Development Assistance	428	103	325	5,903	1,076	4,828	4,926	1,018	3,908
International Monetary Programs	635	......	635	−129	......	−129	−231	......	−231
Military Sales Programs:									
Special defense acquisition fund	14	20	−6	150	149	1	159	250	−91
Foreign military sales trust fund	1,239	......	1,239	12,103	......	12,103	12,062	......	12,062
Kuwait civil reconstruction trust fund	(* *)	......	(* *)	(* *)	......	(* *)	(* *)	......	(* *)
Proprietary receipts from the public	......	756	−756	......	11,502	−11,502	......	12,112	−12,112
Other	13	......	13	46	......	46	57	......	57
Total—Funds Appropriated to the President	**2,556**	**1,071**	**1,485**	**24,438**	**14,117**	**10,321**	**24,401**	**14,742**	**9,659**

Table 5. Outlays of the U.S. Government, August 1995 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	63	......	63	691	......	691	660	......	660
Cooperative State Research Education and Extension Service:									
Cooperative state research activities	41	......	41	396	......	396	383	......	383
Extension Service	38	......	38	399	......	399	393	......	393
Other	3	......	3	35	......	35	47	......	47
Animal and Plant Health Inspection Service	36	......	36	463	......	463	435	......	435
Food Safety and Inspection Service	39	......	39	486	......	486	459	......	459
Agricultural Marketing Service	66	1	65	655	1	653	627	3	624
Farm Service Agency:									
Salaries and expenses	38	......	38	802	......	802	919	......	919
Conservation programs	16	......	16	1,878	......	1,878	1,929	......	1,929
Federal crop insurance corporation fund	126	5	121	698	457	242	1,370	357	1,013
Commodity Credit Corporation:									
Price support and related programs	382	1,214	−832	16,850	10,455	6,395	16,813	6,654	10,159
National Wool Act Program	1	......	1	106	......	106	209	......	209
Agricultural credit insurance fund	30	67	−37	1,173	1,280	−107	1,918	1,653	266
Other	(* *)	......	(* *)	3	......	3	3	......	3
Total—Farm Service Agency	593	1,286	−693	21,510	12,192	9,319	23,162	8,664	14,498
Natural Resources Conservation Service:									
Conservation operations	43	......	43	527	......	527	525	......	525
Watershed and flood prevention operations	23	......	23	251	......	251	247	......	247
Other	10	......	10	95	......	95	104	......	104
Rural Utilities Service:									
Rural electrification and telephone fund	33	331	−298	1,974	2,762	−788	2,314	3,155	−841
Rural development insurance fund	79	24	55	830	426	404	898	530	368
Other	49	14	35	451	172	279	403	417	−14
Rural housing and Community Development Service:									
Rural housing insurance fund	319	229	89	3,596	2,336	1,260	3,864	2,934	930
Other	95	......	95	431	......	431	331	......	331
Foreign Agricultural Service	57	......	57	1,027	......	1,027	1,360	......	1,360
Food and Consumer Service:									
Food stamp program	1,914	......	1,914	23,399	......	23,399	23,380	......	23,380
State child nutrition programs	376	......	376	7,193	......	7,193	6,769	......	6,769
Women, infants and children programs	295	......	295	3,234	......	3,234	2,996	......	2,996
Other	27	......	27	401	......	401	442	......	442
Total—Food and Consumer Service	2,613	......	2,613	34,227	......	34,227	33,587	......	33,587
Forest Service:									
National forest system	102	......	102	1,233	......	1,233	1,209	......	1,209
Forest and rangeland protection	65	......	65	907	......	907	467	......	467
Forest service permanent appropriations	23	......	23	532	......	532	319	......	319
Other	99	......	99	456	......	456	826	......	826
Total—Forest Service	289	......	289	3,128	......	3,128	2,821	......	2,821
Other	64	3	61	505	35	470	483	31	452
Proprietary receipts from the public	......	85	−85	......	838	−838	......	1,264	−1,264
Intrabudgetary transactions	(* *)	......	(* *)	−28	......	−28	......	......	......
Total—Department of Agriculture	**4,553**	**1,974**	**2,579**	**71,648**	**18,760**	**52,888**	**73,101**	**16,998**	**56,103**
Department of Commerce:									
Economic Development Administration	21	(* *)	21	326	11	315	239	15	224
Bureau of the Census	21	......	21	275	......	275	226	......	226
Promotion of Industry and Commerce	27	......	27	341	......	341	300	......	300
Science and Technology:									
National Oceanic and Atmospheric Administration	167	1	166	1,819	17	1,802	1,712	13	1,699
National Institute of Standards and Technology	36	......	36	408	......	408	123	......	123
Other	−4	12	−17	93	38	54	111	31	80
Total—Science and Technology	199	13	186	2,319	55	2,264	1,946	43	1,902
Other	8	......	8	98	(* *)	98	84	......	84
Proprietary receipts from the public	......	10	−10	......	113	−113	......	104	−104
Intrabudgetary transactions	(* *)	......	(* *)	(* *)	......	(* *)	(* *)	......	(* *)
Offsetting governmental receipts	......	......	......	......	......	......	......	......	......
Total—Department of Commerce	**278**	**24**	**253**	**3,359**	**179**	**3,180**	**2,795**	**162**	**2,633**

Table 5. Outlays of the U.S. Government, August 1995 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	2,297	......	2,297	22,944	......	22,944	24,631	......	24,631
Department of the Navy	2,089	......	2,089	22,315	......	22,315	24,047	......	24,047
Department of the Air Force	1,568	......	1,568	17,007	......	17,007	16,496	......	16,496
Total—Military personnel	5,955	......	5,955	62,266	......	62,266	65,174	......	65,174
Operation and maintenance:									
Department of the Army	2,321	......	2,321	20,474	......	20,474	18,690	......	18,690
Department of the Navy	2,405	......	2,405	20,352	......	20,352	20,571	......	20,571
Department of the Air Force	1,834	......	1,834	21,063	......	21,063	21,832	......	21,832
Defense agencies	1,642	......	1,642	17,659	......	17,659	17,712	......	17,712
Total—Operation and maintenance	8,201	......	8,201	79,549	......	79,549	78,806	......	78,806
Procurement:									
Department of the Army	585	......	585	6,628	......	6,628	7,510	......	7,510
Department of the Navy	1,501	......	1,501	23,186	......	23,186	23,991	......	23,991
Department of the Air Force	1,756	......	1,756	18,922	......	18,922	20,757	......	20,757
Defense agencies	294	......	294	3,521	......	3,521	3,719	......	3,719
Total—Procurement	4,135	......	4,135	52,257	......	52,257	55,977	......	55,977
Research, development, test, and evaluation:									
Department of the Army	546	......	546	4,703	......	4,703	5,165	......	5,165
Department of the Navy	912	......	912	8,015	......	8,015	7,183	......	7,183
Department of the Air Force	829	......	829	11,043	......	11,043	11,427	......	11,427
Defense agencies	873	......	873	7,498	......	7,498	7,648	......	7,648
Total—Research, development, test and evaluation	3,160	......	3,160	31,258	......	31,258	31,424	......	31,424
Military construction:									
Department of the Army	124	......	124	912	......	912	853	......	853
Department of the Navy	56	......	56	752	......	752	535	......	535
Department of the Air Force	125	......	125	1,213	......	1,213	1,063	......	1,063
Defense agencies	368	......	368	3,231	......	3,231	1,964	......	1,964
Total—Military construction	673	......	673	6,108	......	6,108	4,415	......	4,415
Family housing:									
Department of the Army	118	......	118	1,110	......	1,110	1,156	......	1,156
Department of the Navy	97	......	97	1,004	......	1,004	725	......	725
Department of the Air Force	92	......	92	955	......	955	980	......	980
Defense agencies	15	7	7	144	51	93	111	30	81
Revolving and management funds:									
Department of the Army	63	......	63	−7	......	−7	45	......	45
Department of the Navy	100	......	100	264	......	264	308	......	308
Department of the Air Force	......	......	......	......	......	......	......	......	......
Defense agencies:									
Defense business operations fund	343	......	343	492	......	492	3,526	......	3,526
Other	−2	(* *)	−3	−128	3	−131	−236	5	−241
Trust funds:									
Department of the Army	(* *)	(* *)	(* *)	(* *)	......	(* *)	(* *)	......	(* *)
Department of the Navy	2	......	2	26	3	23	33	15	17
Department of the Air Force	2	2	(* *)	3	3	(* *)	6	6	1
Defense agencies	38	......	38	235	......	235	145	......	145
Proprietary receipts from the public:									
Department of the Army	......	79	−79	......	318	−318	......	134	−134
Department of the Navy	......	24	−24	......	80	−80	......	181	−181
Department of the Air Force	......	−42	42	......	666	−666	......	379	−379
Defense agencies	......	78	−78	......	338	−338	......	261	−261
Intrabudgetary transactions:									
Department of the Army	10	......	10	10	......	10	127	......	127
Department of the Navy	−26	......	−26	427	......	427	427	......	427
Department of the Air Force	−21	......	−21	84	......	84	130	......	130
Defense agencies	92	......	92	−72	......	−72	−95	......	−95
Offsetting governmental receipts:									
Department of the Army	......	......	......	......	2	−2	......	6	−6
Defense agencies	......	(* *)	(* *)	......	(* *)	(* *)	......	(* *)	(* *)
Total—Department of Defense—Military	**23,047**	**148**	**22,900**	**235,985**	**1,462**	**234,523**	**243,183**	**1,017**	**242,166**

Table 5. Outlays of the U.S. Government, August 1995 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	949	......	949	879	......	879
Operation and maintenance, general	129	......	129	1,221	......	1,221	1,042	......	1,042
Other	219	......	219	1,348	......	1,348	1,403	......	1,403
Proprietary receipts from the public	......	20	−20	......	145	−145	......	165	−165
Total—Corps of Engineers	442	20	422	3,518	145	3,374	3,324	165	3,159
Military retirement:									
Payment to military retirement fund	......	......	......	11,470	......	11,470	11,908	......	11,908
Military retirement fund	2,356	......	2,356	25,410	......	25,410	24,456	......	24,456
Intrabudgetary transactions	......	......	......	−11,470	......	−11,470	−11,908	......	−11,908
Education benefits	−4	......	−4	61	......	61	131	......	131
Other	7	(* *)	6	74	4	70	74	4	70
Proprietary receipts from the public	......	1	−1	......	11	−11	......	10	−10
Total—Department of Defense—Civil	**2,801**	**22**	**2,780**	**29,064**	**160**	**28,905**	**27,985**	**179**	**27,806**
Department of Education:									
Office of Elementary and Secondary Education:									
Education for the disadvantaged	415	......	415	6,397	......	6,397	6,365	......	6,365
Impact aid	15	......	15	736	......	736	746	......	746
School improvement programs	116	......	116	1,287	......	1,287	1,331	......	1,331
Other	19	......	19	122	......	122	83	......	83
Total—Office of Elementary and Secondary Education	566	......	566	8,541	......	8,541	8,525	......	8,525
Office of Bilingual Education and Minority Languages Affairs	27	......	27	211	......	211	207	......	207
Office of Special Education and Rehabilitative Services:									
Special education	338	......	338	2,882	......	2,882	2,765	......	2,765
Rehabilitation services and disability research	180	......	180	2,115	......	2,115	2,080	......	2,080
Special institutions for persons with disabilities	12	......	12	132	......	132	122	......	122
Office of Vocational and Adult Education	95	......	95	1,356	......	1,356	1,239	......	1,239
Office of Postsecondary Education:									
College housing loans	5	2	3	19	59	−40	−4	41	−45
Student financial assistance	615	......	615	6,157	......	6,157	6,344	......	6,344
Higher education	128	......	128	792	......	792	720	......	720
Howard University	26	......	26	179	......	179	185	......	185
Federal direct student loan program	29	......	29	473	......	473	90	......	90
Federal family education loans	1,738	......	1,738	4,884	......	4,884	−1,568	......	−1,568
Other	(* *)	......	(* *)	1	......	1	7	......	7
Total—Office of Postsecondary Education	2,540	2	2,539	12,504	59	12,445	5,775	41	5,734
Office of Educational Research and Improvement	36	......	36	370	......	370	390	......	390
Departmental management	76	......	76	400	......	400	352	......	352
Proprietary receipts from the public	......	6	−6	......	87	−87	......	127	−127
Total—Department of Education	**3,870**	**8**	**3,862**	**28,511**	**146**	**28,365**	**21,454**	**169**	**21,285**
Department of Energy:									
Atomic energy defense activities	918	......	918	10,817	......	10,817	10,776	......	10,776
Energy programs:									
General science and research activities	100	......	100	1,237	......	1,237	1,155	......	1,155
Energy supply, R and D activities	329	......	329	3,032	......	3,032	2,790	......	2,790
Uranium supply and enrichment activities	2	......	2	91	......	91	297	......	297
Fossil energy research and development	43	......	43	397	......	397	374	......	374
Energy conservation	69	......	69	603	......	603	522	......	522
Strategic petroleum reserve	25	......	25	198	......	198	255	......	255
Clean coal technology	......	......	......	......	......	......	......	......	......
Nuclear waste disposal fund	35	......	35	313	......	313	264	......	264
Other	90	(* *)	90	939	1	938	855	2	853
Total—Energy programs	693	(* *)	693	6,810	1	6,809	6,510	2	6,509
Power Marketing Administration	140	138	2	1,571	1,713	−142	1,589	1,438	151
Departmental administration	49	......	49	441	......	441	408	......	408
Proprietary receipts from the public	......	143	−143	......	1,605	−1,605	......	1,623	−1,623
Intrabudgetary transactions	−28	......	−28	−403	......	−403	−319	......	−319
Offsetting governmental receipts	......	158	−158	......	169	−169	......	119	−119
Total—Department of Energy	**1,772**	**438**	**1,334**	**19,236**	**3,488**	**15,748**	**18,964**	**3,182**	**15,782**

Table 5. Outlays of the U.S. Government, August 1995 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:									
Public Health Service:									
Food and Drug Administration	97	1	96	796	5	792	733	3	730
Health Resources and Services Administration	183	......	183	2,361	......	2,361	2,393	......	2,393
Indian Health Services	165	......	165	1,866	......	1,866	1,650	......	1,650
Centers for Disease Control and Prevention	169	......	169	1,654	......	1,654	1,424	......	1,424
National Institutes of Health	975	......	975	10,011	......	10,011	9,429	......	9,429
Substance Abuse and Mental Health Services Administration	209	......	209	2,211	......	2,211	2,225	......	2,225
Agency for Health Care Policy and Research	22	......	22	119	......	119	95	......	95
Assistant secretary for health	37	......	37	209	......	209	173	......	173
Total—Public Health Service	1,856	1	1,856	19,228	5	19,223	18,122	3	18,118
Health Care Financing Administration:									
Grants to States for Medicaid	8,117	......	8,117	81,689	......	81,689	74,881	......	74,881
Payments to health care trust funds	1,173	......	1,173	40,941	......	40,941	37,082	......	37,082
Federal hospital insurance trust fund:									
Benefit payments	10,629	......	10,629	103,429	......	103,429	92,644	......	92,644
Administrative expenses	141	......	141	1,183	......	1,183	1,121	......	1,121
Interest on normalized tax transfers	......	......	......	......	......	......	......	......	......
Total—FHI trust fund	10,770	......	10,770	104,612	......	104,612	93,765	......	93,765
Federal supplementary medical insurance trust fund:									
Benefit payments	5,766	......	5,766	57,726	......	57,726	52,626	......	52,626
Administrative expenses	156	......	156	1,584	......	1,584	1,560	......	1,560
Total—FSMI trust fund	5,922	......	5,922	59,310	......	59,310	54,186	......	54,186
Other	−23	......	−23	−7	......	−7	5	......	5
Total—Health Care Financing Administration	25,960	......	25,960	286,545	......	286,545	259,918	......	259,918
Administration for children and families:									
Family support payments to States	1,646	......	1,646	15,950	......	15,950	15,476	......	15,476
Low income home energy assistance	57	......	57	1,346	......	1,346	2,048	......	2,048
Refugee and entrant assistance	29	......	29	379	......	379	333	......	333
Payments to States for the job opportunities and basic skills training program	82	......	82	859	......	859	769	......	769
State legalization impact assistance grants	15	......	15	358	......	358	640	......	640
Payments to States for the child care and development block grant	74	......	74	841	......	841	730	......	730
Social services block grant	261	......	261	2,605	......	2,605	2,504	......	2,504
Children and families services programs	328	......	328	4,317	......	4,317	3,892	......	3,892
Payments to States for foster care and adoption assistance	330	......	330	2,939	......	2,939	2,803	......	2,803
Other	4	......	4	28	......	28	1	......	1
Total—Administration for children and families	2,827	......	2,827	29,623	......	29,623	29,196	......	29,196
Administration on aging	97	......	97	890	......	890	801	......	801
Departmental management	−93	......	−93	285	......	285	282	......	282
Proprietary receipts from the public	......	1,861	−1,861	......	18,544	−18,544	......	16,289	−16,289
Intrabudgetary transactions:									
Payments for health insurance for the aged:									
Federal hospital insurance trust fund	......	......	......	......	......	......	......	......	......
Federal supplementary medical insurance trust fund	−1,173	......	−1,173	−36,988	......	−36,988	−35,383	......	−35,383
Payments for tax and other credits:									
Federal hospital insurance trust fund	......	......	......	−3,953	......	−3,953	−1,700	......	−1,700
Other	......	......	......	......	......	......	......	......	......
Total—Department of Health and Human Services	**29,474**	**1,861**	**27,613**	**295,630**	**18,548**	**277,081**	**271,238**	**16,293**	**254,945**

Table 5. Outlays of the U.S. Government, August 1995 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 Housing and Urban Development:									
Housing programs:									
Public enterprise funds	15	14	1	166	121	45	149	126	24
Credit accounts:									
Federal housing administration fund	882	924	−42	6,207	6,551	−344	6,063	6,029	33
Housing for the elderly or handicapped fund	−10	55	−64	504	598	−94	682	641	40
Other	62	......	62	555	......	555	414	(* *)	414
Rent supplement payments	5	......	5	142	......	142	83	......	83
Homeownership assistance	8	......	8	107	......	107	103	......	103
Rental housing assistance	56	......	56	601	......	601	616	......	616
Rental housing development grants	......	......	......	(* *)	......	(* *)	5	......	5
Low-rent public housing	26	......	26	638	......	638	664	......	664
Public housing grants	371	......	371	3,459	......	3,459	3,032	......	3,032
College housing grants	1	......	1	17	(* *)	17	18	......	18
Lower income housing assistance	719	......	719	9,050	......	9,050	9,691	......	9,691
Section 8 contract renewals	342	......	342	4,556	......	4,556	3,130	......	3,130
Other	18	......	18	166	......	166	65	......	65
Total—Housing programs	2,496	993	1,502	26,166	7,270	18,896	24,713	6,797	17,917
Public and Indian Housing programs:									
Low-rent public housing—Loans and other expenses	15	1	14	280	201	79	299	201	98
Payments for operation of low-income housing projects	238	......	238	2,484	......	2,484	2,361	......	2,361
Community Partnerships Against Crime	18	......	18	164	......	164	147	......	147
Other	5	......	5	27	......	27	1	......	1
Total—Public and Indian Housing programs	275	1	274	2,956	201	2,755	2,807	201	2,606
Government National Mortgage Association:									
Management and liquidating functions fund	(* *)	(* *)	(* *)	(* *)	1	−1	(* *)	1	−1
Guarantees of mortgage-backed securities	47	127	−80	318	786	−468	880	1,341	−460
Total—Government National Mortgage Association	47	127	−80	318	787	−469	880	1,342	−462
Community Planning and Development:									
Community Development Grants	407	......	407	3,968	......	3,968	3,314	......	3,314
Home investment partnerships program	110	......	110	1,061	......	1,061	697	......	697
Other	18	22	−4	304	117	187	271	123	148
Total—Community Planning and Development	535	22	513	5,333	117	5,216	4,282	123	4,159
Management and Administration	21	......	21	442	......	442	446	......	446
Other	6	......	6	57	......	57	37	......	37
Proprietary receipts from the public	......	39	−39	......	412	−412	......	416	−416
Offsetting governmental receipts	......	......	......	......	5	−5	......	5	−5
Total—Department of Housing and Urban Development	**3,379**	**1,183**	**2,196**	**35,272**	**8,792**	**26,479**	**33,166**	**8,884**	**24,282**
Department of the Interior:									
Land and minerals management:									
Bureau of Land Management:									
Management of lands and resources	52	......	52	657	......	657	591	......	591
Other	45	......	45	357	......	357	261	......	261
Minerals Management Service	55	......	55	612	......	612	673	......	673
Office of Surface Mining Reclamation and Enforcement	27	......	27	285	......	285	284	......	284
Total—Land and minerals management	181	......	181	1,911	......	1,911	1,809	......	1,809
Water and science:									
Bureau of Reclamation:									
Construction program	32	......	32	261	......	261	261	......	261
Operation and maintenance	27	......	27	233	......	233	237	......	237
Other	25	12	13	357	152	206	420	121	300
Central utah project	5	......	5	32	......	32	25	......	25
United States Geological Survey	64	......	64	529	......	529	547	......	547
Bureau of Mines	18	3	15	163	24	139	174	25	149
Total—Water and science	171	15	156	1,575	175	1,399	1,665	146	1,519
Fish and wildlife and parks:									
United States Fish and Wildlife Service	98	......	98	1,115	......	1,115	1,069	......	1,069
National Biological Survey	17	......	17	129	......	129	95	......	95
National Park Service	159	......	159	1,426	......	1,426	1,317	......	1,317
Total—Fish and wildlife and parks	274	......	274	2,670	......	2,670	2,481	......	2,481

Table 5. Outlays of the U.S. Government, August 1995 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:—Continued									
Bureau of Indian Affairs:									
Operation of Indian programs	125	......	125	1,361	......	1,361	1,262	......	1,262
Indian tribal funds	20	......	20	257	......	257	258	......	258
Other	28	1	28	392	11	382	391	9	382
Total—Bureau of Indian Affairs	173	1	172	2,011	11	2,000	1,911	9	1,902
Territorial and international affairs	6	......	6	408	......	408	244	......	244
Departmental offices	19	......	19	101	......	101	120	......	120
Proprietary receipts from the public	......	159	−159	......	1,680	−1,680	......	1,820	−1,820
Intrabudgetary transactions	−18	......	−18	−244	......	−244	−227	......	−227
Offsetting governmental receipts	......	(* *)	(* *)	......	3	−3	......	(* *)	(* *)
Total—Department of the Interior	**807**	**175**	**632**	**8,432**	**1,869**	**6,562**	**8,003**	**1,975**	**6,028**
Department of Justice:									
Legal activities	239	......	239	2,556	......	2,556	2,279	......	2,279
Federal Bureau of Investigation	231	......	231	1,903	......	1,903	1,899	......	1,899
Drug Enforcement Administration	65	......	65	747	......	747	701	......	701
Immigration and Naturalization Service	156	......	156	1,629	......	1,629	1,376	......	1,376
Federal Prison System	236	12	224	2,623	119	2,504	2,185	109	2,076
Office of Justice Programs	59	......	59	647	......	647	779	......	779
Other	19	......	19	712	......	712	553	......	553
Intrabudgetary transactions	−7	......	−7	−57	......	−57	−29	......	−29
Offsetting governmental receipts	......	96	−96	......	797	−797	......	544	−544
Total—Department of Justice	**998**	**108**	**890**	**10,761**	**916**	**9,845**	**9,742**	**653**	**9,089**
Department of Labor:									
Employment and Training Administration:									
Training and employment services	513	......	513	4,226	......	4,226	3,961	......	3,961
Community Service Employment for Older Americans	37	......	37	367	......	367	350	......	350
Federal unemployment benefits and allowances	34	......	34	208	......	208	142	......	142
State unemployment insurance and employment service operations	37	......	37	84	......	84	240	......	240
Payments to the unemployment trust fund	......	......	......	......	......	......	......	......	......
Advances to the unemployment trust fund and other funds	......	......	......	619	......	619	2,577	......	2,577
Unemployment trust fund:									
Federal-State unemployment insurance:									
State unemployment benefits	1,847	......	1,847	20,147	......	20,147	25,389	......	25,389
State administrative expenses	251	......	251	2,912	......	2,912	2,853	......	2,853
Federal administrative expenses	11	......	11	181	......	181	161	......	161
Veterans employment and training	15	......	15	167	......	167	171	......	171
Repayment of advances from the general fund	......	......	......	......	......	......	......	......	......
Railroad unemployment insurance	4	......	4	55	......	55	61	......	61
Other	2	......	2	19	......	19	19	......	19
Total—Unemployment trust fund	2,129	......	2,129	23,480	......	23,480	28,654	......	28,654
Other	8	......	8	79	......	79	86	......	86
Total—Employment and Training Administration	2,758	......	2,758	29,063	......	29,063	36,010	......	36,010
Pension Benefit Guaranty Corporation	109	247	−138	1,250	1,537	−287	1,056	1,510	−455
Employment Standards Administration:									
Salaries and expenses	24	......	24	224	......	224	220	......	220
Special benefits	148	......	148	453	......	453	485	......	485
Black lung disability trust fund	47	......	47	525	......	525	552	......	552
Other	10	......	10	125	......	125	116	......	116
Occupational Safety and Health Administration	27	......	27	271	......	271	272	......	272
Bureau of Labor Statistics	15	......	15	253	......	253	268	......	268
Other	62	......	62	440	......	440	444	......	444
Proprietary receipts from the public	......	(* *)	(* *)	......	6	−6	......	3	−3
Intrabudgetary transactions	−57	......	−57	−1,157	......	−1,157	−3,201	......	−3,201
Total—Department of Labor	**3,143**	**248**	**2,895**	**31,447**	**1,543**	**29,904**	**36,220**	**1,514**	**34,707**

Table 5. Outlays of the U.S. Government, August 1995 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 State:									
Administration of Foreign Affairs:									
Diplomatic and consular programs	187	......	187	1,466	......	1,466	1,669	......	1,669
Acquisition and maintenance of buildings abroad	50	......	50	487	......	487	522	......	522
Payment to Foreign Service retirement and disability fund	138	......	138	267	......	267	125	......	125
Foreign Service retirement and disability fund	37	......	37	410	......	410	374	......	374
Other	40	......	40	436	......	436	265	......	265
Total—Administration of Foreign Affairs	451	......	451	3,067	......	3,067	2,955	......	2,955
International organizations and Conferences	8	......	8	1,365	......	1,365	1,183	......	1,183
Migration and refugee assistance	48	......	48	666	......	666	658	......	658
Other	23	......	23	135	......	135	172	......	172
Proprietary receipts from the public	......	......	......	......	(* *)	(* *)	......	1	−1
Intrabudgetary transactions	−138	......	−138	−320	......	−320	−176	......	−176
Offsetting governmental receipts	......	......	......	......	......	......	......	......	......
Total—Department of State	**392**	**......**	**392**	**4,912**	**(* *)**	**4,912**	**4,791**	**1**	**4,791**
Department of Transportation:									
Federal Highway Administration:									
Highway trust fund:									
Federal-aid highways	1,691	......	1,691	16,967	......	16,967	16,524	......	16,524
Other	16	......	16	168	......	168	150	......	150
Other programs	20	......	20	187	......	187	197	......	197
Total—Federal Highway Administration	1,727	......	1,727	17,322	......	17,322	16,871	......	16,871
National Highway Traffic Safety Administration	28	......	28	254	......	254	237	......	237
Federal Railroad Administration:									
Grants to National Railroad Passenger Corporation	(* *)	......	(* *)	806	......	806	491	......	491
Other	23	1	22	216	10	206	346	19	327
Total—Federal Railroad Administration	23	1	22	1,022	10	1,012	837	19	818
Federal Transit Administration:									
Formula grants	−142	......	−142	626	......	626	75	......	75
Discretionary grants	173	......	173	1,866	......	1,866	1,487	......	1,487
Other	340	......	340	1,622	......	1,622	1,919	......	1,919
Total—Federal Transit Administration	371	......	371	4,114	......	4,114	3,481	......	3,481
Federal Aviation Administration:									
Operations	312	......	312	1,904	......	1,904	2,321	......	2,321
Airport and airway trust fund:									
Grants-in-aid for airports	159	......	159	1,598	......	1,598	1,451	......	1,451
Facilities and equipment	163	......	163	2,319	......	2,319	2,116	......	2,116
Research, engineering and development	18	......	18	206	......	206	200	......	200
Operations	204	......	204	2,342	......	2,342	2,008	......	2,008
Total—Airport and airway trust fund	545	......	545	6,464	......	6,464	5,774	......	5,774
Other	(* *)	(* *)	(* *)	(* *)	2	−2	(* *)	1	−1
Total—Federal Aviation Administration	856	(* *)	856	8,369	2	8,367	8,095	1	8,094
Coast Guard:									
Operating expenses	249	......	249	2,321	......	2,321	2,244	......	2,244
Acquisition, construction, and improvements	25	......	25	241	......	241	318	......	318
Retired pay	48	......	48	499	......	499	460	......	460
Other	25	1	24	276	6	270	316	6	310
Total—Coast Guard	347	1	346	3,337	6	3,332	3,338	6	3,332
Maritime Administration	107	87	20	710	294	415	797	316	481
Other	35	1	34	337	9	328	359	7	352
Proprietary receipts from the public	......	2	−2	......	9	−9	......	9	−9
Intrabudgetary transactions	......	......	......	(* *)	......	(* *)	19	......	19
Offsetting governmental receipts	......	14	−14	......	101	−101	......	[1]84	−84
Total—Department of Transportation	**3,495**	**107**	**3,388**	**35,464**	**429**	**35,035**	**34,034**	**443**	**33,592**

Table 5. Outlays of the U.S. Government, August 1995 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:									
Departmental offices:									
Exchange stabilization fund	−190	2	−192	−2,458	20	−2,478	−1,205	12	−1,216
Other	58	......	58	291	......	291	229	......	229
Financial Management Service:									
Salaries and expenses	−10	......	−10	190	......	190	205	......	205
Payment to the Resolution Funding Corporation	......	......	......	2,328	......	2,328	2,328	......	2,328
Claims, judgements, and relief acts	243	......	243	1,035	......	1,035	446	......	446
Net interest paid to loan guarantee financing accounts	......	......	......	777	......	777	2	......	2
Other	−3	......	−3	65	......	65	129	......	129
Total—Financial Management Service	230	......	230	4,396	......	4,396	3,112	......	3,112
Federal Financing Bank	−113	......	−113	112	......	112	110	......	110
Bureau of Alcohol, Tobacco and Firearms:									
Salaries and expenses	28	......	28	348	......	348	345	......	345
Internal revenue collections for Puerto Rico	24	......	24	191	......	191	187	......	187
United States Customs Service	159	......	159	1,659	......	1,659	1,667	......	1,667
Bureau of Engraving and Printing	−2	......	−2	−18	......	−18	−28	......	−28
United States Mint	130	......	130	20	......	20	43	......	43
Bureau of the Public Debt	15	......	15	271	......	271	252	......	252
Internal Revenue Service:									
Processing, assistance, and management	114	......	114	1,701	......	1,701	1,645	......	1,645
Tax law enforcement	349	......	349	3,935	......	3,935	3,419	......	3,419
Information systems	109	......	109	1,428	......	1,428	1,130	......	1,130
Payment where earned income credit exceeds liability for tax	161	......	161	15,077	......	15,077	10,898	......	10,898
Health insurance supplement to earned income credit	......	......	......	......	......	......	773	......	773
Refunding internal revenue collections, interest	203	......	203	2,527	......	2,527	2,542	......	2,542
Other	(* *)	......	(* *)	2	(* *)	2	−2	......	−2
Total—Internal Revenue Service	937	......	937	24,669	(* *)	24,669	20,404	......	20,404
United States Secret Service	35	......	35	488	......	488	455	......	455
Comptroller of the Currency	31	120	−89	370	387	−17	332	417	−86
Office of Thrift Supervison	11	2	9	145	154	−9	164	162	2
Interest on the public debt:									
Public issues (accrual basis)	20,292	......	20,292	214,527	......	214,527	190,005	......	190,005
Special issues (cash basis)	2,010	......	2,010	97,713	......	97,713	88,398	......	88,398
Total—Interest on the public debt	22,302	......	22,302	312,239	......	312,239	278,403	......	278,403
Other	6	......	6	54	......	54	49	......	49
Proprietary receipts from the public	......	70	−70	......	3,663	−3,663	......	2,615	−2,615
Receipts from off-budget federal entities	......	......	......	......	......	......	......	......	......
Intrabudgetary transactions	−596	......	−596	−8,969	......	−8,969	−10,580	......	−10,580
Offsetting governmental receipts	......	137	−137	......	1,011	−1,011	......	769	−769
Total—Department of the Treasury	**23,064**	**331**	**22,733**	**333,810**	**5,236**	**328,574**	**293,938**	**3,975**	**289,963**

Table 5. Outlays of the U.S. Government, August 1995 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 Veterans Affairs:									
Veterans Health Administration:									
Medical care	1,413	......	1,413	14,599	......	14,599	13,905	......	13,905
Other	75	18	56	647	243	404	600	246	353
Veterans Benefits Administration:									
Public enterprise funds:									
Guaranty and indemnity fund	65	72	−7	846	525	321	1,357	645	712
Loan guaranty revolving fund	16	35	−19	395	382	13	510	437	72
Other	10	9	1	153	121	32	305	200	105
Compensation and pensions	1,556	......	1,556	15,023	......	15,023	15,806	......	15,806
Readjustment benefits	76	......	76	1,109	......	1,109	1,045	......	1,045
Post-Vietnam era veterans education account	4	......	4	54	......	54	73	......	73
Insurance funds:									
National service life	105	......	105	1,148	......	1,148	1,134	......	1,134
United States government life	2	......	2	17	......	17	18	......	18
Veterans special life	12	3	9	131	175	−44	119	174	−55
Other	6	......	6	38	......	38	4	......	4
Total—Veterans Benefits Administration	1,849	119	1,730	18,915	1,203	17,711	20,370	1,456	18,914
Construction	58	......	58	582	(* *)	582	645	(* *)	645
Departmental administration	97	......	97	906	......	906	884	......	884
Proprietary receipts from the public:									
National service life	......	24	−24	......	250	−250	......	313	−313
United States government life	......	(* *)	(* *)	......	(* *)	(* *)	......	(* *)	(* *)
Other	......	70	−70	......	673	−673	......	1,201	−1,201
Intrabudgetary transactions	−1	......	−1	−18	......	−18	−29	......	−29
Total—Department of Veterans Affairs	**3,492**	**230**	**3,262**	**35,631**	**2,370**	**33,261**	**36,375**	**3,217**	**33,158**
Environmental Protection Agency:									
Program and research operations	102	......	102	823	......	823	787	......	787
Abatement, control, and compliance	94	......	94	1,272	......	1,272	1,208	......	1,208
Water infrastructure financing	264	......	264	2,186	......	2,186	1,752	......	1,752
Hazardous substance superfund	132	......	132	1,330	......	1,330	1,275	......	1,275
Other	42	(* *)	42	676	1	675	669	3	666
Proprietary receipts from the public	......	18	−18	......	237	−237	......	181	−181
Intrabudgetary transactions	......	......	......	−250	......	−250	−250	......	−250
Offsetting governmental receipts	......	1	−1	......	9	−9	......	9	−9
Total—Environmental Protection Agency	**634**	**19**	**615**	**6,036**	**246**	**5,790**	**5,441**	**193**	**5,248**
General Services Administration:									
Real property activities	303	......	303	58	......	58	−89	......	−89
Personal property activities	−32	......	−32	164	......	164	3	......	3
Other	29	......	29	264	......	264	203	......	203
Proprietary receipts from the public	......	(* *)	(* *)	......	1	−1	......	4	−4
Total—General Services Administration	**299**	**(* *)**	**299**	**486**	**1**	**485**	**116**	**4**	**111**
National Aeronautics and Space Administration:									
Human space flight	452	......	452	3,095	......	3,095	......	......	......
Science, aeronautics and technology	385	......	385	2,312	......	2,312	......	......	......
Mission support	214	......	214	1,829	......	1,829	......	......	......
Research and development	128	......	128	3,203	......	3,203	6,027	......	6,027
Space flight, control and data communications	30	......	30	1,351	......	1,351	4,411	......	4,411
Construction of facilities	24	......	24	278	......	278	340	......	340
Research and program management	1	......	1	97	......	97	1,508	......	1,508
Other	2	......	2	14	......	14	15	......	15
Total—National Aeronautics and Space Administration	**1,236**	......	**1,236**	**12,179**	......	**12,179**	**12,301**	......	**12,301**
Office of Personnel Management:									
Government payment for annuitants, employees health and life insurance benefits	334	......	334	3,704	......	3,704	3,545	......	3,545
Payment to civil service retirement and disability fund	......	......	......	......	......	......	......	......	......
Civil service retirement and disability fund	3,234	......	3,234	35,206	......	35,206	33,250	......	33,250
Employees life insurance fund	132	303	−171	1,468	2,394	−926	1,253	2,384	−1,132
Employees and retired employees health benefits fund	1,506	1,446	60	14,538	14,707	−169	14,157	14,675	−518
Other	28	......	28	86	......	86	141	......	141
Intrabudgetary transactions:									
Civil service retirement and disability fund:									
General fund contributions	......	......	......	......	......	......	......	......	......
Other	−3	......	−3	−30	......	−30	−31	......	−31
Total—Office of Personnel Management	**5,231**	**1,749**	**3,482**	**54,971**	**17,101**	**37,870**	**52,315**	**17,059**	**35,255**

Table 5. Outlays of the U.S. Government, August 1995 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
Small Business Administration:									
Public enterprise funds:									
Business loan fund	4	72	–68	342	441	–99	449	367	82
Disaster loan fund	40	14	26	424	207	217	318	254	64
Other	2	1	1	19	14	5	26	12	14
Other	36	(* *)	36	525	1	524	523	1	523
Total—Small Business Administration	**82**	**88**	**–6**	**1,310**	**663**	**647**	**1,317**	**633**	**683**
Social Security Administration:									
Payments to Social Security trust funds	12	......	12	5,460	......	5,460	5,676	......	5,676
Special benefits for disabled coal miners	58	......	58	658	......	658	708	......	708
Supplemental security income program	2,118	......	2,118	21,991	......	21,991	22,304	......	22,304
Office of the Inspector General	(* *)	......	(* *)	1	......	1	......	......	......
Federal old-age and survivors insurance trust fund (off-budget):									
Benefit payments	24,311	......	24,311	264,223	......	264,223	252,982	......	252,982
Administrative expenses	140	......	140	1,629	......	1,629	1,564	......	1,564
Payment to railroad retirement account	......	......	......	4,052	......	4,052	3,420	......	3,420
Other	......	......	......	......	......	......	......	......	......
Total—FOASI trust fund	24,450	......	24,450	269,904	......	269,904	257,966	......	257,966
Federal disability insurance trust fund (off-budget):									
Benefit payments	3,410	......	3,410	36,725	......	36,725	33,663	......	33,663
Administrative expenses	89	......	89	981	......	981	924	......	924
Payment to railroad retirement account	......	......	......	68	......	68	106	......	106
Other	......	......	......	......	......	......	......	......	......
Total—FDI trust fund	3,499	......	3,499	37,774	......	37,774	34,692	......	34,692
Proprietary receipts from the public:									
On-budget	......	71	–71	......	628	–628	......	655	–655
Off-budget	......	(* *)	(* *)	......	9	–9	......	11	–11
Intrabudgetary transactions:									
On-budget	......	......	......	......	......	......	......	......	......
Off-budget[2]	–12	......	–12	–5,459	......	–5,459	–5,671	......	–5,671
Total—Social Security Administration	**30,126**	**71**	**30,054**	**330,329**	**637**	**329,692**	**315,676**	**666**	**315,010**
Other independent agencies:									
Board for International Broadcasting	12	......	12	215	......	215	183	......	183
Corporation for National and Community Service	36	......	36	383	......	383	194	......	194
Corporation for Public Broadcasting	......	......	......	286	......	286	275	......	275
District of Columbia:									
Federal payment	......	......	......	714	......	714	698	......	698
Other	(* *)	......	(* *)	8	12	–4	2	12	–10
Equal Employment Opportunity Commission	19	(* *)	18	219	1	218	215	1	214
Export-Import Bank of the United States	66	66	(* *)	1,130	1,173	–43	936	1,808	–872
Federal Communications Commission	13	4	9	161	47	113	137	39	99
Federal Deposit Insurance Corporation:									
Bank insurance fund	100	891	–791	2,338	10,372	–8,034	3,415	12,347	–8,931
Savings association insurance fund	5	8	–2	94	1,040	–946	22	1,389	–1,367
FSLIC resolution fund	653	136	517	2,294	1,174	1,120	2,224	2,761	–536
Affordable housing and bank enterprise	(* *)	......	(* *)	4	......	4	4	......	4
Total—Federal Deposit Insurance Corporation	759	1,035	–277	4,730	12,585	–7,856	5,666	16,497	–10,831
Federal Emergency Management Agency:									
Public enterprise funds	94	32	61	783	321	463	356	407	–50
Disaster relief	77	......	77	2,005	......	2,005	3,381	......	3,381
Emergency management planning and assistance	24	......	24	263	......	263	213	......	213
Other	21	(* *)	21	277	17	261	235	......	235
Federal Trade Commission	7	......	7	40	......	40	62	......	62
Interstate Commerce Commission	4	......	4	35	......	35	39	......	39
Legal Services Corporation	33	......	33	397	......	397	385	......	385
National Archives and Records Administration	27	(* *)	27	212	(* *)	212	232	(* *)	232
National Credit Union Administration:									
Credit union share insurance fund	3	18	–15	28	300	–271	–34	233	–268
Central liquidity facility	10	5	5	15	10	5	58	59	(* *)
Other	10	(* *)	9	(* *)	5	–5	38	49	–11

Table 5. Outlays of the U.S. Government, August 1995 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	13	......	13	157	......	157	161	......	161
National Endowment for the Humanities	21	......	21	162	......	162	163	......	163
National Labor Relations Board	12	......	12	161	......	161	155	......	155
National Science Foundation	331	......	331	2,536	......	2,536	2,375	......	2,375
Nuclear Regulatory Commission	49	102	−53	489	503	−14	496	404	91
Panama Canal Commission	52	54	−2	520	570	−50	486	518	−31
Postal Service:									
Public enterprise funds (off-budget)	3,862	[3]4,931	−1,069	45,116	50,345	−5,229	43,530	44,841	−1,311
Payment to the Postal Service fund	......	......	......	130	......	130	130	......	130
Railroad Retirement Board:									
Federal windfall subsidy	20	......	20	231	......	231	248	......	248
Federal payments to the railroad retirement accounts	(* *)	......	(* *)	225	......	225	440	......	440
Rail industry pension fund:									
Benefit payments	241	......	241	2,587	......	2,587	2,613	......	2,613
Advances from FOASDI fund	−92	......	−92	−1,008	......	−1,008	−995	......	−995
OASDI certifications	92	......	92	1,008	......	1,008	995	......	995
Administrative expenses	6	......	6	66	......	66	66	......	66
Interest on refunds of taxes	2	......	2	19	......	19	15	......	15
Other	(* *)	......	(* *)	5	......	5	6	......	6
Intrabudgetary transactions:									
Payments from other funds to the railroad retirement trust funds	......	......	......	−4,120	......	−4,120	−3,526	......	−3,526
Other	......	......	......	2	......	2	−208	......	−208
Supplemental annuity pension fund:									
Benefit payments	7	......	7	83	......	83	86	......	86
Interest on refund of taxes	(* *)	......	(* *)	1	......	1	1	......	1
Railroad Social Security equivalent benefit account:									
Benefit payments	404	......	404	4,485	......	4,485	4,360	......	4,360
Interest on refund of taxes	2	......	2	2	......	2	2	......	2
Other	(* *)	......	(* *)	2	......	2	3	......	3
Total—Railroad Retirement Board	683	......	683	3,587	......	3,587	4,107	......	4,107
Resolution Trust Corporation	130	1,235	−1,105	4,434	14,525	−10,091	16,827	13,804	3,023
Securities and Exchange Commission	12	......	12	114	......	114	71	......	71
Smithsonian Institution	33	......	33	391	......	391	374	......	374
Tennessee Valley Authority	743	695	48	8,479	7,103	1,376	8,807	7,629	1,178
United States Information Agency	119	......	119	1,041	(* *)	1,041	1,030	(* *)	1,030
Other	192	127	65	2,603	1,868	734	2,284	1,356	928
Total—Other independent agencies	**7,465**	**8,305**	**−839**	**81,821**	**89,386**	**−7,565**	**94,267**	**87,656**	**6,611**
Undistributed offsetting receipts:									
Other interest	......	(* *)	(* *)	......	1	−1	......	(* *)	(* *)
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	−1,028	......	−1,028	−11,238	......	−11,238	−11,752	......	−11,752
Department of Health and Human Services:									
Federal hospital insurance trust fund:									
Federal employer contributions	−153	......	−153	−1,671	......	−1,671	−1,678	......	−1,678
Postal Service employer contributions	−48	......	−48	−516	......	−516	−474	......	−474
Payments for military service credits	......	......	......	−61	......	−61	−80	......	−80
Department of State:									
Foreign Service retirement and disability fund	−13	......	−13	−102	......	−102	−108	......	−108
Office of Personnel Management:									
Civil service retirement and disability fund	−983	......	−983	−9,137	......	−9,137	−9,073	......	−9,073
Social Security administration (off-budget):									
Federal old-age and survivors insurance trust fund:									
Federal employer contributions	−446	......	−446	−4,763	......	−4,763	−5,007	......	−5,007
Payments for military service credits	......	......	......	−225	......	−225	−304	......	−304
Federal disability insurance trust fund:									
Federal employer contributions	−80	......	−80	−851	......	−851	−538	......	−538
Payments for military service credits	......	......	......	−67	......	−67	−33	......	−33
Independent agencies:									
Court of veterans appeals retirement fund	......	......	......	(* *)	......	(* *)	(* *)	......	(* *)
Total—Employer share, employee retirement	−2,750	......	−2,750	−28,632	......	−28,632	−29,050	......	−29,050

Table 5. Outlays of the U.S. Government, August 1995 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	–6	......	–6	–20	......	–20	–18	......	–18
Department of Defense—Civil:									
Corps of Engineers	–19	......	–19	–45	......	–45	–21	......	–21
Military retirement fund	–342	......	–342	–10,997	......	–10,997	–10,229	......	–10,229
Education benefits fund	–4	......	–4	–40	......	–40	–48	......	–48
Soldiers' and airmen's home permanent fund	–1	......	–1	–9	......	–9	–9	......	–9
Other	......	......	......	–1	......	–1	–1	......	–1
Department of Health and Human Services:									
Federal hospital insurance trust fund	–30	......	–30	–10,849	......	–10,849	–10,571	......	–10,571
Federal supplementary medical insurance trust fund	–40	......	–40	–1,847	......	–1,847	–2,097	......	–2,097
Department of Labor:									
Unemployment trust fund	–6	......	–6	–2,693	......	–2,693	–2,490	......	–2,490
Department of State:									
Foreign Service retirement and disability fund	(* *)	......	(* *)	–611	......	–611	–570	......	–570
Department of Transportation:									
Highway trust fund	–26	......	–26	–1,148	......	–1,148	–1,398	......	–1,398
Airport and airway trust fund	–6	......	–6	–750	......	–750	–828	......	–828
Oil spill liability trust fund	–54	......	–54	–63	......	–63	–36	......	–36
Department of Veterans Affairs:									
National service life insurance fund	–1	......	–1	–1,072	......	–1,072	–1,079	......	–1,079
United States government life Insurance Fund	(* *)	......	(* *)	–9	......	–9	–10	......	–10
Environmental Protection Agency	–49	......	–49	–51	......	–51	–27	......	–27
National Aeronautics and Space Administration	(* *)	......	(* *)	–1	......	–1	–1	......	–1
Office of Personnel Management:									
Civil service retirement and disability fund	–36	......	–36	–28,030	......	–28,030	–26,114	......	–26,114
Social Security administration (off-budget):									
Federal old-age and survivors insurance trust fund	–52	......	–52	–31,370	......	–31,370	–28,445	......	–28,445
Federal disability insurance trust fund	–14	......	–14	–1,877	......	–1,877	–680	......	–680
Independent agencies:									
Railroad Retirement Board	–168	......	–168	–886	......	–886	–567	......	–567
Other	–3	......	–3	–24	......	–24	–16	......	–16
Other	–276	......	–276	–473	......	–473	–281	......	–281
Total—Interest received by trust funds	–1,134	......	–1,134	–92,865	......	–92,865	–85,534	......	–85,534
Rents and royalties on the outer continental shelf lands	......	272	–272	......	2,382	–2,382	......	2,726	–2,726
Sale of major assets	......	......	......	......	......	......	......	......	......
Spectrum auction proceeds	......	......	......	......	7,644	–7,644	......	......	......
Total—Undistributed offsetting receipts	–3,884	272	–4,156	–121,497	10,027	–131,524	–114,584	2,726	–117,310
Total outlays	**148,845**	**18,434**	**130,411**	**1,574,560**	**196,105**	**1,378,455**	**1,511,299**	**182,373**	**1,328,925**
Total on-budget	**117,637**	**13,503**	**104,134**	**1,266,377**	**145,751**	**1,120,626**	**1,215,789**	**137,521**	**1,078,267**
Total off-budget	**31,208**	**4,931**	**26,277**	**308,183**	**50,354**	**257,829**	**295,510**	**44,852**	**250,658**
Total surplus (+) or deficit			**–33,851**			**–171,099**			**–207,368**
Total on-budget			**–34,870**			**–233,640**			**–261,053**
Total off-budget			**+1,019**			**+62,541**			**+53,685**

MEMORANDUM

Receipts offset against outlays [$ millions]

	Current Fiscal Year to Date	Comparable Period Prior Fiscal Year
Proprietary receipts	42,892	44,109
Receipts from off-budget federal entities	......	......
Intrabudgetary transactions	194,866	187,522
Governmental receipts	10,260	1,941
Total receipts offset against outlays	248,018	233,572

[1]Receipts have been decreased by $1 million and outlays correspondingly decreased by $1 million in September 1994 to reflect offsetting governmental receipts previously reported as budgetary receipts by the Department of Transportation.

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

[3]The Postal Service accounting is composed of thirteen 28-day accounting periods. To conform with the MTS calendar-month reporting basis used by all other Federal agencies, the MTS reflects USPS results through August 18th and estimates for $611 million through August 31st.

... 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, August 1995 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: This Month	Net Transactions: Fiscal Year to Date: This Year	Net Transactions: Fiscal Year to Date: Prior Year	Account Balances Current Fiscal Year: Beginning of: This Year	Account Balances Current Fiscal Year: Beginning of: This Month	Account Balances Current Fiscal Year: Close of 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	10,604	278,006	280,502	4,677,750	4,945,152	4,955,756
Federal Financing Bank	......	......	......	15,000	15,000	15,000
Total, public debt securities	10,604	278,006	280,502	4,692,750	4,960,152	4,970,756
Plus premium on public debt securities	–11	–89	–33	1,333	1,254	1,243
Less discount on public debt securities	40	2,971	–8,535	78,631	81,562	81,602
Total public debt securities net of Premium and discount	10,554	274,945	289,004	4,615,453	4,879,845	4,890,399
Agency securities, issued under special financing authorities (see Schedule B. for other Agency borrowing, see Schedule C)	168	–1,164	2,741	28,185	26,854	27,022
Total federal securities	10,722	273,782	291,746	4,643,638	4,906,699	4,917,420
Deduct:						
Federal securities held as investments of government accounts (see Schedule D)	–5,185	96,914	83,024	1,213,104	1,315,204	1,310,019
Less discount on federal securities held as investments of government accounts	164	1,039	–11,736	1,684	2,558	2,722
Net federal securities held as investments of government accounts	–5,349	95,876	94,760	1,211,421	1,312,646	1,307,297
Total borrowing from the public	16,071	177,906	196,985	3,432,218	3,594,053	3,610,123
Accrued interest payable to the public	–14,337	–7,443	–9,906	43,287	50,181	35,844
Allocations of special drawing rights	–328	123	144	7,189	7,641	7,313
Deposit funds	277	1,040	1,569	7,327	8,090	8,367
Miscellaneous liability accounts (includes checks Outstanding etc.)	–882	–3,738	–2,412	4,938	2,082	1,200
Total liability accounts	**800**	**167,888**	**186,379**	**3,494,959**	**3,662,047**	**3,662,847**
Asset accounts (deduct)						
Cash and monetary assets:						
U.S. Treasury operating cash:[1]						
Federal Reserve account	–6,439	–2,081	–11,295	6,848	11,206	4,767
Tax and loan note accounts	–24,337	–15,731	–11,124	29,094	37,700	13,363
Balance	–30,776	–17,813	–22,419	35,942	48,905	18,129
Special drawing rights:						
Total holdings	–341	1,175	634	9,971	11,487	11,146
SDR certificates issued to Federal Reserve banks	......	–2,500	......	–8,018	–10,518	–10,518
Balance	–341	–1,325	634	1,953	969	628
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	–1,778	666	777	7,163	9,607	7,829
Letter of credit issued to IMF	347	–464	–151	–25,923	–26,734	–26,387
Dollar deposits with the IMF	–2	–11	–3	–96	–106	–108
Receivable/Payable (–) for interim maintenance of value adjustments	1,143	2,212	–566	–837	232	1,376
Balance	–290	2,403	57	12,069	14,762	14,472
Loans to International Monetary Fund	......	......	......	(* *)	(* *)	(* *)
Other cash and monetary assets	819	12,742	1,929	21,416	33,338	34,158
Total cash and monetary assets	–30,588	–3,992	–19,798	71,379	97,975	67,387
Net activity, guaranteed loan financing	–1,287	–3,086	–2,701	–9,806	–11,605	–12,892
Net activity, direct loan financing	1,137	6,040	5,046	12,726	17,629	18,766
Miscellaneous asset accounts	–2,215	–1,506	–2,881	–1,386	–677	–2,891
Total asset accounts	**–32,953**	**–2,545**	**–20,334**	**72,914**	**103,322**	**70,369**
Excess of liabilities (+) or assets (–)	**+33,753**	**+170,432**	**+206,713**	**+3,422,045**	**+3,558,725**	**3,592,478**
Transactions not applied to current year's surplus or deficit (see Schedule a for Details)	98	667	655	......	569	667
Total budget and off-budget federal entities (financing of deficit (+) or disposition of surplus (–))	**+33,851**	**+171,099**	**+207,368**	**+3,422,045**	**+3,559,293**	**+3,593,144**

[1]Major sources of information used to determine Treasury's operating cash income include Federal Reserve Banks, the Treasury Regional Finance Centers, the Internal Revenue Service Centers, the Bureau of the Public Debt and various electronic systems. 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, August 1995 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	3,558,725	3,422,146	3,218,965
Adjustments during current fiscal year for changes in composition of unified budget:			
Revisions by federal agencies to the prior budget results	......	−101	526
Excess of liabilities beginning of period (current basis)	3,558,725	3,422,045	3,219,491
Budget surplus (−) or deficit:			
Based on composition of unified budget in prior fiscal yr	33,851	171,099	207,368
Changes in composition of unified budget	......	......	......
Total surplus (−) or deficit (Table 2)	33,851	171,099	207,368
Total-on-budget (Table 2)	34,870	233,640	261,053
Total-off-budget (Table 2)	−1,019	−62,541	−53,685
Transactions not applied to current year's surplus or deficit:			
Seigniorage	−98	−667	−634
Profit on sale of gold	......	(* *)	−21
Total-transactions not applied to current year's Surplus or deficit	−98	−667	−655
Excess of liabilities close of period	**3,592,478**	**3,592,478**	**3,426,204**

Table 6. Schedule B—Securities Issued by Federal Agencies Under Special Financing Authorities, August 1995 and Other Periods

[$ millions]

Classification	Net Transactions (−) denotes net reduction of 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:						
FSLIC resolution fund	......	−32	−145	189	158	158
Obligations guaranteed by the United States, issued by:						
Department of Defense:						
Family housing mortgages	......	......	(* *)	6	6	6
Department of Housing and Urban Development:						
Federal Housing Administration	−1	−29	−112	112	84	83
Department of the Interior:						
Bureau of Land Management	......	......	......	13	13	13
Department of Transportation:						
Federal Transit Administration	......	......	−547	......	......	......
Coast Guard:						
Family housing mortgages	......	......	......	(* *)	(* *)	(* *)
Obligations not guaranteed by the United States, issued by:						
Legislative Branch:						
Architect of the Capitol	−7	−3	6	184	188	181
Independent agencies:						
Farm Credit System Financial Assistance Corporation	......	......	......	1,261	1,261	1,261
National Archives and Records Administration	−2	−4	−2	298	296	295
Tennessee Valley Authority	178	−1,097	3,542	26,121	24,846	25,025
Total, agency securities	**168**	**−1,164**	**2,741**	**28,185**	**26,854**	**27,022**

... 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, August 1995 and Other Periods

[$ millions]

Classification	Transactions: This Month	Fiscal Year to Date: This Year	Fiscal Year to Date: Prior Year	Account Balances Current Fiscal Year: Beginning of This Year	Beginning of This Month	Close of This month
Borrowing from the Treasury:						
Funds Appropriated to the President:						
International Security Assistance:						
Foreign military loan program	......	367	405	413	780	780
Agency for International Development:						
International Debt Reduction	......	......	......	315	315	315
Housing and other credit guaranty programs	......	......	......	125	125	125
Private sector revolving fund	......	......	......	1	1	1
Overseas Private Investment Corporation	8	37	8	16	45	52
Department of Agriculture:						
Farm Service Agency:						
Federal crop insurance corporation fund	......	......	−113	......	......	......
Commodity Credit Corporation	−796	−9,775	−8,632	16,909	7,930	7,134
Agricultural credit insurance fund	......	−1,748	−1,225	4,028	2,280	2,280
Natural Resources Conservation Service	......	......	......	4	4	4
Rural Utilities Service:						
Rural electrification and telephone revolving fund	......	453	57	8,193	8,646	8,646
Rural Telephone Bank	−1	82	−221	586	668	667
Rural development insurance fund	......	715	561	2,091	2,806	2,806
Rural communication development fund	......	......	......	25	25	25
Rural housing and Community Development Service:						
Rural housing insurance fund	......	1,030	2,036	4,497	5,527	5,527
Self-help housing land development fund	......	1	1	(* *)	1	1
Rural Business and Cooperative Development Service:						
Rural development loan fund	......	40	29	21	61	61
Rural economic development loan fund	......	11	10	19	30	30
Foreign Agricultural Service	......	97	385	583	680	680
Department of Education:						
Federal direct student loan program	......	4,868	337	433	5,302	5,302
Federal family education loan program	......	......	......	1,605	1,605	1,605
College housing and academic facilities fund	6	24	14	162	181	187
College housing loans	......	......	(* *)	411	411	411
Department of Energy:						
Isotope production and distribution fund	......	−14	......	14	......	......
Bonneville power administration fund	100	185	266	2,617	2,702	2,802
Department of Housing and Urban Development:						
Housing programs:						
Federal Housing Administration	......	−21	......	783	762	762
Housing for the ederly and handicapped	......	−770	−475	8,484	7,714	7,714
Public and Indian housing:						
Low-rent public housing	40	−95	25	135	......	40
Department of the Interior:						
Bureau of Reclamation Loans	2	5	6	11	13	16
Bureau of Mines, Helium Fund	......	......	......	252	252	252
Bureau of Indian Affairs:						
Revolving funds for loans	......	8	9	26	34	34
Department of Justice:						
Federal prison industries, incorporated	......	......	......	20	20	20
Department of Transportation:						
Federal Highway Administration:						
High priority quarters loan fund	......	21	......	......	21	21
Federal Railroad Administration:						
Railroad rehabilitation and improvement financing funds	......	−1	1	1	(* *)	(* *)
Amtrak corridor improvement loans	......	(* *)	......	2	3	3
Other	......	......	......	(* *)	(* *)	(* *)
Federal Aviation Administration:						
Aircraft purchase loan guarantee program	......	(* *)	(* *)	(* *)	(* *)	(* *)
Minority business resource center fund	......	14	8	13	27	27
Department of the Treasury:						
Federal Financing Bank revolving fund	−2,116	−22,581	−16,525	94,357	73,892	71,776
Department of Veterans Affairs:						
Guaranty and indemnity fund	......	586	612	181	767	767
Loan guaranty revolving fund	......	903	1,158	1,107	2,011	2,011
Direct loan revolving fund	......	(* *)	(* *)	1	1	1
Native american veteran housing fund	......	12	7	1	13	13
Vocational rehabilitation revolving fund	......	(* *)	1	2	2	2

Table 6. Schedule C (Memorandum)—Federal Agency Borrowing Financed Through the Issue of Public Debt Securities, August 1995 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 from the Treasury:—Continued						
Environmental Protection Agency:						
Abatement, control, and compliance loan program	......	11	10	26	37	37
Small Business Administration:						
Business loan and revolving fund	......	49	114	293	342	342
Disaster loan fund	......	1,003	2,350	6,996	7,999	7,999
Independent agencies:						
District of Columbia	......	147	......	......	147	147
Export-Import Bank of the United States	1	31	811	2,632	2,662	2,663
Federal Emergency Management Agency:						
National insurance development fund	62	265	......	3	206	268
Disaster assistance loan fund	−15	154	47	84	253	238
Pennsylvania Avenue Development Corporation:						
Land aquisition and development fund	......	......	9	85	85	85
Railroad Retirement Board:						
Rail industry pension fund	......	......	......	2,128	2,128	2,128
Social Security equivalent benefit account	248	−207	−151	2,781	2,326	2,574
Smithsonian Institution:						
John F. Kennedy Center parking facilities	......	......	......	20	20	20
Tennessee Valley Authority	......	......	......	150	150	150
Other	......	(* *)	(* *)	......	(* *)	(* *)
Total agency borrowing from the Treasury financed through public debt securities issued	**−2,460**	**−24,094**	**−18,067**	**163,642**	**142,009**	**139,549**
Borrowing from the Federal Financing Bank:						
Funds Appropriated to the President:						
Foreign military financing program	−21	−239	−243	3,785	3,568	3,546
Department of Agriculture:						
Farm Service Agency:						
Agriculture credit insurance fund	−148	−4,373	−2,725	6,063	1,838	1,690
Rural Utilities Service:						
Rural electrification and telephone revolving fund	2	−40	−251	21,916	21,873	21,875
Rural development insurance fund	......	......	......	3,675	3,675	3,675
Rural housing and Community Development Service:						
Rural housing insurance fund	−887	−2,372	−1,345	24,391	22,906	22,019
Department of Defense:						
Department of the Navy	......	......	......	1,624	1,624	1,624
Defense agencies	......	−47	−49	−145	−192	−192
Department of Education:						
Federal family education loan program	......	......	−4,790	......	......	......
Department of Health and Human Services:						
Medical facilities guarantee and loan fund	......	−30	−21	63	33	33
Department of Housing and Urban Development:						
Low rent housing loans and other expenses	......	−58	−54	1,747	1,689	1,689
Community Development Grants	−2	−18	−19	110	93	92
Department of Interior:						
Territorial and international affairs	(* *)	−1	−1	22	21	21
Department of Transportation:						
Federal Railroad Administration	(* *)	(* *)	−2	15	15	15
Federal Transit Administration	......	−665	488	665	......	......
Department of the Treasury:						
Financial Management Service	......	......	−30	......	......	......
General Services Administration:						
Federal buildings fund	14	116	311	1,780	1,882	1,896
Small Business Administration:						
Business loan fund	−32	−211	−86	581	402	370
Independent agencies:						
Export-Import Bank of the United States	......	−1,280	−1,411	3,926	2,646	2,646
Pennsylvania Avenue Development Corporation	11	112	92	250	350	361
Postal Service	......	−358	42	8,973	8,615	8,615
Resolution Trust Corporation	−1,052	−12,915	−4,480	26,519	14,656	13,604
Tennessee Valley Authority	......	−200	−1,950	3,400	3,200	3,200
Total borrowing from the Federal Financing Bank	**−2,116**	**−22,582**	**−16,525**	**109,360**	**88,893**	**86,778**

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, August 1995 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	(* *)	......	1	1
Department of Commerce	(* *)	3	2	13	16	15
Department of Defense—Military:						
Defense cooperation account	......	−4	−4	5	1	1
Department of Energy	16	509	477	4,527	5,021	5,036
Department of Housing and Urban Development:						
Housing programs:						
Federal housing administration fund	−123	−283	478	5,742	5,581	5,458
Government National Mortgage Association:						
Management and liquidating functions fund:						
Public debt securities	......	......	−9	......	......	......
Agency securities	−1	−1	−4	16	16	15
Guarantees of mortgage-backed securities:						
Public debt securities	58	478	467	3,713	4,134	4,191
Agency securities	......	......	(* *)	1	1	1
Other	(* *)	32	2	193	225	225
Department of the Interior	93	676	598	2,722	3,306	3,399
Department of Labor	140	323	−11,704	5,330	5,512	5,653
Department of Transportation	6	66	86	974	1,033	1,039
Department of the Treasury	648	−4,509	1,715	7,452	2,295	2,943
Department of Veterans Affairs:						
Canteen service revolving fund	−2	4	3	37	43	41
Veterans reopened insurance fund	−3	6	10	524	534	530
Servicemen's group life insurance fund	......	−38	−108	41	4	4
Independent agencies:						
Export-Import Bank of the United States	30	209	234	57	237	267
Federal Deposit Insurance Corporation:						
Bank insurance fund	777	8,140	9,078	13,972	21,335	22,112
Savings association insurance fund	3	952	1,372	2,493	3,441	3,444
FSLIC resolution fund	−517	−1,152	1,001	1,649	1,014	497
Federal Emergency Management Agency:						
National flood insurance fund	......	−200	129	200	......	......
National Credit Union Administration	6	277	280	3,052	3,323	3,329
Postal Service	1,025	4,778	2,277	1,271	5,024	6,049
Tennessee Valley Authority	......	−2,712	502	3,954	1,242	1,242
Other	1	231	77	1,017	1,246	1,248
Other	−311	48	−64	2,626	2,985	2,674
Total public debt securities	1,846	7,834	6,898	61,564	67,552	69,398
Total agency securities	−1	−1	−4	17	17	16
Total Federal funds	**1,845**	**7,833**	**6,894**	**61,581**	**67,569**	**69,414**
Trust funds:						
Legislative Branch:						
Library of Congress	1	9	3	4	12	13
United States Tax Court	(* *)	(* *)	(* *)	5	5	5
Other	(* *)	4	(* *)	27	31	31
The Judiciary:						
Judicial retirement funds	7	44	33	245	281	288
Department of Agriculture	(* *)	45	279	273	319	319
Department of Commerce	......	(* *)	(* *)	(* *)	(* *)	(* *)
Department of Defense—Military:						
Voluntary separation incentive fund	−14	−50	−48	763	726	713
Other	−3	−68	6	157	92	88
Department of Defense—Civil:						
Military retirement fund	−912	8,953	9,868	105,367	115,232	114,320
Other	128	220	107	1,307	1,400	1,527

Table 6. Schedule D—Investments of Federal Government Accounts in Federal Securities, August 1995 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:						
Federal hospital insurance trust fund	−3,082	2,215	3,035	128,716	134,013	130,931
Federal supplementary medical insurance trust fund	−4,082	−3,816	−1,300	21,489	21,755	17,673
Other	12	147	157	836	971	983
Department of the Interior	−8	137	50	234	379	371
Department of Justice	9	58	52	......	49	58
Department of Labor:						
Unemployment trust fund	2,626	8,872	4,641	39,788	46,034	48,660
Other	21	−14	4	59	24	45
Department of State:						
Foreign Service retirement and disability fund	117	648	468	7,179	7,710	7,827
Other	−2	−23	12	50	29	27
Department of Transportation:						
Highway trust fund	−735	1,152	−3,156	17,694	19,581	18,846
Airport and airway trust fund	−79	−659	−394	12,206	11,626	11,547
Other	69	209	(* *)	1,683	1,823	1,891
Department of the Treasury	110	14	72	247	151	261
Department of Veterans Affairs:						
General post fund, national homes	−1	−3	(* *)	38	37	36
National service life insurance	−85	176	251	11,852	12,114	12,028
United States government life Insurance Fund	−1	−8	−8	115	109	107
Veterans special life insurance fund	−9	45	55	1,509	1,563	1,554
Environmental Protection Agency	350	1,038	835	6,250	6,938	7,288
National Aeronautics and Space Administration	(* *)	(* *)	1	16	16	16
Office of Personnel Management:						
Civil service retirement and disability fund	−1,774	6,072	6,222	338,889	346,734	344,960
Employees life insurance fund	166	920	1,232	14,929	15,684	15,849
Employees and retired employees health benefits fund	−52	179	656	7,573	7,804	7,752
Social Security Administration:						
Federal old-age and survivors insurance trust fund	−792	32,519	56,193	413,425	446,735	445,944
Federal disability insurance trust fund	737	28,046	−3,588	6,100	33,409	34,146
Independent agencies:						
Harry S. Truman memorial scholarship trust fund	(* *)	(* *)	2	53	53	54
Japan-United States Friendship Commission	(* *)	(* *)	(* *)	17	17	17
Railroad Retirement Board	241	1,860	290	12,203	13,822	14,063
Other	9	139	102	226	357	365
Total public debt securities	−7,030	89,081	76,130	1,151,523	1,247,635	1,240,605
Total trust funds	**−7,030**	**89,081**	**76,130**	**1,151,523**	**1,247,635**	**1,240,605**
Grand total	**−5,185**	**96,914**	**83,024**	**1,213,104**	**1,315,204**	**1,310,019**

... 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 1995

[$ 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	43,659	37,414	53,736	79,162	33,863	26,846	76,441	29,729	61,457	42,819	44,122		529,248	485,091
Corporation income taxes	3,055	1,497	31,915	3,258	2,060	14,863	23,482	2,193	35,876	3,397	2,501		124,099	113,119
Social insurance taxes and contributions:														
Employment taxes and contributions	31,263	33,786	35,708	38,990	35,667	38,646	50,423	37,226	40,605	34,514	34,914		411,742	389,196
Unemployment insurance	1,073	3,249	230	1,069	2,630	320	3,061	10,601	320	1,636	4,454		28,643	27,659
Other retirement contributions	351	352	420	383	357	413	354	355	416	349	436		4,186	4,250
Excise taxes	4,272	5,518	4,706	4,555	3,485	5,143	4,602	4,770	4,897	5,074	4,757		51,779	49,707
Estate and gift taxes	1,202	1,220	1,092	1,005	916	1,218	1,906	1,339	1,040	1,037	1,500		13,476	13,971
Customs duties	1,848	1,827	1,747	1,539	1,435	1,470	1,349	1,471	1,583	1,603	1,794		17,666	18,300
Miscellaneous receipts	2,300	2,811	1,256	1,839	2,131	3,612	3,774	2,719	1,674	2,320	2,081		26,517	20,264
Total—Receipts this year	**89,024**	**87,673**	**130,810**	**131,801**	**82,544**	**92,532**	**165,392**	**90,405**	**147,868**	**92,749**	**96,560**		**1,207,356**	......
(On-budget)	**65,384**	**62,083**	**103,860**	**101,036**	**54,405**	**61,970**	**126,170**	**61,027**	**115,998**	**65,788**	**69,264**		**886,986**	......
(Off-budget)	**23,639**	**25,590**	**26,950**	**30,765**	**28,139**	**30,562**	**39,222**	**29,378**	**31,870**	**26,961**	**27,296**		**320,370**	......
Total—Receipts prior year	*78,662*	*83,102*	*125,403*	*122,961*	*73,186*	*93,107*	*141,321*	*83,541*	*138,119*	*84,822*	*97,333*		......	*1,121,557*
(On budget)	*55,858*	*58,695*	*99,709*	*94,390*	*47,191*	*64,611*	*104,306*	*55,361*	*106,008*	*60,141*	*70,944*		......	*817,214*
(Off budget)	*22,804*	*24,407*	*25,694*	*28,571*	*25,995*	*28,497*	*37,015*	*28,179*	*32,110*	*24,681*	*26,389*		......	*304,343*
Outlays														
Legislative Branch	354	217	333	222	174	166	178	191	185	225	178		2,422	2,342
The Judiciary	184	169	303	214	188	348	202	200	336	198	339		2,681	2,470
Executive Office of the President	18	17	26	21	15	16	18	15	14	22	15		196	214
Funds Appropriated to the President:														
International Security Assistance	3,255	310	271	203	101	213	221	227	172	−34	35		4,975	6,066
International Development Assistance	726	367	443	471	427	327	575	296	233	638	325		4,828	3,908
Other	−381	452	18	94	133	−372	−749	498	265	−565	1,125		518	−315
Department of Agriculture:														
Commodity Credit Corporation and Foreign Agricultural Service	1,760	2,983	1,869	1,115	745	966	244	−44	−646	−689	−774		7,528	11,727
Other	5,839	3,850	3,637	4,191	3,521	4,547	3,960	4,155	4,139	4,167	3,354		45,360	44,376
Department of Commerce	305	300	304	308	262	291	227	287	286	356	253		3,180	2,633
Department of Defense:														
Military:														
Military personnel	3,713	5,701	8,203	3,280	5,914	8,404	3,138	5,826	8,302	3,831	5,955		62,266	65,174
Operation and maintenance	6,118	7,837	7,312	6,720	7,566	7,915	6,749	7,169	7,508	6,453	8,201		79,549	78,806
Procurement	4,239	4,764	5,469	5,896	5,068	5,370	4,344	3,911	5,180	3,880	4,135		52,257	55,977
Research, development, test, and evaluation	2,501	2,896	3,211	2,752	2,675	3,389	2,417	2,965	2,849	2,441	3,160		31,258	31,424
Military construction	425	537	436	575	505	719	514	564	531	629	673		6,108	4,415
Family housing	247	242	305	277	275	324	267	305	334	272	315		3,161	2,943
Revolving and management funds	147	−311	942	−757	−1,373	78	−251	990	892	−242	504		619	3,638
Other	291	−232	−27	−201	40	−221	−350	−9	196	−137	−43		−694	−210
Total Military	17,680	21,435	25,851	18,542	20,670	25,977	16,828	21,720	25,792	17,127	22,900		234,523	242,166
Civil	2,638	2,656	2,553	2,592	2,542	2,674	2,592	2,621	2,639	2,616	2,780		28,905	27,806
Department of Education	1,949	2,322	3,888	2,764	2,593	2,691	1,974	2,406	2,630	1,286	3,862		28,365	21,285
Department of Energy	1,683	1,330	1,743	1,328	1,255	1,588	1,188	1,353	1,580	1,366	1,334		15,748	15,782
Department of Health and Human Services:														
Public Health Service	1,603	1,588	1,761	1,824	1,829	1,726	1,646	1,802	1,893	1,696	1,856		19,223	18,118
Health Care Financing Administration:														
Grants to States for Medicaid	6,622	7,545	7,321	7,215	6,694	8,448	7,239	7,637	8,277	6,573	8,117		81,689	74,881
Federal hospital ins. trust fund	7,834	8,942	9,757	8,630	8,838	11,171	8,680	10,394	11,440	8,157	10,770		104,612	93,765
Federal supp. med. ins. trust fund	4,799	5,290	5,837	5,014	4,712	5,987	4,527	5,701	5,985	5,536	5,922		59,310	54,186
Other	3,055	3,092	3,015	4,950	3,796	4,467	5,405	3,815	4,466	3,722	1,151		40,934	37,087
Administration for children and families	2,728	2,519	2,812	3,151	2,524	2,781	2,639	2,858	2,443	2,341	2,827		29,623	29,196
Other	−4,508	−4,490	−4,473	−6,540	−5,462	−6,021	−7,083	−5,415	−5,969	−5,319	−3,030		−58,309	−52,288
Department of Housing and Urban Development	2,903	2,426	2,394	2,009	2,227	2,694	2,707	1,843	2,795	2,285	2,196		26,479	24,282
Department of the Interior	883	582	557	567	553	671	499	574	482	563	632		6,562	6,028
Department of Justice	908	818	749	1,094	730	915	920	774	875	1,172	890		9,845	9,089
Department of Labor:														
Unemployment trust fund	1,650	1,854	2,001	2,543	2,330	2,762	2,131	2,062	2,008	2,011	2,129		23,480	28,654
Other	702	−170	469	653	621	331	768	679	863	740	766		6,424	6,053
Department of State	488	841	664	201	488	411	371	335	397	325	392		4,912	4,791
Department of Transportation:														
Highway trust fund	1,797	1,765	1,418	1,183	1,351	1,307	1,245	1,810	1,829	1,723	1,707		17,135	16,674

Table 7. Receipts and Outlays of the U.S. Government by Month, Fiscal Year 1995—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														
Other	1,647	1,734	1,637	1,905	1,463	1,902	1,326	1,383	1,596	1,626	1,681		17,900	16,918
Department of the Treasury:														
Interest on the public debt	19,732	24,912	57,320	20,069	19,259	20,693	20,883	26,769	59,355	20,946	22,302		312,239	278,403
Other	34	−308	1,336	145	3,010	4,375	3,732	2,476	496	606	431		16,334	11,561
Department of Veterans Affairs:														
Compensation and pensions	105	1,457	2,824	81	1,492	2,894	93	1,518	2,904	99	1,556		15,023	15,806
National service life	64	70	83	71	79	106	94	81	86	81	81		898	821
United States government life	1	1	2	1	1	2	1	1	2	2	2		17	18
Other	1,528	1,784	1,344	1,827	1,429	1,614	1,640	1,584	1,548	1,402	1,623		17,323	16,514
Environmental Protection Agency	438	474	538	520	429	678	493	571	542	493	615		5,790	5,248
General Services Administration	−651	639	462	−717	431	544	−767	540	387	−684	299		485	111
National Aeronautics and Space Administration	845	1,143	1,203	926	1,072	1,284	1,028	1,245	1,166	1,032	1,236		12,179	12,301
Office of Personnel Management	3,410	3,118	3,460	3,324	3,337	3,556	3,548	3,431	3,647	3,557	3,482		37,870	35,255
Small Business Administration	65	145	64	58	64	77	53	55	59	14	−6		647	683
Social Security Administration:														
Federal old-age and survivors ins. trust fund (off-budget)	23,413	23,368	23,810	24,392	24,220	24,310	24,495	24,525	28,479	24,442	24,450		269,904	257,966
Federal disability ins. trust fund (off-budget)	3,289	3,244	3,348	3,417	3,415	3,492	3,460	3,476	3,576	3,557	3,499		37,774	34,692
Other	287	2,157	4,079	78	2,201	4,255	126	2,219	4,193	314	2,105		22,013	22,351
Independent agencies:														
Fed. Deposit Ins. Corp.:														
Bank insurance fund	−127	−208	−496	−1,193	−1,977	−536	−305	−398	−2,195	194	−791		−8,034	−8,931
Savings association insurance fund	−2	−13	(* *)	−91	−361	−37	−15	−24	−381	−19	−2		−946	−1,367
FSLIC resolution fund	−87	430	33	−149	331	−16	−14	416	−270	−69	517		1,120	−536
Affordable housing and bank enterprise	(* *)	......	1	1	......	1	(* *)	(* *)	(* *)	(* *)	(* *)		4	4
Postal Service:														
Public enterprise funds (off-budget)	−467	−326	101	−396	−494	−1,268	−706	−602	186	−188	−1,069		−5,229	−1,311
Payment to the Postal Service fund	61	......	......	23	......	......	23	(* *)	......	23	......		130	130
Resolution Trust Corporation	−471	−1,502	−2,001	−1,078	−699	−348	−436	−1,024	−521	−906	−1,105		−10,091	3,023
Tennessee Valley Authority	265	239	119	142	92	42	24	156	139	111	48		1,376	1,178
Other independent agencies	2,720	1,647	1,710	1,260	1,572	1,452	1,461	1,244	−2,273	1,749	1,563		14,105	14,422
Undistributed offsetting receipts:														
Employer share, employee retirement	−2,442	−2,416	−2,564	−2,557	−2,491	−2,671	−2,554	−2,590	−2,696	−2,901	−2,750		−28,632	−29,050
Interest received by trust funds	−611	−5,727	−38,216	−95	−634	−251	−596	−5,524	−39,948	−129	−1,134		−92,865	−85,534
Rents and royalties on outer continental shelf lands	−154	−160	−106	−353	−197	−158	43	−366	−431	−228	−272		−2,382	−2,726
Other	(* *)	(* *)	(* *)	......	......	......	−610	......	(* *)	−7,034	(* *)		−7,645	(* *)
Totals this year:														
Total outlays	**120,365**	**124,915**	**135,613**	**116,166**	**120,899**	**143,074**	**115,673**	**129,958**	**135,054**	**106,328**	**130,411**		**1,378,455**	......
(On-budget)	**95,307**	**99,464**	**124,316**	**90,883**	**94,421**	**117,123**	**90,628**	**103,184**	**120,236**	**80,931**	**104,134**		**1,120,626**	......
(Off-budget)	**25,059**	**25,452**	**11,297**	**25,282**	**26,478**	**25,951**	**25,045**	**26,773**	**14,818**	**25,397**	**26,277**		**257,829**	......
Total-surplus (+) or deficit (−)	**−31,342**	**−37,242**	**−4,803**	**+15,635**	**−38,355**	**−50,543**	**+49,720**	**−39,553**	**+12,814**	**−13,579**	**−33,851**		**−171,099**	......
(On-budget)	**−29,922**	**−37,381**	**−20,456**	**+10,152**	**−40,016**	**−55,153**	**+35,542**	**−42,157**	**−4,237**	**−15,143**	**−34,870**		**−233,640**	......
(Off-budget)	**−1,420**	**+138**	**+15,653**	**+5,483**	**+1,661**	**+4,610**	**+14,178**	**+2,604**	**+17,051**	**+1,564**	**+1,019**		**+62,541**	......
Total borrowing from the public	**32,457**	**40,528**	**−13,316**	**13,337**	**38,964**	**13,645**	**−27,638**	**44,740**	**8,491**	**10,627**	**16,071**		**177,906**	**196,985**
Total-outlays prior year	*124,085*	*121,483*	*133,108*	*107,713*	*114,752*	*125,422*	*123,867*	*115,597*	*123,269*	*118,020*	*121,608*		......	*1,328,925*
(On-budget)	*100,562*	*96,719*	*121,425*	*83,521*	*88,835*	*100,259*	*100,620*	*89,726*	*108,161*	*93,159*	*95,280*		......	*1,078,267*
(Off-budget)	*23,523*	*24,764*	*11,683*	*24,192*	*25,917*	*25,164*	*23,247*	*25,871*	*15,108*	*24,861*	*26,329*		......	*250,658*
Total-surplus (+) or deficit (−) prior year	*−45,422*	*−38,381*	*−7,705*	*+15,248*	*−41,566*	*−32,315*	*+17,454*	*−32,057*	*+14,850*	*−33,198*	*−24,275*		......	*−207,368*
(On-budget)	*−44,704*	*−38,024*	*−21,717*	*+10,869*	*−41,644*	*−35,648*	*+3,686*	*−34,365*	*−2,152*	*−33,018*	*−24,335*		......	*−261,053*
(Off-budget)	*−719*	*−357*	*+14,012*	*+4,379*	*+77*	*+3,333*	*+13,768*	*+2,308*	*+17,002*	*−180*	*+60*		......	*+53,685*

... 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 August 31, 1995

[$ millions]

Classification	This Month			Fiscal Year to Date			Securities held as Investments Current Fiscal Year		
							Beginning of		Close of This Month
	Receipts	Outlays	Excess	Receipts	Outlays	Excess	This Year	This Month	
Trust receipts, outlays, and investments held:									
Airport	496	545	−49	5,792	6,464	−673	12,206	11,626	11,547
Black lung disability	53	47	5	571	525	46	......	......	......
Federal disability insurance	4,233	3,499	734	65,467	37,774	27,692	6,100	33,409	34,146
Federal employees life and health	......	−111	111	......	−1,095	1,095	22,503	23,488	23,601
Federal employees retirement	1,615	3,272	−1,658	42,446	35,631	6,815	346,317	354,730	353,081
Federal hospital insurance	7,617	10,770	−3,154	105,697	104,612	1,085	128,716	134,013	130,931
Federal old-age and survivors insurance	23,666	24,450	−784	299,524	269,904	29,620	413,425	446,735	445,944
Federal supplementary medical insurance	2,950	5,922	−2,972	56,423	59,310	−2,887	21,489	21,755	17,673
Highways	1,572	2,183	−610	21,498	20,347	1,151	17,694	19,581	18,846
Military advances	756	1,239	−483	11,502	12,103	−601	......	......	......
Railroad retirement	518	663	−145	8,642	7,249	1,393	12,203	13,822	14,063
Military retirement	1,370	2,356	−986	33,705	25,410	8,295	105,367	115,232	114,320
Unemployment	4,517	2,129	2,388	32,484	23,480	9,004	39,788	46,034	48,660
Veterans life insurance	25	116	−91	1,333	1,121	212	13,477	13,785	13,690
All other trust	873	349	524	5,531	3,791	1,740	12,240	13,424	14,103
Total trust fund receipts and outlays and investments held from Table 6-D	**50,259**	**57,430**	**−7,170**	**690,616**	**606,628**	**83,988**	**1,151,523**	**1,247,635**	**1,240,605**
Less: Interfund transactions	5,286	5,286	......	185,699	185,699	......			
Trust fund receipts and outlays on the basis of Tables 4 & 5	44,973	52,143	−7,170	504,917	420,929	83,988			
Total Federal fund receipts and outlays	**54,341**	**81,021**	**−26,681**	**734,227**	**989,314**	**−255,087**			
Less: Interfund transactions	25	25	......	532	532	......			
Federal fund receipts and outlays on the basis of Table 4 & 5	54,316	80,997	−26,681	733,695	988,782	−255,087			
Less: Offsetting proprietary receipts	2,730	2,730	......	31,255	31,255	......			
Net budget receipts & outlays	**96,560**	**130,411**	**−33,851**	**1,207,356**	**1,378,455**	**−171,099**			

... 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 bugdet 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, August 1995 and Other Periods

[$ millions]

Classification	This Month	Fiscal Year To Date	Comparable Period Prior Fiscal Year
RECEIPTS			
Individual income taxes	44,122	529,248	485,091
Corporation income taxes	2,501	124,099	113,119
Social insurance taxes and contributions:			
Employment taxes and contributions	34,914	411,742	389,196
Unemployment insurance	4,454	28,643	27,659
Other retirement contributions	436	4,186	4,250
Excise taxes	4,757	51,779	49,707
Estate and gift taxes	1,500	13,476	13,971
Customs	1,794	17,666	18,300
Miscellaneous	2,081	26,517	20,264
Total	**96,560**	**1,207,356**	**1,121,557**
NET OUTLAYS			
National defense	23,882	246,139	253,807
International affairs	1,877	14,969	14,926
General science, space, and technology	1,668	15,951	15,830
Energy	13	4,178	4,411
Natural resources and environment	2,116	21,413	19,986
Agriculture	−462	9,865	14,896
Commerce and housing credit	−2,592	−21,230	−7,474
Transportation	3,359	34,836	33,196
Community and Regional Development	909	9,957	9,149
Education, training, employment and social services	5,785	47,904	39,662
Health	10,422	105,359	97,706
Medicare	14,840	145,424	131,715
Income security	16,919	200,623	196,872
Social Security	27,950	307,671	292,653
Veterans benefits and services	3,267	33,418	33,381
Administration of justice	1,400	14,921	13,922
General government	1,464	12,471	10,051
Interest	20,619	213,246	186,013
Undistributed offsetting receipts	−3,022	−38,659	−31,775
Total	**130,411**	**1,378,455**	**1,328,925**

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, January 1993* (Available from the U.S. General Accounting Office, P.O. Box 6015, Gaithersburg, Md. 20877). 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 September 1995 Statement is subject to completion of year-end reporting requirements.

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SEPTEMBER 1995

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TREASURY BULLETIN STAFF

Regina M. Dennis-Downing
Stephen T. Wiley
Bernice T. James
Karen Y. Shepard
Bertha M. Butts

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FINANCIAL OPERATIONS

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NOTES: Definitions for words shown in italics can be found in the glossary; Figures may not add to totals because of rounding; p= Preliminary; n.a.= Not available; r= Revised.

Nonquarterly Tables and Reports

For the convenience of the "Treasury Bulletin" user, nonquarterly tables and reports are listed below along with the issues in which they appear.

	Issues			
	March	June	Sept.	Dec.
Federal Fiscal Operations				
FFO-4.--Summary of internal revenue collections by States and other areas	√			
Special Reports				
Consolidated Financial Statements of the United States Government (CFS) excerpt	(Published following the release of the CFS)			
Statement of Liabilities and Other Financial Commitments of the United States Government	√			
Trust Fund Reports:				
Airport and Airway Trust Fund	√			
Aquatic Resources Trust Fund	√			
Black Lung Disability Trust Fund	√			
Civil Service Retirement and Disability Fund				√
Federal Disability Insurance Trust Fund				√
Federal Hospital Insurance Trust Fund				√
Federal Old-Age and Survivors Insurance Trust Fund				√
Federal Supplementary Medical Insurance Trust Fund				√
Harbor Maintenance Trust Fund	√			
Hazardous Substance Superfund	√			
Highway Trust Fund	√			
Inland Waterways Trust Fund	√			
Investments of specified trust accounts				√
Leaking Underground Storage Tank Trust Fund	√			
National Recreational Trails Trust Fund	√			
National Service Life Insurance Fund				√
Nuclear Waste Fund	√			
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Reforestation Trust Fund	√			
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Vaccine Injury Compensation Trust Fund	√			

FINANCIAL OPERATIONS

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Ownership of Federal Securities
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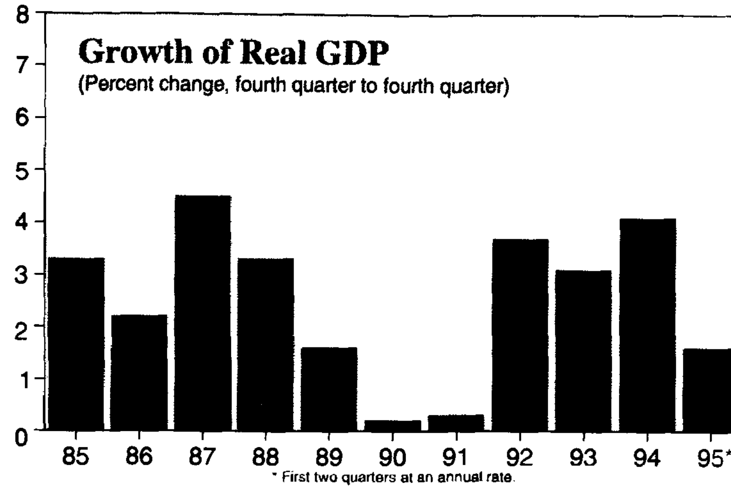
Profile of the Economy

Real gross domestic product

GROWTH IN REAL GROSS DOMESTIC PRODUCT (GDP) has slowed through the first half of the year from very high rates at the end of 1994. Real GDP grew by 4.1 percent across the four quarters of last year, the strongest showing since 1987. So far in 1995, growth has averaged 1.6 percent at an annual rate, but is expected to pick up by the end of the year.

Inventory accumulation had accounted for a large share of the rapid gains in 1994, and a slower pace of inventory building than occurred in the first half of this year was expected. Consumer spending also moderated in 1995, from a 5.1 percent annual rate of growth in the final quarter of 1994 to 1.6 percent in the first quarter of 1995 and 2.5 percent in the second. The housing sector also softened early in 1995, but has recently started to improve. Investment in new capital equipment has continued to grow at a very strong pace.

Inflation as measured by the fixed-weighted price index for GDP increased at a 2.7 percent annual rate in the second quarter, lower than in the first quarter and in line with the gain over all of last year.

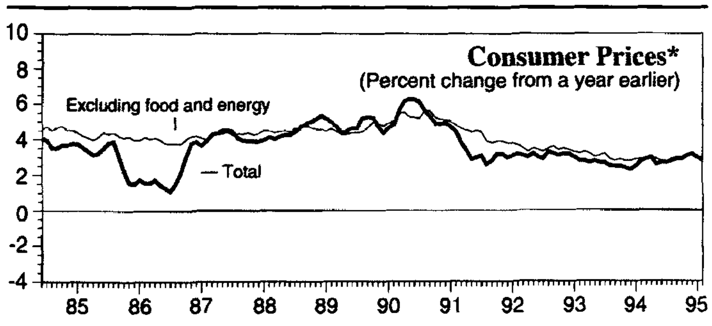


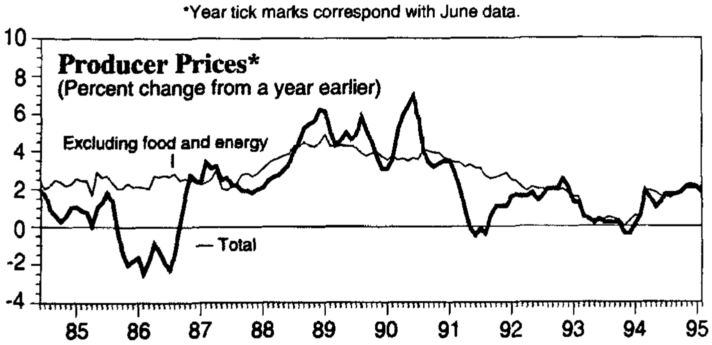
Consumer and producer prices

Inflation pressures started to build in the early months of 1995 but have since subsided. Monthly gains in the consumer price index (CPI) averaged 0.3 percent during the first 5 months of 1995 before slowing to just 0.1 percent in June and 0.2 percent in July.

Core inflation, or the CPI less food and energy, accelerated through the first 4 months of 1995 to about 4.2 percent at an annual rate, much faster than the 2.6 percent increase over all of 1994. The rise in 1994 had been the lowest in nearly 30 years. In the 3 most recent months of this year, core inflation has slowed to just a 2.5 percent pace.

The producer price index (PPI) for finished goods also registered some rapid gains early in 1995 after very moderate growth in 1994, but those gains have moderated as well. Through the first 7 months of the year, the PPI was up at a 1.8 percent annual pace, about in line with the 1.7 percent over all of 1994.





Price increases at earlier stages of processing were particularly noticeable early in the year, but growth in prices of intermediate goods and crude raw materials has since diminished.

Real disposable personal income and consumer spending

Growth of personal income improved in 1994, reflecting stronger job growth as well as an increase in interest income after declines tied to falling interest rates over the prior 3 years.

Real disposable (after-tax) personal income rose by 4.4 percent through the four quarters of 1994, up from 1.6 percent during 1993. In the first quarter of 1995, growth in real disposable personal income increased rapidly but fell back in the second quarter, reflecting softness in employment in April and May. Through the first half of the year, real disposable income rose at just a 1.4 percent annual rate.

Real consumer spending rose by 3.5 percent in 1994, the third successive year of growth. The pace of spending was especially high in the final quarter of the year, but then slowed considerably in the first quarter of 1995 before picking up slightly in the second quarter. Real spending growth averaged 2.0 percent at an annual rate over the first half of this year.

The personal savings rate averaged 4.1 percent in both 1994 and 1993, compared with readings of roughly 5.0 percent in the prior 2 years. In the first half of 1995, the savings rate moved up to 4.6 percent.

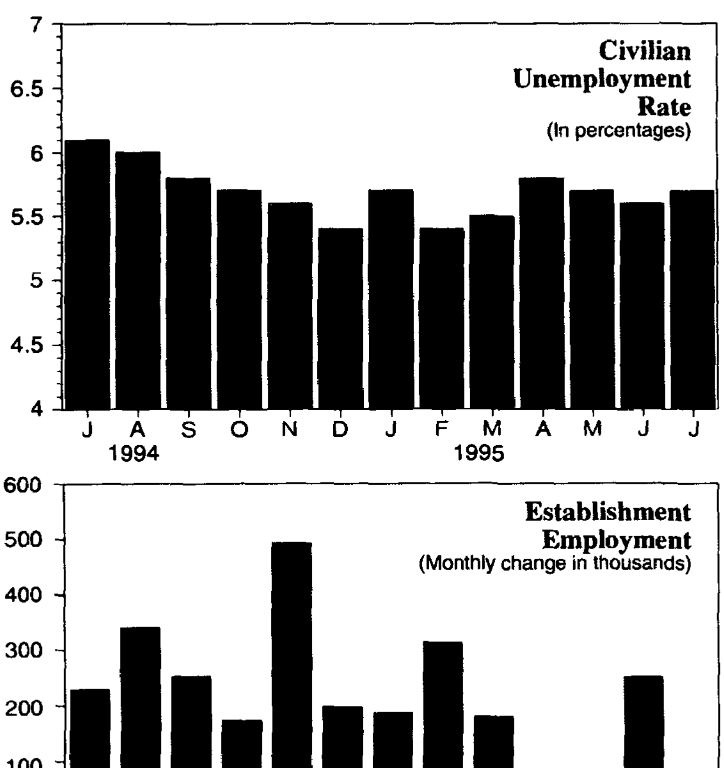
Industrial production and capacity utilization

Industrial production in manufacturing, mining, and utilities has weakened considerably in 1995 after expanding by more than 6.0 percent over the 12 months of 1994. Industrial production has been about flat or down in every month since February. Output in manufacturing, which accounts for 85.0 percent of the total, is off this year at almost a 2.0 percent annual rate. Softer auto sales are partly responsible, but weakness has been widespread. Production of autos and light trucks declined at more than a 20.0 percent annual rate through the first 7 months of the year. Some sectors have been growing, particularly computer equipment and electrical machinery.

Capacity utilization tightened last year as production expanded, but has eased in recent months. The capacity utilization rate reached 85.5 percent in January, well above its long-term average and above its pre-recession peak, but has since dipped back below 83.4 percent.

Employment and unemployment

Job growth has slowed in 1995 after accelerating last year. In 1994, employment growth as measured by the survey of nonfarm establishments averaged 294,000 a month, totaling 3-1/2 million new jobs over the entire year. In the first quarter of 1995, monthly job gains averaged 226,000, but weakness in April and May limited job gains in the second quarter to an average of just 65,000 per month. Growth since then has continued to be soft.



Declines in manufacturing employment have held down overall job growth. Factory jobs fell by 188,000 between April and July after steady gains since early 1994. The private service-producing sector has continued to add large numbers of new jobs in 1995, but at a much slower pace than last year. Increases in this sector averaged 215,000 per month in 1994, and 138,000 per month through the first 7 months of 1995.

After dipping to a recent low of 5.4 percent in February, the unemployment rate has hovered between 5.5 and 5.8 percent for several months. This is well below levels at the start of 1994 and is quite low by historical standards.

Nonfarm productivity and unit labor costs

Growth of nonfarm productivity, or output per workhour, rose at a 2.7 percent annual rate in the first half of 1995. This represents some improvement from increases of 1.3 percent during all of 1993 and 1.8 percent during 1994.

Productivity in manufacturing (a component of the nonfarm sector) has also risen at a 2.7 percent annual rate in the first half of this year, but has slowed from growth averaging just under 4.0 percent during the previous 2 years.

Helping to keep inflation in check, unit labor costs in the nonfarm sector remain low so far in 1995, rising by a modest 1.0 percent annual rate this year, compared to 1.4 percent in 1994. In manufacturing, unit labor costs have declined at a 0.4 percent pace this year after falling by 1.7 percent during all of 1993 and by 2.4 percent during 1994. The declines have contributed to increased U.S. competitiveness in international markets for manufactured goods.

Current account balance

The current account balance is the most comprehensive measure of U.S. international transactions. The current account deficit has widened sharply since 1991, to $151 billion in 1994 and to $162 billion at an annual rate in the first quarter of 1995. Much of this reflects the economic recovery here, which has been drawing in imports at a faster pace than the rate of expansion in exports.

A larger merchandise trade deficit accounts for most of the deterioration. The merchandise trade deficit reached $166 billion in 1994, and through the first half of this year, climbed to an annual rate of $188 billion.

International trade in services shows a $61 billion surplus at an annual rate through the first half of this year, in line with figures for the previous 3 years.

The balance on income payments, which includes interest, dividends, and direct investment income, shifted to a deficit of $9 billion in 1994 from a surplus of the same amount in 1993, and the deficit widened even further in the first quarter of 1995. Payments on foreign assets in the U.S. rose much more sharply than receipts on U.S. assets abroad, as interest rates and profits rose in this country faster than they did overseas.

Exchange rate of the dollar

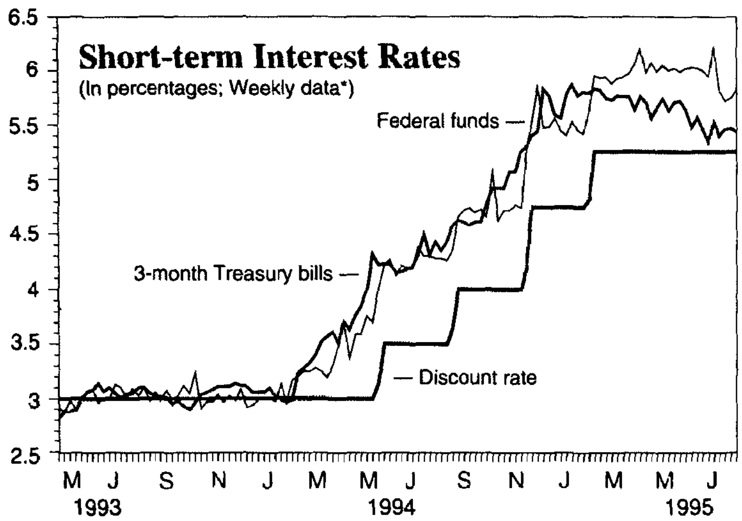
The dollar has been declining steadily since January 1994, with an interruption in the fall of last year. Declines have been steepest against the yen and the deutschemark (DM), with more moderate decreases against currencies of other trading partners. In the case of the Canadian dollar and especially the Mexican peso, the dollar has appreciated.

The dollar declined about 6-1/2 percent over 1994, based on the Federal Reserve Board's trade-weighted index of the dollar against G-10 currencies. Since the end of 1994, the dollar has declined by another 8-1/2 percent, mainly reflecting weakness against the yen and the DM, although recently there has been some marked improvement against these currencies.

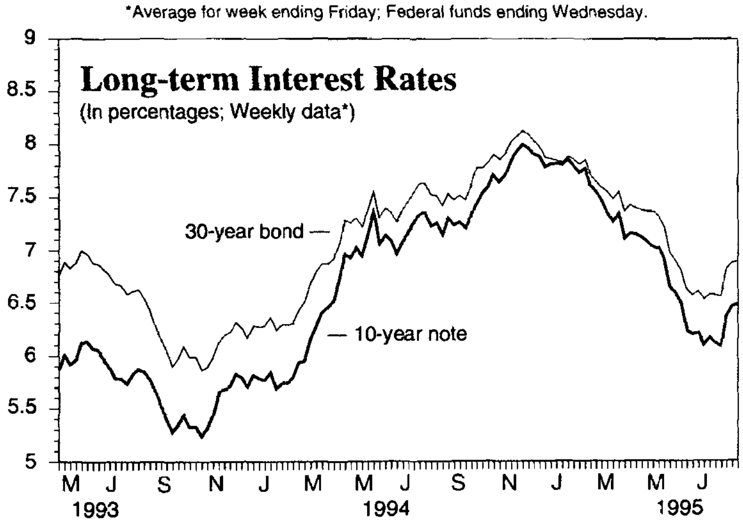
Many factors determine the level of exchange rates in international currency markets. The large U.S. current account deficit has likely played a role. Underlying economic fundamentals in the United States remain sound, however.

Interest rates

Long-term interest rates have declined since the beginning of the year as the pace of economic growth moderated from rapid gains in the last half of 1994 and inflation pressures ebbed. In July, the Federal Reserve Board eased monetary policy slightly with a 25 basis-point decrease in the target for the Federal funds rate to 5-3/4 percent. The discount rate was left unchanged.



*Average for week ending Friday; Federal funds ending Wednesday.



The yield on the 30-year Treasury bond is now close to 6.9 percent, compared with a recent peak of 8.1 percent in November. Mortgage interest rates have also fallen from levels at the end of last year.

The action to ease monetary policy followed seven tightening moves taken between February 1994 and February 1995 as a pre-emptive measure to avoid the threat of future inflation as economic growth accelerated. Those seven moves translated into a rise of roughly 300 basis points, or 3 percentage points, in short-term rates.

Housing

Housing activity weakened early this year as rising mortgage interest rates late in 1994 limited demand for new homes. In 1994, housing starts rose by more than 13.0 percent to 1.46 million units, the highest annual total since 1988. Starts then dropped back to a 1.31 million-unit rate in the first quarter and to 1.28 million units in the second.

Recently the housing market has begun to firm, with home sales rising sharply in May and June and new housing starts moving up again. The renewed activity is the result of declines in mortgage interest rates of more than one percentage point from last year's high levels. Improved consumer confidence in recent months has also contributed to the rebound in housing.

Construction of single-family homes picked up in June and July as the higher rate of sales reduced excess inventory of unsold new homes. The multi-family housing market has leveled off so far this year after a resurgence in multi-family construction during 1994. The outlook through the rest of the year is for a moderate level of activity in the housing sector.

Federal budget deficit

In fiscal 1994, the Federal budget deficit fell to $203 billion, $52 billion lower than the $255 billion deficit in fiscal 1993 and $87 billion below the record $290 billion deficit in fiscal 1992. The 2-year drop was the largest in history.

Strong economic growth and passage of the Omnibus Budget Reconciliation Act of 1993 were responsible for the improvement. Outlays rose by only 3.7 percent in fiscal 1994, while revenues expanded by 9.0 percent.

The deficit is projected to decline further in fiscal 1995 to $160 billion. This would mark the third straight year of deficit reduction, the first such successive declines since the Truman Administration. Through the first 10 months of fiscal 1995, the deficit is $46 billion below the same months last year, although adjusted for timing differences and excluding deposit insurance, that figure is closer to an improvement of $27 billion.

In fiscal 1994, the deficit represented 3.1 percent of GDP and is expected to drop to 2.3 percent this fiscal year. By fiscal 2000, it is projected to decline to just 1.4 percent of GDP, the lowest since 1974.

Net national saving and investment

National saving, net of depreciation, rose to 4.4 percent of the net national product (NNP) in the first quarter of 1995 from 3.4 percent in 1994 and as low as 1.2 percent in 1992. Although the savings rate has improved in recent years, it is still low by historical standards. The rate averaged 8.0 percent or more in the 1950's through the 1970's.

The main source of the recent improvement was an increase in personal saving to 5.3 percent of NNP for the first quarter of 1995 from 4.5 percent in 1994. In addition, there was a reduction of Government dissaving to 3.0 percent of NNP for the first quarter of 1995 from a high of 6.0 percent in 1992. The current figure is still considerably greater than in the 1950's and 1960's, when it accounted for less than 1.0 percent of NNP. Private saving, at 7.4 percent for the first quarter of 1995, was up from 6.7 percent in 1994 but still well below averages of more than 9.5 percent in the 1960's and 1970's.

Total net investment was up to 3.5 percent of NNP in the first quarter of 1995 from 2.9 percent in 1994 and a low of 1.4 percent in 1992. Net investment had averaged over 8.0 percent until the 1980's. In the first quarter of 1995, domestic investment rose to 6.1 percent of NNP from 5.3 percent the previous year. Foreign inflows also increased. Domestic investment had averaged near 8.0 percent of NNP in the 1950's through the 1970's.

INTRODUCTION: Federal Fiscal Operations

Budget authority usually takes the form of appropriations that allow *obligations* to be incurred and payments to be made. Reappropriations are Congressional actions that extend the availability of unobligated amounts that have expired or would otherwise expire. These are counted as new budget authority in the fiscal year of the legislation in which the reappropriation act is included, regardless of when the amounts were originally appropriated or when they would otherwise lapse.

Obligations generally are liquidated by the issuance of checks or the disbursement of cash--*outlays*. Obligations may also be liquidated (and outlays recorded) by the accrual of interest on public issues of Treasury debt securities (including an increase in redemption value of bonds outstanding); or by the issuance of bonds, debentures, notes, monetary credits, or electronic payments.

Refunds of collections generally are treated as reductions of collections, whereas payments for earned-income tax credits in excess of tax liabilities are treated as outlays. Outlays during a fiscal year may be for payment of obligations incurred in prior years or in the same year. Outlays, therefore, flow in part from unexpended balances of prior year budget authority and from budget authority provided for the year in which the money is spent. Total outlays include both budget and off-budget outlays and are stated net of offsetting collections.

Receipts are reported in the tables as either budget receipts or offsetting collections. They are collections from the public, excluding receipts offset against outlays. These, 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 from other Government accounts or the public are of a business-type or market-oriented nature. They are classified as either collections credited to appropriations or fund accounts, or offsetting receipts (i.e., amounts deposited in receipt accounts). The former normally can be used without appropriation act 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 appropriation. They are subdivided into two categories: (1) proprietary receipts, or collections from the public, offset against outlays by agency and by function, and (2) intra-governmental funds, or payments into receipt accounts from governmental appropriation or fund accounts. They finance operations within and between Government agencies and are credited with collections from other Government accounts.

Intrabudgetary transactions are subdivided into three categories: (1) interfund transactions--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--payments and receipts both occur within the Federal fund group; and (3) trust intrafund transactions--payments and receipts both occur within the trust fund group.

Offsetting receipts are generally deducted from budget authority and outlays by function, subfunction, or 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., that collected on Outer Continental Shelf money in deposit funds when such money is transferred into the budget).

The Government has used the unified budget concept as a foundation for its budgetary analysis and presentation since 1969. The concept calls for the budget to include all of the Government's fiscal transactions with the public. Since 1971, however, various laws have been enacted removing several Federal entities from (or creating them outside of) the budget. Other laws have moved certain off-budget Federal entities onto the budget. Under current law, the off-budget Federal entities consist of the two Social Security trust funds, Federal old-age and survivors insurance, and Federal disability insurance.

Although an off-budget Federal entity's receipts, outlays, and surplus or deficit ordinarily are not subject to targets set by the congressional resolution, the Balanced Budget and Emergency Deficit Control Act of 1985 (commonly known as the Gramm-Rudman-Hollings Act) included off-budget surplus or deficit in calculating deficit targets under that act and in calculating excess deficit. Partly for this reason, attention has focused on both on- and off-budget receipts, outlays, and deficit of the Government.

Tables **FFO-1, FFO-2,** and **FFO-3** are published quarterly and cover 5 years of data, estimates for 2 years, detail for 13 months, and fiscal year-to-date data. They provide a summary of data relating to Federal fiscal operations reported by Federal entities and disbursing officers, and daily reports from the Federal Reserve banks. They also detail accounting transactions affecting receipts and outlays of the Government and off-budget Federal entities and their related effect on assets and liabilities of the Government. Data are derived from the

Monthly Treasury Statement of Receipts and Outlays of the United States Government.

• Table **FFO-1** summarizes the amount of total receipts, outlays, and surplus or deficit, as well as transactions in Federal securities, monetary assets, and balances in Treasury operating cash.

• Table **FFO-2** includes on- and off-budget receipts by source. Amounts represent income taxes, social insurance taxes, net contributions for other insurance and retirement, excise taxes, estate and gift taxes, customs duties, and net miscellaneous receipts.

• Table **FFO-3** details on- and off-budget outlays by agency.

• Table **FFO-4** (Fall issue) summarizes internal revenue collections by States and other areas and by type of tax. Amounts reported are collections made in a fiscal year. They span several tax liability years because they consist of prepayments (i.e., estimated tax payments and taxes withheld by employers for individual income and Social Security taxes), of payments made with tax returns, and of subsequent payments made after tax returns are due or are filed (i.e., payments with delinquent returns or on delinquent accounts).

It is important to note that these data do not necessarily reflect the Federal tax burden of individual States. Amounts are reported based on the primary filing address provided by each taxpayer or reporting entity. For multistate corporations, the address may reflect only the State where such a corporation reported its taxes from a principal office rather than other States where income was earned or where individual income and Social Security taxes were withheld. In addition, an individual may reside in one State and work in another.

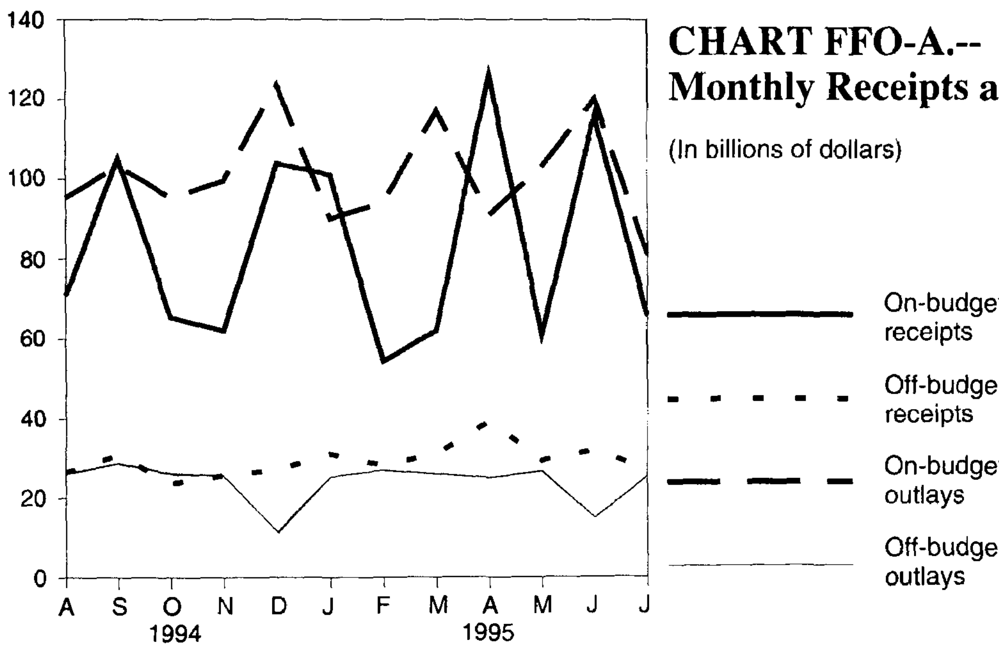


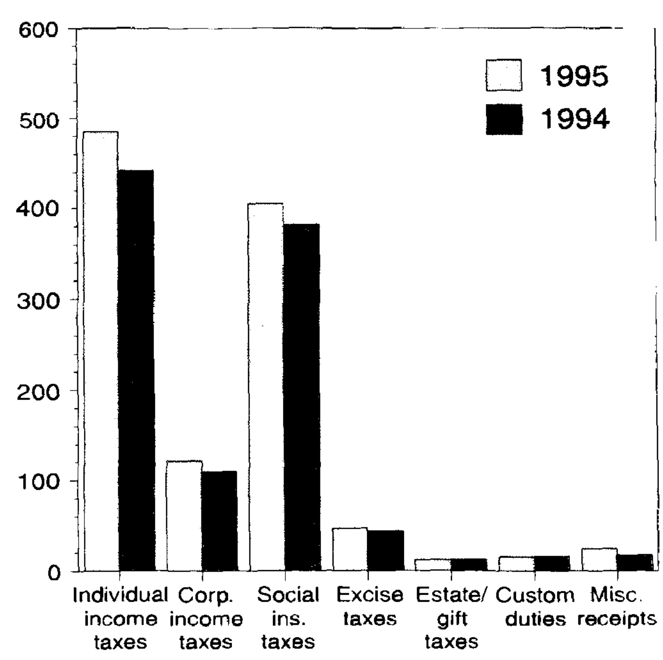
CHART FFO-A.-- Monthly Receipts and Outlays

(In billions of dollars)

CHART FFO-B.-- Budget Receipts by Source, through Third Quarter, Fiscal Years 1994-1995

(In billions of dollars)

Source: "Monthly Treasury Statement of Receipts and Outlays of the United States Government"



Summary of Budget Results for the Third Quarter, Fiscal 1995

Total On- and Off-Budget Results and Financing of the U.S. Government

[In millions of dollars]

	April-June	Actual fiscal year to date
Total on- and off-budget results:		
Total receipts	403,664	1,018,048
On-budget receipts	303,195	751,934
Off-budget receipts	100,470	266,114
Total outlays	379,324	1,137,702
On-budget outlays	312,687	931,546
Off-budget outlays	66,636	206,156
Total surplus or deficit (-)	24,341	-119,654
On-budget surplus or deficit (-)	-9,492	-179,613
Off-budget surplus or deficit (-)	33,833	59,958
Means of financing:		
Borrowing from the public	25,593	151,208
Reduction of operating cash	-42,444	-24,598
Other means	-7,490	-6,955
Total on- and off-budget financing	-24,341	119,654

The Federal budget position registered marked improvement in the third fiscal quarter and for all of the three quarters of the fiscal year. In recognition of the improved outlook, revised budget estimates released in July in the Administration's Mid-Session Budget Review placed the deficit for the entire fiscal year at $160.0 billion, or significantly lower than the deficit of $192.5 billion projected in the budget document released in February.

In the third quarter (the second calendar quarter), the budget was in surplus by $24.3 billion, representing an improvement of $24.1 billion from the narrow surplus of $0.2 billion in the same quarter a year earlier. That improvement included a swing of $8.1 billion in the deposit insurance account, largely reflecting sales by deposit insurance agencies of previously acquired assets. Excluding deposit insurance, the surplus widened by $16.0 billion from a year earlier, with some of that improvement due to the timing of the flow of tax revenue.

Total receipts rose by a sizable 11.2 percent in the third quarter from the same quarter a year earlier. Included in that total was an increase of 17.2 percent in net corporate income tax revenues, indicating continued growth of corporate profits, though possibly also reflecting changes in the pattern of timing of payments.

Also boosting receipts in the quarter was a large increase in the inflow of individual income tax payments around the April15 filing date. Much of that represented a shift in timing of payments, as individuals paid a smaller portion of 1994 liability in the form of quarterly estimated payments and a greater portion as final settlements than they had done a year earlier. That shift in timing apparently was at least partly in response to altered rules governing underpayment of quarterly estimated liability. Also, high-income taxpayers were faced with liability for a full year under the higher tax rates enacted in the Omnibus Reconciliation Act of 1993, along with an installment of the retroactive portion of the higher 1993 liability imposed by that Act. As a partial offset to higher final settlements around the April15 filing date, tax refunds were also sharply higher in the quarter. The Internal Revenue Service has been taking extra precautions to avoid paying refunds on fraudulent claims, so that some refunds that normally would have been paid in the second quarter were delayed until the third quarter.

Also on the revenue side was a solid 6.2 percent increase in withheld income and employment taxes, which was a bit stronger than the 5.1 percent increase carried in the national accounts for the underlying wage and salary tax base. Remittances of earnings by Federal Reserve banks were up sharply from a year earlier in response to higher interest rates and to gains on foreign currency holdings resulting from fluctuations in the value of the dollar in foreign exchange markets.

Total budget outlays rose by 4.6 percent in the quarter from a year earlier, or by 6.9 percent if the deposit insurance account is excluded. By functional category, sizable increases were recorded for net interest (16.4 percent), Medicare (15.6 percent), and income security (12.3 percent). Expansion of the earned income tax credit was largely responsible for the size of the increase of the latter category, though the rate of decline in unemployment insurance benefits has narrowed sharply as the unemployment rate has begun to level out.

For the entire first three quarters of 1995, the Federal budget was in deficit by $119.7 billion, compared with a deficit of $149.9 billion a year earlier. That improvement of $30.2 billion is narrowed to $18.3 billion if the deposit insurance account is excluded. Receipts rose by 8.3 percent from the first three quarters of fiscal 1994, while outlays exclusive of the deposit insurance account increased by 5.5 percent.

In June, the Administration released a set of policy proposals designed to achieve budget balance by the middle of the next decade. Budget projections were updated in the Mid-Session Review released in July. Based on the revised Mid-Session economic assumptions, these policy proposals were projected to result in a balanced budget by the year 2004.

The revised budget estimate for fiscal 1995 was unaffected by these policy proposals. Rather, the markdown of the projected deficit to $160.0 billion reflected more favorable receipts and outlay experience than had been expected earlier in the year. ◊

Second-Quarter Receipts

The following capsule analysis of budget receipts, by source, for the second quarter of fiscal 1995 supplements fiscal data reported in the June issue of the "Treasury Bulletin." At the time of that issue's release, not enough data were available to analyze adequately collections for the quarter.

Individual income taxes—Individual income tax receipts were $139.9 billion for the second quarter of fiscal 1995. This is an increase of $7.7 billion over the comparable quarter for fiscal 1994. Withheld receipts increased by $17.7 billion and non-withheld receipts decreased by $8.1 billion in this period. There was an increase of $1.9 billion in refunds over the comparable fiscal 1994 quarter. There was a decrease of $0.9 billion in accounting adjustments between individual income tax receipts and the Social Security and Medicare trust funds in the second quarter of fiscal 1995 in comparison to the second quarter of fiscal 1994.

Corporate income taxes—Net corporate receipts totaled $20.2 billion. This was $0.9 billion lower than net receipts for the comparable quarter of fiscal 1994. The $0.9 billion figure consists of $2.2 billion in higher refunds less $1.4 billion in additional estimated and final payments. The decrease in net receipts mainly reflects higher refunds and lower March final payments (due to new estimated payment rules) offsetting increased corporate profits.

Employment taxes and contributions—Employment taxes and contributions receipts were $113.3 billion, an increase of $8.5 billion over the comparable prior year quarter. Receipts to the Old-Age Survivors Insurance, the Disability Insurance, and the Hospital Insurance trust funds increased by $0.9 billion, $5.5 billion, and $2.1 billion, respectively. There was a $-1.8 billion accounting adjustment for prior years' employment tax liabilities made in the second quarter of fiscal 1994, while there was a $0.9 billion adjustment made in the second quarter of fiscal 1995.

Contributions for other insurance and retirement—Contributions for other insurance and retirement were $1.2 billion. There was a negligible change in receipts from the second quarter of fiscal 1994. The growth in contributions will remain flat over the next few years as the number of employees covered by the Federal employees' retirement system (FERS) grows slowly relative to those covered under the civil service retirement system (CSRS).

Unemployment insurance—Unemployment insurance receipts were $4.0 billion, which is the same as they were for the comparable quarter of fiscal 1994. State taxes deposited in the U.S. Treasury increased by $0.1 billion. There were negligible changes in the Federal Unemployment Tax Act (FUTA) and railroad unemployment tax receipts, compared with the comparable quarter of fiscal 1994.

Excise taxes—Net excise tax receipts were $13.2 billion, an increase of $0.7 billion over the comparable prior year quarter. The majority of this increase is attributable to higher receipts from the Highway Trust Fund taxes. Total excise tax refunds for the quarter were $0.6 billion, an increase of $0.2 billion over the comparable prior year quarter.

Estate and gift taxes—Estate and gift tax receipts were $3.1 billion. These receipts represent a decrease of $0.4 billion over the previous quarter, as well as a decrease of $0.3 billion over the same quarter in the previous year.

Customs duties—Customs receipts net of refunds were $4.4 billion. This is a decrease of $0.3 billion from the comparable prior year quarter. It is due to an increase in refunds attributable to retroactive extension of the Generalized System of Preferences (GSP).

Miscellaneous receipts—Net miscellaneous receipts were $7.5 billion, an increase of $2.4 billion over the comparable prior year quarter. The bulk of the increase is attributable to higher deposits of Federal Reserve earnings. ◊

Second Quarter Fiscal 1995 Net Budget Receipts, by Source

[In billions of dollars]

Source	January	February	March
Individual income taxes	79.2	33.9	26.8
Corporate income taxes	3.3	2.1	14.9
Employment taxes and contributions	39.0	35.7	38.6
Unemployment insurance	1.1	2.6	0.3
Contibutions for other insurance and retirement	0.4	0.4	0.4
Excise taxes	4.6	3.5	5.1
Estate and gift taxes	1.0	0.9	1.2
Customs duties	1.5	1.4	1.5
Miscellaneous receipts	1.8	2.1	3.6
Total budget receipts	131.9	82.6	92.4

TABLE FFO-1.--Summary of Fiscal Operations

[In millions of dollars. Source: "Monthly Treasury Statement of Receipts and Outlays of the United States Government"]

	Total on-budget and off-budget results									Means of financing -net transactions
										Borrowing from the public-- Federal securities
Fiscal year or month	Total receipts (1)	On-budget receipts (2)	Off-budget receipts (3)	Total outlays (4)	On-budget outlays (5)	Off-budget outlays (6)	Total surplus or deficit (-) (7)	On-budget surplus or deficit (-) (8)	Off-budget surplus or deficit (-) (9)	Public debt securities (10)
1990 [1]	1,031,462	749,806	281,656	1,251,850	1,026,785	225,065	-220,388	-276,979	56,590	331,520
1991 [1]	1,054,260	760,375	293,885	1,322,989	1,081,302	241,687	-268,729	-320,926	52,198	407,664
1992 [1]	1,091,692	789,266	302,426	1,381,895	1,129,336	252,559	-290,204	-340,071	49,867	403,396
1993 [1]	1,153,175	841,241	311,934	1,408,122	1,142,110	266,012	-254,948	-300,869	45,922	342,629
1994 [1]	1,257,187	922,161	335,026	1,460,557	1,181,185	279,372	-203,370	-259,024	55,654	288,987
1995 - Est.	1,346,414	995,158	351,256	1,538,920	1,246,936	291,984	-192,506	-251,778	59,272	319,244
1996 - Est.	1,415,456	1,045,095	370,361	1,612,128	1,307,105	305,023	-196,671	-262,010	65,338	337,572
1994 - June	138,124	106,014	32,110	123,275	108,166	15,108	14,850	-2,152	17,002	35,021
July	84,827	60,145	24,681	118,025	93,164	24,861	-33,198	-33,018	-180	-9,584
Aug	97,338	70,949	26,389	121,608	95,279	26,329	-24,270	-24,330	60	54,926
Sept.	135,895	105,212	30,683	131,903	103,189	28,714	3,993	2,024	1,969	-17
Oct.	89,024	65,384	23,639	120,365	95,307	25,059	-31,342	-29,922	-1,420	40,995
Nov.	87,673	62,083	25,590	124,915	99,464	25,452	-37,242	-37,381	138	43,843
Dec.	130,810	103,860	26,950	134,941	123,643	11,297	-4,130	-19,783	15,653	20,412
1995 - Jan.	131,801	101,036	30,765	115,171	89,889	25,282	16,629	11,147	5,483	15,370
Feb.	82,544	54,405	28,139	120,527	94,050	26,478	-37,983	-39,644	1,661	38,430
Mar.	92,532	61,970	30,562	142,458	116,507	25,951	-49,927	-54,537	4,610	9,506
Apr.	165,392	126,170	39,222	115,673	90,628	25,045	49,720	35,542	14,178	-11,283
May	90,405	61,027	29,378	129,355	102,581	26,773	-38,950	-41,554	2,604	51,902
June	147,868	115,998	31,870	134,296	119,478	14,818	13,571	-3,480	17,051	46,192
Fiscal 1995 to date	1,018,048	751,934	266,114	1,137,702	931,546	206,156	-119,654	-179,613	59,958	255,368

	Means of financing--net transactions, con.									
	Borrowing from the public-- Federal securities, con.			Cash and monetary assets (deduct)						
Fiscal year or month	Agency securities (11)	Investments of Government accounts (12)	Total 10+11-12 (13)	U.S. Treasury operating cash (14)	Special drawing rights (15)	Other (16)	Reserve position on the U.S. quota in the IMF (deduct) (17)	Other (18)	Transactions not applied to year's surplus or deficit (19)	Total financing (20)
1990 [1]	7,278	118,708	220,091	-818	1,179	-70	172	195	565	220,388
1991 [1]	-15,018	115,844	276,802	1,329	-1,444	-4,464	215	-17,406	4,969	268,729
1992 [1]	500	92,978	310,918	17,305	1,389	18,654	672	17,043	263	290,204
1993 [1]	6,652	100,663	248,619	-6,283	-907	-1,429	2,333	-301	350	254,948
1994 [1]	3,665	107,655	184,998	-16,564	768	-992	-35	831	715	203,370
1995 - Est.	-1,427	109,883	207,936	4,058	*	*	*	-11,372	*	192,506
1996 - Est.	480	120,901	217,151	-	*	*	*	-20,480	*	196,671
1994 - June	127	33,250	1,898	23,797	209	-3,526	348	4,026	54	-14,850
July	373	-6,166	-3,045	-30,705	-34	921	-7	6,343	75	33,198
Aug.	-401	2,721	51,804	9,802	141	1,684	-23	-16,010	80	24,270
Sept.	916	12,894	-11,996	5,855	134	-2,922	-92	10,919	59	-3,993
Oct.	-2,106	6,432	32,457	480	117	2,658	269	2,347	62	31,342
Nov.	326	3,641	40,528	-9,366	-70	-361	-297	-13,440	60	37,242
Dec.	3	33,732	-13,316	-476	21	-2,603	-7	14,333	48	4,130
1995 - Jan.	-21	2,012	13,337	23,263	116	3,571	87	-2,985	56	-16,629
Feb.	59	-483	38,972	-13,999	1,003	635	733	-12,669	52	37,983
Mar.	4	-4,135	13,645	-17,747	494	-606	563	18,909	77	49,927
Apr.	20	16,375	-27,638	19,973	92	4,947	794	3,697	27	-49,720
May	193	7,363	44,732	-11,841	179	2,511	68	-14,928	63	38,950
June	198	37,899	8,491	34,312	-54	-3,725	-143	8,249	79	-13,571
Fiscal 1995 to date	-1,324	102,836	151,208	24,598	1,898	7,028	2,066	3,513	525	119,654

* Less than $500,000.

[1] Data for the period do not reflect postyear adjustments published in the "Monthly Treasury Statement of Receipts and Outlays of the United States Government," the source for this table.

Note.--On-budget and off-budget estimates are based on the fiscal 1996 budget, released by the Office of Management and Budget on February 6, 1995.

TABLE FFO-2.--On-budget and Off-budget Receipts by Source

[In millions of dollars. Source: "Monthly Treasury Statement of Receipts and Outlays of the United States Government"]

Fiscal year or month	Income taxes - Individual - Withheld (1)	Income taxes - Individual - Other (2)	Income taxes - Individual - Refunds (3)	Income taxes - Individual - Net (4)	Income taxes - Corporation - Gross (5)	Income taxes - Corporation - Refunds (6)	Income taxes - Corporation - Net (7)	Net income taxes (8)	Social insurance taxes and contributions - Employment taxes and contributions - Old-age, disability, and hospital insurance - Gross (9)	Refunds (10)	Net (11)
1990 [1]	390,480	149,428	73,024	466,884	110,017	16,510	93,507	560,391	351,291	1,082	350,212
1991 [1]	404,152	142,725	79,050	467,827	113,599	15,513	98,086	565,913	367,558	831	366,727
1992 [1]	408,352	149,372	81,259	476,465	117,951	17,680	100,270	576,735	382,339	804	381,535
1993 [1]	430,427	154,800	75,546	509,680	131,548	14,027	117,520	627,200	393,688	531	393,158
1994 [1]	459,699	160,117	77,077	542,738	154,205	13,820	140,385	683,123	425,985	898	425,087
1995 - Est.	487,598	183,595	82,733	588,460	165,774	14,910	150,864	739,324	447,913	-	447,913
1996 - Est.	509,875	199,985	86,488	623,372	173,020	15,571	157,449	780,821	472,763	-	472,763
1994 - June	37,724	21,994	1,596	58,123	29,812	697	29,114	87,237	40,929	-	40,929
July	35,360	3,799	1,786	37,372	4,581	776	3,805	41,177	32,763	898	31,866
Aug.	40,459	4,016	1,305	43,170	4,079	971	3,108	46,278	33,630	-	33,630
Sept.	35,201	24,812	2,050	57,964	28,921	1,656	27,265	85,229	39,308	-	39,308
Oct.	40,480	4,339	1,160	43,659	5,513	2,458	3,055	46,714	30,917	-	30,917
Nov.	37,882	1,859	2,327	37,414	2,682	1,185	1,497	38,911	33,524	-	33,524
Dec.	50,680	3,214	158	53,736	32,616	700	31,915	85,651	35,391	-	35,391
1995 - Jan.	49,432	29,975	245	79,162	5,415	2,157	3,258	82,420	38,550	-	38,550
Feb.	40,643	1,065	7,845	33,863	3,483	1,423	2,060	35,923	35,290	-	35,290
Mar.	44,561	4,302	22,016	26,845	17,238	2,375	14,863	41,709	38,234	-	38,234
Apr.	32,447	64,953	20,959	76,441	25,779	2,297	23,482	99,923	50,094	-	50,094
May	43,414	8,703	22,388	29,729	3,572	1,379	2,193	31,922	36,812	-	36,812
June	40,901	23,061	2,505	61,457	36,645	768	35,876	97,333	40,623	-	40,623
Fiscal 1995 to date	380,440	141,471	79,604	442,307	132,943	14,743	118,200	560,507	339,437	-	339,437

Fiscal year or month	Social insurance taxes and contributions, con. - Employment taxes and contributions, con. - Railroad retirement accounts - Gross (12)	Refunds (13)	Net (14)	Net employment taxes and contributions (15)	Unemployment insurance - Gross (16)	Unemployment insurance - Refunds (17)	Net unemployment insurance (18)	Net contributions for other insurance and retirement - Federal employees retirement (19)	Other retirement (20)	Total (21)
1990 [1]	3,721	42	3,679	353,891	21,795	160	21,635	4,405	117	4,522
1991 [1]	3,792	-8	3,801	370,526	21,068	146	20,922	4,454	108	4,563
1992 [1]	3,961	5	3,956	385,491	23,557	147	23,410	4,683	105	4,788
1993 [1]	3,793	11	3,781	396,939	26,680	124	26,556	4,709	96	4,805
1994 [1]	3,767	44	3,723	428,810	28,114	110	28,004	4,563	98	4,661
1995 - Est.	3,881	-	3,881	451,794	28,057	-	28,057	4,462	96	4,558
1996 - Est.	3,904	-	3,904	476,667	28,198	-	28,198	4,355	96	4,451
1994 - June	-76	*	-76	40,853	301	11	290	355	11	366
July	355	-2	356	32,222	1,412	12	1,399	419	6	424
Aug.	406	16	390	34,020	4,890	10	4,880	382	9	391
Sept.	307	1	306	39,614	353	7	346	403	8	411
Oct.	352	7	346	31,263	1,077	4	1,073	342	9	351
Nov.	262	*	262	33,786	3,253	3	3,249	344	8	352
Dec.	317	*	317	35,708	234	4	230	413	7	420
1995 - Jan.	441	-	441	38,990	1,071	2	1,069	374	9	383
Feb.	377	-	377	35,667	2,630	-	2,630	350	7	357
Mar.	414	2	412	38,646	337	17	320	406	7	413
Apr.	330	1	329	50,423	3,088	27	3,061	348	7	354
May	419	5	414	37,226	10,612	11	10,601	348	7	355
June	-18	*	-18	40,605	327	7	320	408	8	416
Fiscal 1995 to date	2,893	15	2,878	342,315	22,629	76	22,553	3,332	69	3,400

See footnotes at end of table.

TABLE FFO-2.--On-budget and Off-budget Receipts by Source, con.

[In millions of dollars. Source: "Monthly Statement of Receipts and Outlays of the United States Government"]

Fiscal year or month	Social insurance taxes and contributions, con. Net social insurance taxes and contributions (22)	Excise taxes: Airport and Airway Trust Fund Gross (23)	Refunds (24)	Net (25)	Black Lung Disability Trust Fund Gross (26)	Refunds (27)	Net (28)	Highway Trust Fund Gross (29)	Refunds (30)	Net (31)	Miscellaneous Gross (32)	Refunds (33)	Net (34)
1990[1]	380,048	3,718	18	3,700	665	-	665	14,570	702	13,867	18,749	1,628	17,119
1991[1]	396,011	4,919	10	4,910	652	-	652	17,331	352	16,979	20,472	582	19,890
1992[1]	413,689	4,660	15	4,645	626	-	626	17,287	574	16,713	24,562	977	23,585
1993[1]	428,300	3,276	15	3,262	634	-	634	18,321	283	18,039	26,718	595	26,123
1994[1]	461,475	5,217	28	5,189	567	-	567	17,426	758	16,668	33,573	772	32,801
1995 - Est.	484,409	5,562	-	5,562	636	-	636	20,665	-	20,665	30,737	-	30,737
1996 - Est.	509,315	5,877	-	5,877	645	-	645	22,894	-	22,894	27,778	-	27,778
1994 - June	41,509	482	-	482	55	-	55	1,563	-	1,563	2,707	211	2,496
July	34,046	434	4	430	26	-	26	1,375	163	1,212	2,523	16	2,507
Aug.	39,292	478	-	478	47	-	47	1,582	-	1,582	4,171	290	3,881
Sept.	40,371	545	-	545	31	-	31	1,438	268	1,169	3,540	-233	3,773
Oct.	32,687	444	6	438	60	-	60	1,453	1	1,452	2,355	30	2,325
Nov.	37,387	453	-	453	57	-	57	1,448	-	1,448	3,590	29	3,561
Dec.	36,358	480	-	480	52	-	52	3,092	-	3,092	1,217	255	962
1995 - Jan.	40,442	351	3	348	30	-	30	1,880	210	1,670	2,360	-147	2,507
Feb.	38,653	433	-	433	54	-	54	1,955	-	1,955	1,127	84	1,044
Mar.	39,379	428	-	428	54	-	54	1,599	-	1,599	3,502	440	3,061
Apr.	53,839	430	11	419	53	-	53	2,216	211	2,005	1,953	-172	2,125
May	48,183	499	-	499	52	-	52	1,553	81	1,472	2,976	229	2,747
June	41,341	593	-	593	50	-	50	1,628	-162	1,789	2,716	252	2,464
Fiscal 1995 to date	368,269	4,111	21	4,091	462	-	462	16,824	341	16,483	21,795	1,002	20,793

Fiscal year or month	Excise taxes, con. Net excise taxes (35)	Estate and gift taxes Gross (36)	Refunds (37)	Net (38)	Customs duties Gross (39)	Refunds (40)	Net (41)	Net miscellaneous receipts: Deposits of earnings by Federal Reserve banks (42)	All other (43)	Total (44)	Total receipts On-budget (45)	Off-budget (46)
1990[1]	35,345	11,762	262	11,500	17,379	672	16,707	24,319	3,157	27,470	749,806	281,656
1991[1]	42,430	11,473	335	11,138	16,738	817	15,921	19,158	3,689	22,847	760,375	293,885
1992[1]	45,570	11,479	336	11,143	18,135	775	17,359	22,908	4,292	27,195	789,266	302,426
1993[1]	48,057	12,891	314	12,577	19,613	811	18,802	14,908	3,331	18,239	841,241	311,934
1994[1]	55,225	15,607	382	15,225	20,973	874	20,099	18,023	4,018	22,041	922,161	335,026
1995 - Est.	57,600	15,587	-	15,587	20,913	-	20,913	24,559	4,022	28,581	995,158	351,256
1996 - Est.	57,194	16,760	-	16,760	22,332	-	22,332	24,774	4,260	29,034	1,045,095	370,361
1994 - June	4,596	1,088	20	1,068	1,799	88	1,711	1,788	215	2,003	106,014	32,110
July	4,175	1,088	28	1,060	1,845	62	1,782	2,209	378	2,587	60,145	24,681
Aug.	5,989	1,294	54	1,239	2,117	78	2,039	2,090	412	2,502	70,949	26,389
Sept.	5,518	1,284	30	1,254	1,893	94	1,799	1,112	613	1,725	105,212	30,683
Oct.	4,272	1,234	28	1,202	1,961	114	1,848	1,954	345	2,300	65,384	23,639
Nov.	5,518	1,263	42	1,220	1,965	138	1,827	2,587	224	2,811	62,083	25,590
Dec.	4,587	1,119	28	1,092	1,835	88	1,747	836	539	1,375	103,860	26,950
1995 - Jan.	4,555	1,028	23	1,005	1,639	100	1,539	1,507	332	1,839	101,036	30,765
Feb.	3,485	957	42	916	1,512	77	1,435	1,857	274	2,131	54,405	28,139
Mar.	5,143	1,248	30	1,218	1,781	311	1,470	3,015	597	3,612	61,970	30,562
Apr.	4,602	1,938	32	1,906	1,490	141	1,349	3,514	261	3,774	126,170	39,222
May	4,770	1,371	32	1,339	1,652	180	1,471	2,478	241	2,719	61,027	29,378
June	4,897	1,071	31	1,040	1,752	169	1,583	1,426	247	1,674	115,998	31,870
Fiscal 1995 to date	41,829	11,230	292	10,939	15,588	1,318	14,269	19,175	3,060	22,235	751,934	266,114

[1] Data for the period do not reflect postyear adjustments published in the "Monthly Treasury Statement of Receipts and Outlays of the United States Government," the source for this table.

Note.--On-budget and off-budget estimates are based on the fiscal 1996 budget, released by the Office of Management and Budget on February 6, 1995.

TABLE FFO-3.--On-budget and Off-budget Outlays by Agency

[In millions of dollars. Source: "Monthly Treasury Statement of Receipts and Outlays of the United States Government"]

Fiscal year or month	Legislative branch (1)	The judiciary (2)	Executive Office of the President (3)	Funds appropriated to the President (4)	Department of Agriculture (5)	Department of Commerce (6)	Department of Defense: Military (7)	Department of Defense: Civil (8)	Department of Education (9)	Department of Energy (10)
1990[1]	2,233	1,641	157	10,087	46,011	3,734	289,755	24,975	23,109	12,028
1991[1]	2,295	1,989	193	11,724	54,119	2,585	261,925	26,538	25,339	12,459
1992[1]	2,677	2,299	190	11,109	56,436	2,567	286,632	28,265	26,047	15,439
1993[1]	2,406	2,579	194	11,527	63,143	2,798	278,576	29,262	30,414	16,801
1994[1]	2,561	2,659	229	10,511	60,812	2,915	268,635	30,402	24,699	17,840
1995 - Est.	2,793	3,101	192	10,860	62,313	3,601	260,269	31,207	32,888	16,135
1996 - Est.	2,957	3,336	191	10,779	62,276	4,109	250,045	31,934	30,651	15,758
1994 - June	191	159	14	186	4,164	201	23,195	2,542	2,144	1,568
July	222	307	20	410	4,311	249	21,080	2,562	1,454	1,362
Aug.	185	288	38	224	4,131	205	22,683	2,629	2,371	1,455
Sept.	210	189	16	852	4,709	282	26,468	2,596	3,414	2,058
Oct.	354	184	18	3,600	7,599	305	17,680	2,638	1,949	1,683
Nov.	217	169	17	1,129	6,833	300	21,435	2,656	2,322	1,330
Dec.	333	303	26	732	5,506	304	25,178	2,553	3,888	1,743
1995 - Jan.	222	214	21	768	5,306	308	17,548	2,592	2,764	1,328
Feb.	[r]174	188	15	661	4,266	262	20,298	2,542	2,593	1,255
Mar.	166	348	16	168	5,513	291	25,361	2,674	2,691	1,588
Apr.	178	202	18	47	4,204	227	16,828	2,592	1,974	1,188
May	191	200	15	1,021	4,111	287	21,117	2,621	2,406	1,353
June	185	336	14	670	3,493	286	25,035	2,639	2,630	1,580
Fiscal 1995 to date	2,019	2,144	159	8,794	46,830	2,570	190,481	23,508	23,217	13,048

Fiscal year or month	Department of Health and Human Services (11)	Department of Housing and Urban Development (12)	Department of the Interior (13)	Department of Justice (14)	Department of Labor (15)	Department of State (16)	Department of Transportation (17)	Department of the Treasury: Interest on the public debt (18)	Department of the Treasury: Other (19)	Department of Veterans Affairs (20)	Environmental Protection Agency (21)
1990[1]	193,678	20,167	5,794	6,739	25,315	3,979	28,636	264,853	-9,585	28,999	5,106
1991[1]	217,969	22,751	6,094	8,244	34,048	4,252	30,504	286,022	-9,128	31,213	5,770
1992[1]	257,961	24,470	6,555	9,826	47,164	5,007	32,561	292,330	1,098	33,737	5,932
1993[1]	282,774	25,185	6,728	10,197	44,738	5,384	34,457	292,502	6,209	35,487	5,925
1994[1]	310,837	25,774	6,910	10,005	36,919	5,718	37,278	296,278	10,981	37,401	5,855
1995 - Est.	[r]301,439	26,854	7,329	11,821	31,942	6,272	37,992	333,704	18,112	38,231	6,274
1996 - Est.	[r]331,437	26,276	7,340	13,525	35,853	5,547	37,337	364,037	22,045	37,951	6,609
1994 - June	26,910	2,125	634	790	2,793	338	3,187	53,306	-181	3,001	520
July	26,500	2,219	546	881	2,833	294	3,225	18,301	222	3,068	523
Aug.	26,547	2,547	495	774	2,908	494	3,763	19,686	4	3,119	503
Sept.	27,859	1,492	861	915	2,212	927	3,645	17,875	-257	4,242	607
Oct.	[r]22,133	2,903	883	908	2,352	488	3,444	19,732	34	1,698	438
Nov.	[r]24,486	2,426	582	818	1,684	841	3,499	24,912	-308	3,312	474
Dec.	[r]26,030	2,394	557	749	2,470	664	3,056	57,320	1,336	4,253	538
1995 - Jan.	[r]24,244	2,009	567	1,094	3,196	201	3,088	20,069	145	1,980	520
Feb.	[r]22,931	2,227	553	730	2,951	488	2,814	19,259	3,010	3,001	429
Mar.	[r]28,559	2,694	671	915	3,093	411	3,208	20,693	4,375	4,616	678
Apr.	23,053	2,707	499	920	2,899	371	2,571	20,883	3,732	1,828	493
May	26,792	1,843	574	774	2,741	335	3,193	26,769	2,476	3,184	571
June	28,535	2,795	482	875	2,871	397	3,425	59,355	496	4,540	542
Fiscal 1995 to date	226,762	21,998	5,367	7,783	24,259	4,196	28,299	268,992	15,297	28,415	4,682

See footnotes at end of table.

TABLE FFO-3.--On-budget and Off-budget Outlays by Agency, con.

[In millions of dollars. Source: "Monthly Treasury Statement of Receipts and Outlays of the United States Government"]

Fiscal year or month	General Services Adminis-tration (22)	National Aeronautics and Space Adminis-tration (23)	Office of Personnel Manage-ment (24)	Small Business Adminis-tration (25)	Social Security Admin-istration (26)	Undistributed offsetting receipts: Other indepen-dent agencies (27)	Employer share, employee retirement (28)	Interest received by trust funds (29)	Rents and royalties on the Outer Continental Shelf lands (30)	Other (31)	Allow-ances (32)	Total outlays: On-budget (33)	Off-budget (34)
1990 [1]	-122	12,429	31,949	692	244,998	73,518	-33,611	-62,312	-3,004	-97	-	1,026,785	225,065
1991 [1]	487	13,878	34,808	613	266,395	80,454	-36,206	-70,649	-3,150	-550	-	1,081,302	241,687
1992 [1]	469	13,961	35,596	394	281,418	18,877	-36,782	-77,838	-2,498	*	-	1,129,336	252,559
1993 [1]	743	14,305	36,794	937	298,349	-10,631	-34,601	-82,276	-2,785	*	-	1,142,110	266,012
1994 [1]	334	13,694	38,596	779	313,881	11,524	-34,770	-85,698	-3,001	*	-	1,181,185	279,372
1995 - Est.	1,131	14,241	40,308	703	r 363,419	8,646	-34,326	-91,465	-2,692	-4,375	-	1,246,936	291,984
1996 - Est.	639	14,127	42,795	437	r 381,740	14,327	-33,927	-98,134	-3,036	-6,453	-380	1,307,105	305,023
1994 - June	475	1,105	3,361	68	30,080	-367	-2,559	-36,407	-268	*	-	108,166	15,108
July	-704	994	3,349	78	25,184	1,681	-3,167	35	-9	-	-	93,164	24,861
Aug.	423	1,304	3,272	123	26,711	-1,525	-2,643	-699	-408	*	-	95,279	26,329
Sept.	222	1,393	3,340	96	26,905	4,933	-5,720	-164	-276	*	-	103,189	28,716
Oct.	-651	845	3,410	65	r 26,989	1,892	-2,442	-611	-154	*	-	95,307	25,059
Nov.	639	1,143	3,118	145	r 28,769	267	-2,416	-5,727	-160	*	-	99,464	25,452
Dec.	462	1,203	3,460	64	r 31,237	-533	-2,564	-38,216	-106	*	-	123,643	11,297
1995 - Jan.	-717	926	3,324	58	r 27,887	-1,481	-2,557	-95	-353	-	-	89,889	25,282
Feb.	431	1,072	3,337	64	r 29,836	-1,536	-2,491	-634	-197	-	-	r 94,050	26,478
Mar.	544	1,284	3,556	77	r 32,057	-710	-2,671	-251	-158	-	-	116,507	25,951
Apr.	-767	1,028	3,548	53	28,081	32	-2,554	-596	43	-610	-	90,628	25,045
May	540	1,245	3,431	55	30,220	-232	-2,590	-5,524	-366	-	-	102,581	26,773
June	387	1,166	3,647	59	36,248	-5,315	-2,696	-39,948	-431	*	-	119,478	14,818
Fiscal 1995 to date	870	9,910	30,831	639	271,324	-7,620	-22,981	-91,602	-1,882	-610	-	931,546	206,156

* Less than $500,000.

[1] Data for the period do not reflect postyear adjustments published in the "Monthly Treasury Statement of Receipts and Outlays of the United States Government," the source for this table.

Note.--On-budget and off-budget estimates are based on the fiscal 1996 budget, released by the Office of Management and Budget on February 6, 1995.

INTRODUCTION: Federal Obligations

The Federal Government controls the use of funds through *obligations*. Obligations are recorded when the Government makes a commitment to acquire goods or services. Obligations are the first of four key events that characterize the acquisition and use of resources: order, payment, delivery, and consumption. In general, they consist of orders placed, contracts awarded, services received, and similar transactions requiring the disbursement of money.

The obligational stage of a Government transaction is a strategic point in gauging the impact of the Government's operations on the national economy because it frequently represents a Government commitment that stimulates business investments, such as inventory purchases and employment. Though payment may not occur for months after the Government places its order, the order itself can cause immediate pressure on the private economy.

An obligation is classified by the nature of the transaction, without regard to its ultimate purpose. For example, all salaries and wages are reported as personnel compensation, whether the services are used in current operations or in the construction of capital items.

Federal agencies often do business with one another. In doing so, the "buying" agency records obligations and the "performing" agency records reimbursements. In table **FO-1**, these transactions are presented. Conversely, table **FO-2** shows only those transactions incurred outside the Federal Government.

TABLE FO-1.--Gross Obligations Incurred Within and Outside the Federal Government by Object Class, Mar. 31, 1995

[In millions of dollars. Source: Standard Form 225, Report on Obligations, from agencies]

Object class	Gross obligations incurred Outside (1)	Within (2)	Total (3)
Personal services and benefits:			
Personnel compensation	76,567	-	76,567
Personnel benefits	6,009	15,454	21,463
Benefits for former personnel	1,244	-	1,244
Contractual services and supplies:			
Travel and transportation of persons	3,412	339	3,751
Transportation of things	4,328	1,025	5,353
Rent, communications, and utilities	8,155	3,060	11,215
Printing and reproduction	639	308	947
Other services	97,883	25,400	123,283
Supplies and materials	24,584	13,042	37,626
Acquisition of capital assets:			
Equipment	25,304	2,696	28,000
Lands and structures	7,768	121	7,889
Investments and loans	15,455	116	15,571
Grants and fixed charges:			
Grants, subsidies, and contributions	156,014	22,128	178,142
Insurance claims and indemnities	317,512	1,823	319,335
Interest and dividends	126,938	46,538	173,476
Refunds	211	-	211
Other:			
Unvouchered	88	49	137
Undistributed U.S. obligations	5,679	3,900	9,579
Gross obligations incurred [1]	877,790	135,999	1,013,789
Gross obligations incurred (as above)			1,013,789
Deduct:			
Advances, reimbursements, other income, etc.			-182,766
Offsetting receipts			-129,093
Net obligations incurred			701,930

[1] For Federal budget presentation a concept of "net obligations incurred" is generally used. This concept eliminates transactions within the Government and revenue and reimbursements from the public, which by statute may be used by Government agencies without appropriation action by Congress. Summary figures on this basis follow. (Data are on the basis of Reports on Obligations presentation and therefore may differ somewhat from the "Budget of the U.S Government.")

CHART FO-A.--Gross Federal Obligations Incurred Outside the Federal Government, Mar. 31, 1995

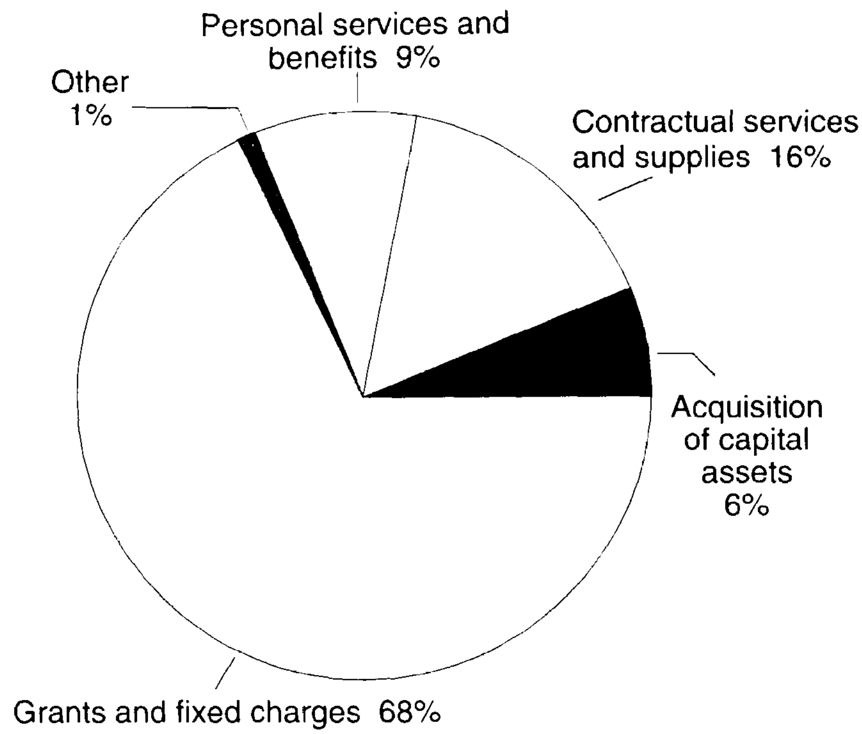


CHART FO-B.--Total Gross Federal Obligations, Mar. 31, 1995

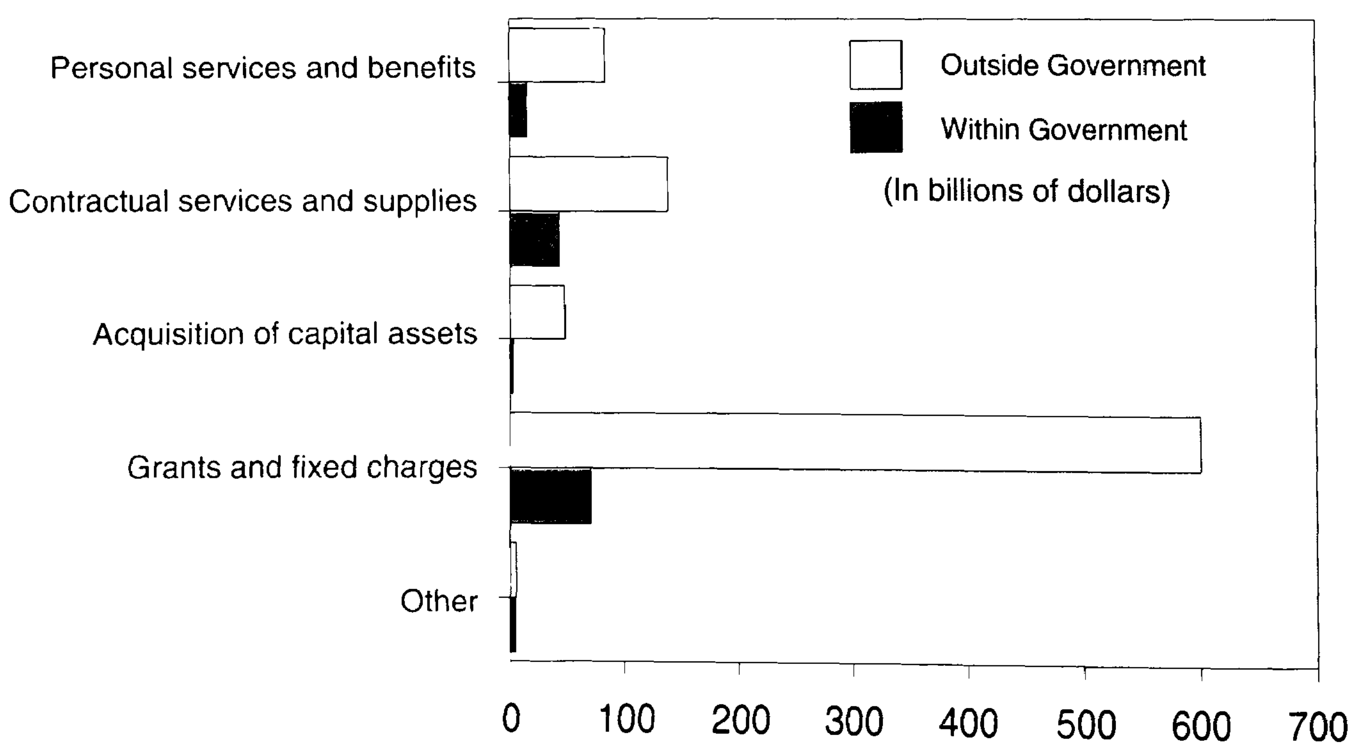


TABLE FO-2.--Gross Obligations Incurred Outside the Federal Government by Department or Agency, Mar. 31, 1995

[In millions of dollars. Source: Standard Form 225, Report on Obligations, from agencies]

Classification	Personal services and benefits			Contractual services and supplies					
	Personnel compensation (1)	Personnel benefits (2)	Benefits for former personnel (3)	Travel and transportation of persons (4)	Transportation of things (5)	Rent, communications, and utilities (6)	Printing and reproduction (7)	Other services (8)	Supplies and materials (9)
Legislative branch [1]	328	2	1	8	2	16	286	54	29
The judiciary [2]	-	-	-	-	-	-	-	-	-
Executive Office of the President	58	5	1	4	*	20	2	16	5
Funds appropriated to the President	277	27	*	30	216	648	21	1,042	278
Department of Agriculture:									
Commodity Credit Corporation	-	-	-	-	239	-	-	582	944
Other	2,159	12	67	98	4	187	5	547	387
Department of Commerce	678	25	20	24	5	61	19	249	61
Department of Defense:									
Military:									
Department of the Army	12,413	1,557	145	677	417	937	8	7,674	1,067
Department of the Navy	10,607	3,106	88	412	499	400	37	13,088	4,247
Department of the Air Force	10,487	173	50	646	226	554	13	13,744	280
Defense agencies	6,916	453	278	713	674	1,342	101	27,152	12,623
Total military	40,423	5,289	561	2,448	1,816	3,233	159	61,658	18,217
Civil	552	2	*	11	2	44	5	505	37
Department of Education	122	*	1	7	*	2	6	276	2
Department of Energy	556	*	4	39	3	321	7	12,519	40
Department of Health and Human Services, except Social Security	1,450	33	67	54	10	100	5	2,156	179
Department of Health and Human Services, Social Security	1,297	6	26	9	1	186	*	712	5
Department of Housing and Urban Development	298	57	23	7	*	35	*	207	3
Department of the Interior	1,134	5	37	56	11	57	1	553	83
Department of Justice	1,245	-	3	74	11	378	50	918	58
Department of Labor	412	90	5	22	3	132	3	248	9
Department of State	583	1	10	65	74	242	22	502	42
Department of Transportation	2,261	2	262	92	12	148	1	1,725	98
Department of the Treasury:									
Interest on the Public Debt	-	-	-	-	-	-	-	-	-
Interest on refunds, etc.	-	-	-	-	-	-	-	-	-
Other	719	*	1	27	6	53	4	276	61
Department of Veterans Affairs	4,439	140	6	94	12	302	2	1,872	1,256
Environmental Protection Agency	477	-	15	21	2	43	2	455	10
General Services Administration	381	*	55	10	28	1,109	3	1,656	1,441
National Aeronautics and Space Administration	657	-	17	26	6	137	5	7,371	113
Office of Personnel Management	67	*	*	1	*	3	1	12	1
Small Business Administration	133	3	2	15	*	32	11	275	4
Other independent agencies:									
Postal Service	13,751	-	43	59	1,701	459	3	536	451
Tennessee Valley Authority	437	171	-	12	158	44	1	385	696
Other	1,673	138	19	98	7	162	12	576	75
Total	76,567	6,009	1,244	3,412	4,328	8,155	639	97,883	24,584

See footnotes at end of table.

TABLE FO-2.--Gross Obligations Incurred Outside the Federal Government by Department or Agency, Mar. 31, 1995, con.

[In millions of dollars. Source: Standard Form 225, Report on Obligations, from agencies]

Classification	Acquisition of capital assets			Grants and fixed charges				Other		
	Equipment (10)	Land and structures (11)	Investments and loans (12)	Grants, subsidies, and contributions (13)	Insurance claims and indemnities (14)	Interest and dividends (15)	Refunds (16)	Unvouchered (17)	Undistributed U.S. obligations (18)	Total gross obligations incurred (19)
Legislative branch [1]	55	4	-	*	*	-	*	*	-	783
The judiciary [2]	-	-	-	-	-	-	-	-	-	-
Executive Office of the President	4	-	563	43	*	-	-	-	*	718
Funds appropriated to the President	2,794	39	1,289	3,497	1	-	-	-	-	10,160
Department of Agriculture:										
Commodity Credit Corporation	1	-	8,360	3,894	-	12	-	-	-	14,031
Other	53	75	1,714	22,422	4	1,913	2	*	*	29,648
Department of Commerce	111	6	8	510	1	*	-	72	*	1,850
Department of Defense:										
Military:										
Department of the Army	1,561	723	-	21	81	-	-	-	-	27,282
Department of the Navy	9,679	241	*	78	2	-	-	-	-	42,486
Department of the Air Force	7,150	519	-	19	6	1	*	*	48	33,915
Defense agencies	1,794	745	2	139	14,522	5	-	16	3	67,480
Total military	20,184	2,228	2	257	14,611	6	-	16	51	171,163
Civil	22	433	-	-	*	1	-	-	-	1,615
Department of Education	3	-	1,868	8,589	1,112	*	-	-	-	11,989
Department of Energy	450	809	19	579	*	*	-	-	-	15,347
Department of Health and Human Services, except Social Security	71	25	*	73,572	85,127	1	-	-	-	162,851
Department of Health and Human Services, Social Security	13	*	-	13,564	163,054	*	-	-	-	178,873
Department of Housing and Urban Development	8	2,192	886	11,185	38	6	-	-	-	14,945
Department of the Interior	79	299	-	952	6	1	-	*	-	3,275
Department of Justice	125	3	-	224	14	*	-	*	-	3,103
Department of Labor	71	78	7	1,222	11,888	*	-	-	-	14,189
Department of State	30	5	*	2,067	231	*	-	*	-	3,875
Department of Transportation	287	95	9	4,698	2	-	*	*	-	9,693
Department of the Treasury:										
Interest on the Public Debt	-	-	-	-	-	121,489	-	-	-	121,489
Interest on refunds, etc.	-	-	-	2	-	1,340	-	-	-	1,341
Other	49	9	-	2,526	389	-	11	-	-	4,130
Department of Veterans Affairs	159	1,065	443	1,050	9,581	547	-	-	-	20,966
Environmental Protection Agency	10	23	*	2,895	*	-	-	-	5	3,959
General Services Administration	176	44	-	15	*	5	-	-	-	4,924
National Aeronautics and Space Administration	66	183	*	175	*	*	*	-	-	8,757
Office of Personnel Management	1	*	-	-	27,372	-	197	-	-	27,655
Small Business Administration	2	-	120	65	*	*	-	-	-	663
Other independent agencies:										
Postal Service	347	140	-	-	30	18	-	-	-	17,539
Tennessee Valley Authority	34	1	168	125	-	945	-	-	-	3,177
Other	96	12	-	1,886	4,051	653	-	*	5,623	15,083
Total	25,304	7,768	15,455	156,014	317,512	126,938	211	88	5,679	877,790

* Less than $500,000.

[1] Includes reports for Library of Congress, Government Printing Office, and General Accounting Office.

[2] No reports received from this entity.

INTRODUCTION: Source and Availability of the Balance in the Account of the U.S. Treasury

The Treasury's operating cash is maintained in accounts with the Federal Reserve banks (FRBs) and branches, as well as in tax and loan accounts in other financial institutions. Major information sources include the Daily Balance Wire received from the FRBs and branches, and electronic transfers through the Letter of Credit Payment, Fedline Payment, and Fedwire Deposit Systems. As the FRB accounts are depleted, funds are called in (withdrawn) from thousands of tax and loan accounts at financial institutions throughout the country.

Under authority of Public Law 95-147, Treasury implemented a program on November 2, 1978, to invest a portion of its operating cash in obligations of depositaries maintaining tax and loan accounts. Under the Treasury tax and loan investment program, depositary financial institutions select the manner in which they will participate. Financial institutions wishing to retain funds deposited into their tax and loan accounts in interest-bearing obligations participate under the Note Option. The program permits Treasury to collect funds through financial institutions and to leave the funds in Note Option depositaries and in the financial communities in which they arise until Treasury needs the funds for its operations. In this way, Treasury is able to neutralize the effect of its fluctuating operations on Note Option financial institution reserves and on the economy. Likewise, those institutions wishing to remit the funds to the Treasury's account at FRBs do so under the Remittance Option.

Deposits to tax and loan accounts occur as customers of financial institutions deposit tax payments, which the financial institutions use to purchase Government securities. In most cases, this involves a transfer of funds from a customer's account to the tax and loan account in the same financial institution. Also, Treasury can direct the FRBs to invest excess funds in tax and loan accounts directly from the Treasury account at the FRBs.

TABLE UST-1.--Elements of Change in Federal Reserve and Tax and Loan Note Account Balances

[In millions of dollars. Source: Financial Management Service]

	Credits and withdrawals				
	Federal Reserve accounts			Tax and loan note accounts	
	Credits [1]				
Fiscal year or month	Received directly (1)	Received through remittance option tax and loan depositaries (2)	Withdrawals [2] (3)	Taxes [3] (4)	Withdrawals (transfers to Federal Reserve accounts) (5)
1990	2,676,047	248,820	2,930,667	553,332	548,337
1991	3,068,821	264,818	3,333,340	566,620	565,581
1992	3,266,858	288,556	3,538,754	572,967	572,321
1993	3,407,516	331,337	3,746,152	584,383	583,369
1994	3,597,247	307,639	3,915,321	686,879	693,001
1994 - June	329,123	25,931	351,372	76,026	55,910
July..........	225,672	19,434	250,781	50,504	75,536
Aug.	331,125	20,616	349,424	55,907	48,417
Sept..........	326,690	24,928	350,766	72,409	67,408
Oct...........	265,456	20,548	287,686	52,674	50,510
Nov.	310,062	20,007	329,885	52,847	62,396
Dec.	303,143	28,679	330,006	83,342	85,631
1995 - Jan.	340,682	19,678	353,559	52,529	36,069
Feb.	323,055	14,675	344,805	42,198	49,124
Mar.	327,127	18,080	347,552	51,621	67,020
Apr...........	345,366	18,414	360,082	51,981	35,706
May..........	381,363	16,565	401,521	45,139	53,385
June	391,455	20,666	395,787	62,509	44,528

See footnotes at end of table.

TABLE UST-1.--Elements of Change in Federal Reserve and Tax and Loan Note Account Balances, con.

[In millions of dollars. Source: Financial Management Service]

Fiscal year or month	Balances: End of period: Federal Reserve (6)	End of period: Tax and loan note accounts (7)	During period: High: Federal Reserve (8)	High: Tax and loan note accounts (9)	Low: Federal Reserve (10)	Low: Tax and loan note accounts (11)	Average: Federal Reserve (12)	Average: Tax and loan note accounts (13)
1990	7,638	32,517	16,758	37,436	1,980	183	5,424	16,529
1991	7,928	33,556	27,810	36,577	2,427	422	6,646	19,202
1992	24,586	34,203	24,586	37,028	1,852	2,752	6,513	19,756
1993	17,289	35,217	28,386	37,540	1,108	1,625	6,510	18,978
1994	6,848	29,094	21,541	46,624	2,736	-	5,904	18,631
1994 - June	9,356	41,635	9,356	42,429	3,126	3,866	6,120	21,055
July	3,683	16,603	7,086	16,882	3,585	4,287	5,179	11,261
Aug.	5,994	24,093	6,883	25,328	3,596	6,255	5,220	12,974
Sept.	6,848	29,094	11,359	44,647	3,986	585	5,953	18,295
Oct.	5,164	31,258	6,948	31,258	3,959	2,301	5,553	13,229
Nov.	5,348	21,709	6,377	28,202	4,066	1,717	5,250	11,321
Dec.	7,161	19,419	9,047	38,732	3,396	342	6,113	13,065
1995 - Jan.	13,964	35,880	13,964	35,880	5,061	11,053	7,147	21,019
Feb.	6,890	28,954	10,404	36,361	3,890	15,751	5,753	21,968
Mar.	4,543	13,554	7,967	24,367	3,461	5,128	5,141	9,864
Apr.	8,241	29,828	8,241	32,277	4,211	99	6,155	12,719
May	4,646	21,582	16,220	39,051	3,735	11,208	5,791	19,847
June	20,977	39,563	20,977	39,870	2,826	775	7,530	19,928

[1] Represents transfers from tax and loan note accounts, proceeds from sales of securities other than Government account series, and taxes.
[2] Represents checks paid, wire transfer payments, drawdowns on letters of credit, redemptions of securities other than Government account series, and investment (transfer) of excess funds out of this account to the tax and loan note accounts.
[3] Taxes eligible for credit consist of those deposited by taxpayers in the tax and loan depositaries as follows: Withheld income taxes beginning March 1948; taxes on employers and employees under the Federal Insurance Contributions Act beginning January 1950, and under the Railroad Retirement Tax Act beginning July 1951; a number of excise taxes beginning July 1953; estimated corporation income taxes beginning April 1967; all corporation income taxes due on or after Mar. 15, 1968; Federal Unemployment Tax Act taxes beginning April 1970, and individual estimated income taxes beginning October 1988.

INTRODUCTION: Federal Debt

Treasury securities (i.e., public debt securities) comprise most of the Federal debt, with securities issued by other Federal agencies accounting for the rest. Tables in this section of the "Treasury Bulletin" reflect the total. Further detailed information is published in the "Monthly Statement of the Public Debt of the United States." Likewise, information on agency securities and on investments of Federal Government accounts in Federal securities is published in the "Monthly Treasury Statement of Receipts and Outlays of the United States Government."

• Table **FD-1** summarizes the Federal debt by listing public debt and agency securities held by the public, including the Federal Reserve. It also includes debt held by Federal agencies, largely by the Social Security and other Federal retirement trust funds. The net unamortized premium and discount are also listed by total Federal securities, securities held by Government accounts, and securities held by the public. The difference between the outstanding face value of the Federal debt and the net unamortized premium and discount is classified as the accrual amount. (For greater detail on holdings of Federal securities by particular classes of investors, see the ownership tables, OFS-1 and OFS-2.)

• Table **FD-2** categorizes by type interest-bearing marketable and nonmarketable Treasury securities. The difference between interest-bearing and total public debt securities reflects outstanding matured Treasury securities--that is, unredeemed securities that have matured and are no longer accruing interest. Because the Federal Financing Bank is under the supervision of Treasury, its securities are held by a U.S. Government account.

• In table **FD-3**, nonmarketable Treasury securities held by U.S. Government accounts are summarized by issues to particular funds within Government. Many of the funds invest in *par value* special series nonmarketables at interest rates determined by law. Others invest in market-based special Treasury securities whose terms mirror those of marketable securities.

• Table **FD-4** presents interest-bearing securities issued by Government agencies. Federal agency borrowing has declined in recent years, in part because the Federal Financing Bank has provided financing to other Federal agencies. (Federal agency borrowing from Treasury is presented in the "Monthly Treasury Statement of Receipts and Outlays of the United States Government.")

• Table **FD-5** illustrates the average length of marketable interest-bearing public debt held by private investors and the maturity distribution of that debt. Average maturity has increased gradually since it hit a low of 2 years, 5 months, in December 1975. In March 1971, Congress enacted a limited exception to the 4-1/4-percent interest rate ceiling on Treasury bonds. This permitted Treasury to offer securities maturing in more than 7 years at current market rates of interest for the first time since 1965. This exception has expanded since 1971 authorizing Treasury to continue to issue long-term securities, and the ceiling on Treasury bonds was repealed on November 10, 1988. The volume of privately held Treasury marketable securities by maturity class reflects the remaining period to maturity of Treasury bills, notes, and bonds. The average length is comprised of an average of remaining periods to maturity, weighted by the amount of each security held by private investors. In other words, computations of average length exclude Government accounts and the Federal Reserve banks.

• In table **FD-6**, the debt ceiling is compared with the outstanding debt subject to limitation by law. The other debt category includes Federal debt Congress has designated as being subject to the debt ceiling. Changes in the non-interest-bearing debt shown in the last column reflect maturities of Treasury securities on nonbusiness days, which can be redeemed on the next business day.

• Table **FD-7** details Treasury holdings of securities issued by Government corporations and other agencies. Certain Federal agencies are authorized to borrow money from the Treasury, largely to finance direct loan programs. In addition, agencies such as the Bonneville Power Administration are authorized to borrow from the Treasury to finance capital projects. Treasury, in turn, finances these loans by selling Treasury securities to the public.

TABLE FD-1.--Summary of Federal Debt

[In millions of dollars. Source: "Monthly Treasury Statement of Receipts and Outlays of the United States Government"]

End of fiscal year or month	Amount outstanding			Securities held by: Government accounts			Securities held by: The public		
	Total (1)	Public debt securities (2)	Agency securities (3)	Total (4)	Public debt securities (5)	Agency securities (6)	Total (7)	Public debt securities (8)	Agency securities (9)
1990	3,266,073	3,233,313	32,758	795,907	795,762	145	2,470,166	2,437,551	32,613
1991	3,683,054	3,665,303	17,751	919,713	919,573	139	2,763,341	2,745,729	17,612
1992	4,082,871	4,064,621	18,250	1,016,453	1,016,330	123	3,066,418	3,048,291	18,127
1993	4,436,171	4,411,489	24,682	1,116,713	1,116,693	21	3,319,458	3,294,796	24,661
1994	4,721,293	4,692,750	28,543	1,213,115	1,213,098	17	3,508,178	3,479,652	28,526
1994 - June	4,673,263	4,645,802	27,461	1,202,951	1,202,934	17	3,470,312	3,442,868	27,444
July	4,664,196	4,636,362	27,834	1,196,787	1,196,769	17	3,467,410	3,439,593	27,817
Aug.	4,719,618	4,691,991	27,627	1,199,765	1,199,748	17	3,519,853	3,492,243	27,610
Sept.	4,721,293	4,692,750	28,543	1,213,115	1,213,098	17	3,508,178	3,479,652	28,526
Oct.	4,760,604	4,734,167	26,437	1,219,609	1,219,592	17	3,540,995	3,514,575	26,420
Nov.	4,805,282	4,778,520	26,762	1,223,252	1,223,236	17	3,582,030	3,555,284	26,745
Dec.	4,826,916	4,800,150	26,766	1,257,048	1,257,032	17	3,569,868	3,543,118	26,749
1995 - Jan.	4,842,572	4,815,827	26,745	1,259,092	1,259,075	17	3,583,480	3,556,752	26,728
Feb.	4,880,753	4,854,298	26,455	1,258,572	1,258,556	17	3,622,181	3,595,742	26,438
Mar.	4,890,575	4,864,116	26,459	1,254,674	1,254,657	17	3,635,901	3,609,459	26,442
Apr.	4,878,806	4,852,327	26,479	1,271,236	1,271,219	17	3,607,570	3,581,108	26,462
May	4,930,589	4,903,926	26,663	1,278,619	1,278,602	17	3,651,970	3,625,324	26,646
June	4,978,233	4,951,372	26,861	1,316,581	1,316,564	17	3,661,652	3,634,808	26,844

End of fiscal year or month	Federal debt securities			Securities held by Government accounts			Securities held by the public		
	Amount outstanding face value (10)	Net unamortized premium and discount (11)	Accrual amount (12)	Amount outstanding face value (13)	Net unamortized premium and discount (14)	Accrual amount (15)	Amount outstanding face value (16)	Net unamortized premium and discount (17)	Accrual amount (18)
1990	3,266,073	59,811	3,206,260	795,907	-	795,907	2,470,166	59,811	2,410,353
1991	3,683,054	84,137	3,598,919	919,713	7,962	911,751	2,763,341	76,175	2,687,168
1992	4,082,871	80,058	4,002,815	1,016,453	12,415	1,004,039	3,066,418	67,643	2,998,776
1993	4,436,171	85,022	4,351,149	1,116,713	12,776	1,103,938	3,319,458	72,246	3,247,211
1994	4,721,293	77,297	4,643,996	1,213,115	1,472	1,211,644	3,508,178	75,826	3,432,352
1994 - June	4,673,263	75,674	4,597,589	1,202,951	713	1,202,238	3,470,312	74,961	3,395,352
July	4,664,196	75,818	4,588,378	1,196,787	716	1,196,071	3,467,410	75,102	3,392,307
Aug.	4,719,618	76,521	4,643,097	1,199,765	972	1,198,792	3,519,853	75,548	3,444,305
Sept.	4,721,293	77,297	4,643,996	1,213,115	1,472	1,211,644	3,508,178	75,826	3,432,352
Oct.	4,760,604	77,719	4,682,885	1,219,609	1,533	1,218,076	3,540,995	76,185	3,464,810
Nov.	4,805,282	78,228	4,727,054	1,223,252	1,759	1,221,493	3,582,030	76,469	3,505,561
Dec.	4,826,916	79,446	4,747,470	1,257,048	1,823	1,255,225	3,569,868	77,624	3,492,244
1995 - Jan.	4,842,572	79,753	4,762,819	1,259,092	1,854	1,257,237	3,583,480	77,899	3,505,581
Feb.	4,880,753	79,794	4,800,959	1,258,572	1,818	1,256,754	3,622,181	77,977	3,544,204
Mar.	4,890,575	80,106	4,810,469	1,254,674	2,055	1,252,619	3,635,901	78,051	3,557,850
Apr.	4,878,806	79,600	4,799,206	1,271,236	2,242	1,268,994	3,607,570	77,358	3,530,212
May	4,930,589	79,297	4,851,292	1,278,619	2,261	1,276,358	3,651,970	77,035	3,574,935
June	4,978,233	80,551	4,897,682	1,316,581	2,324	1,314,257	3,661,652	78,227	3,583,425

TABLE FD-2.--Interest-Bearing Public Debt

[In millions of dollars. Source: "Monthly Statement of the Public Debt of the United States"]

End of fiscal year or month	Total interest-bearing public debt (1)	Marketable: Total (2)	Marketable: Treasury bills (3)	Marketable: Treasury notes (4)	Marketable: Treasury bonds (5)	Marketable: Other securities: Federal Financing Bank (6)	Nonmarketable Total (7)
1990	3,210,943	2,092,759	482,454	1,218,081	377,224	15,000	1,118,184
1991	3,662,759	2,390,660	564,589	1,387,717	423,354	15,000	1,272,099
1992	4,061,801	2,677,476	634,287	1,566,349	461,840	15,000	1,384,325
1993	4,408,567	2,904,910	658,381	1,734,161	497,367	15,000	1,503,657
1994	4,689,524	3,091,602	697,295	1,867,507	511,800	15,000	1,597,922
1994 - June	4,642,523	3,050,989	698,446	1,835,705	501,837	15,000	1,591,534
July	4,616,171	3,034,469	706,064	1,811,569	501,837	15,000	1,581,702
Aug.	4,688,745	3,103,702	716,177	1,860,724	511,800	15,000	1,585,043
Sept.	4,689,524	3,091,602	697,295	1,867,507	511,800	15,000	1,597,922
Oct.	4,730,969	3,123,224	721,149	1,875,275	511,799	15,000	1,607,746
Nov.	4,775,318	3,164,390	745,294	1,893,798	510,297	15,000	1,610,928
Dec.	4,769,171	3,126,035	733,753	1,866,986	510,296	15,000	1,643,137
1995 - Jan.	4,812,208	3,173,398	741,771	1,906,332	510,294	15,000	1,638,810
Feb.	4,850,521	3,211,929	756,351	1,922,913	517,665	15,000	1,638,593
Mar.	4,860,502	3,227,333	756,447	1,938,223	517,664	15,000	1,633,169
Apr.	4,831,533	3,182,253	735,178	1,914,413	517,662	15,000	1,649,279
May	4,900,346	3,241,464	750,702	1,961,107	514,655	15,000	1,658,881
June	4,947,814	3,252,620	748,302	1,974,663	514,654	15,000	1,695,194

End of fiscal year or month	Nonmarketable, con.: U.S. savings bonds (8)	Foreign series: Government (9)	Government account series (10)	State and local government series (11)	Domestic series (12)	Other (13)
1990	122,152	36,041	779,412	161,248	18,886	447
1991	133,512	41,639	908,406	158,117	29,995	429
1992	148,266	37,039	1,011,020	157,570	29,995	435
1993	167,024	42,459	1,114,289	149,449	29,995	442
1994	176,413	41,996	1,211,689	137,386	29,995	445
1994 - June	174,859	42,229	1,200,606	143,383	29,995	462
July	175,460	41,924	1,194,806	139,073	29,995	444
Aug.	175,915	41,788	1,198,058	138,844	29,995	444
Sept.	176,413	41,996	1,211,689	137,386	29,995	445
Oct.	177,187	42,880	1,221,401	135,840	29,995	443
Nov.	177,755	42,683	1,225,944	134,107	29,995	442
Dec.	177,786	42,471	1,259,827	132,616	29,995	442
1995 - Jan.	178,041	42,536	1,262,642	125,155	29,995	441
Feb.	178,465	42,979	1,262,711	124,002	29,995	440
Mar.	178,839	41,797	1,259,184	122,908	29,995	444
Apr.	179,458	41,662	1,275,568	122,154	29,995	442
May	179,824	41,614	1,283,765	123,246	29,995	438
June	180,136	41,442	1,322,041	121,145	29,995	434

TABLE FD-3.--Government Account Series

[In millions of dollars. Source: "Monthly Statement of the Public Debt of the United States"]

End of fiscal year or month	Total (1)	Airport and Airway Trust Fund (2)	Bank Insurance Fund (3)	Employees Life Insurance Fund (4)	Exchange stabilization fund (5)	Federal Disability Insurance Trust Fund (6)	Federal employees retirement funds (7)	Federal Hospital Insurance Trust Fund (8)	Federal Housing Administration (9)	Federal Old-age and Survivors Insurance Trust Fund (10)
1990	779,412	14,312	8,438	9,561	1,863	11,254	223,229	96,249	6,678	203,717
1991	908,406	15,194	6,108	11,140	2,378	12,854	246,631	109,327	6,839	255,557
1992	1,011,020	15,090	4,664	12,411	3,314	12,774	273,732	120,647	6,077	306,524
1993	1,114,289	12,672	4,325	13,575	5,637	10,162	301,711	126,078	5,380	355,510
1994	1,211,689	12,206	13,972	14,929	7,326	6,025	329,602	128,716	5,933	413,425
1994 - June	1,200,606	12,527	10,746	14,612	7,334	7,979	312,180	131,599	5,851	409,674
July	1,194,806	12,322	10,973	14,659	7,357	7,244	310,409	129,876	5,803	410,812
Aug.	1,198,058	12,277	13,403	14,920	7,298	6,574	308,555	129,114	5,860	411,702
Sept.	1,211,689	12,206	13,972	14,929	7,326	6,025	329,602	128,716	5,933	413,425
Oct.	1,221,401	12,286	14,095	15,008	7,353	6,713	327,578	129,218	5,876	414,078
Nov.	1,225,944	11,830	14,308	15,246	8,593	21,689	325,712	128,695	5,876	398,878
Dec.	1,259,827	12,155	14,596	15,068	8,627	22,904	337,894	133,541	5,873	413,431
1995 - Jan.	1,262,642	11,809	16,045	15,248	8,167	24,351	335,878	133,316	5,794	417,229
Feb.	1,262,711	11,597	18,022	15,385	6,374	25,299	333,860	132,132	5,383	417,357
Mar.	1,259,184	11,455	18,570	15,385	4,629	26,545	331,978	129,750	5,352	419,354
Apr.	1,275,568	11,205	18,475	15,303	2,956	29,382	329,939	133,765	5,996	430,268
May	1,283,765	11,354	19,206	15,642	882	30,281	327,880	131,222	5,255	431,146
June	1,322,041	11,692	21,522	15,519	1,536	32,676	340,191	135,559	5,736	446,143

End of fiscal year or month	Federal Savings and Loan Corporation, resolution fund (11)	Federal Supplementary Medical Insurance Trust Fund (12)	Government life insurance fund (13)	Highway Trust Fund (14)	National Service Life Insurance fund (15)	Postal Service fund (16)	Railroad Retirement Account (17)	Treasury deposit funds (18)	Unemployment Trust Fund (19)	Other (20)
1990	929	14,286	164	9,530	10,917	3,063	8,356	304	50,186	106,376
1991	966	16,241	148	10,146	11,150	3,339	9,097	151	47,228	143,912
1992	1,346	18,534	134	11,167	11,310	4,679	10,081	212	34,898	163,426
1993	828	23,269	125	11,475	11,666	3,826	10,457	147	36,563	180,883
1994	1,649	21,489	114	7,751	11,852	1,270	10,596	130	39,745	184,959
1994 - June	2,145	23,557	117	10,233	12,051	5,456	10,236	121	38,983	185,205
July	2,150	23,214	119	9,529	12,000	4,755	10,186	142	38,277	184,979
Aug.	1,829	21,968	117	8,940	11,917	5,303	10,643	130	41,204	186,304
Sept.	1,649	21,489	114	7,751	11,852	1,270	10,596	130	39,745	184,959
Oct.	1,727	20,739	114	7,245	11,791	613	10,538	140	39,365	196,924
Nov.	1,307	19,787	113	6,812	11,723	1,281	10,514	146	40,993	202,441
Dec.	1,274	19,778	113	8,246	12,152	1,197	10,475	264	40,494	201,745
1995 - Jan.	1,391	19,895	115	8,442	12,098	1,541	10,572	151	38,887	201,713
Feb.	1,060	20,508	113	9,173	12,017	1,799	10,661	138	39,387	202,446
Mar.	1,077	19,814	111	9,349	11,919	3,010	10,850	131	37,645	202,260
Apr.	1,086	20,875	110	9,859	11,832	3,707	11,054	135	38,058	201,563
May	739	20,448	108	9,703	11,748	4,387	11,205	127	47,076	205,356
June	945	20,900	109	9,631	12,176	3,871	11,253	135	46,663	205,784

TABLE FD-4.--Interest-Bearing Securities Issued by Government Agencies

[In millions of dollars. Source: "Monthly Treasury Statement of Receipts and Outlays of the United States Government" and Financial Management Service]

End of fiscal year or month	Total outstanding (1)	Federal Deposit Insurance Corporation: Bank Insurance Fund (2)	Federal Deposit Insurance Corporation: Federal Savings and Loan Insurance Corporation, resolution fund (3)	Department of Housing and Urban Development: Federal Housing Administration (4)	Farm Cedit System Financial Assistance Corp. (5)	Other independent: Tennessee Valley Authority (6)	Other (7)
1990	32,758	2,981	19,339	357	-	9,380	701
1991	17,751	95	6,124	336	-	10,503	694
1992	18,250	93	1,137	301	-	16,015	705
1993	24,682	93	943	213	1,261	21,675	498
1994	28,543	-	538	112	1,261	26,121	509
1994 - June	27,461	93	797	138	1,261	24,662	509
July	27,834	93	797	82	1,261	25,091	508
Aug.	27,627	-	538	101	1,261	25,217	509
Sept.	28,543	-	538	112	1,261	26,121	509
Oct.	26,437	-	538	114	1,261	24,012	510
Nov.	26,762	-	538	117	1,261	24,334	512
Dec.	26,766	-	538	116	1,261	24,336	513
1995 - Jan.	26,745	-	507	59	1,261	24,403	514
Feb.	26,455	-	158	60	1,261	24,460	516
Mar.	26,459	-	158	65	1,261	24,459	515
Apr.	26,479	-	158	70	1,261	24,472	516
May	26,663	-	158	78	1,261	24,665	500
June	26,861	-	158	81	1,261	24,858	502

TABLE FD-5.--Maturity Distribution and Average Length of Marketable Interest-Bearing Public Debt Held by Private Investors

[In millions of dollars. Source: Office of Market Finance]

End of fiscal year or month	Amount outstanding privately held [1] (1)	Maturity classes: Within 1 year (2)	1-5 years (3)	5-10 years (4)	10-20 years (5)	20 years and over (6)	Average length (7)	
1990	1,841,903	626,297	630,144	267,573	82,713	235,176	6 yrs.	1 mo.
1991	2,113,799	713,778	761,243	280,574	84,900	273,304	6 yrs.	0 mos.
1992	2,363,802	808,705	866,329	295,921	84,706	308,141	5 yrs.	11 mos.
1993	2,562,336	858,135	978,714	306,663	94,345	324,479	5 yrs.	10 mos.
1994	2,719,861	877,932	1,128,322	289,998	88,208	335,401	5 yrs.	8 mos.
1994 - June	2,676,695	878,396	1,087,030	295,184	87,702	328,383	5 yrs.	7 mos.
July	2,667,897	888,349	1,076,723	286,051	87,621	329,153	5 yrs.	7 mos.
Aug.	2,731,481	899,256	1,116,418	292,971	88,235	334,601	5 yrs.	8 mos.
Sept.	2,719,861	877,932	1,128,322	289,998	88,208	335,401	5 yrs.	8 mos.
Oct.	2,750,705	904,001	1,144,298	279,896	88,058	334,451	r 5 yrs.	7 mos.
Nov.	2,782,099	926,834	1,149,907	290,468	84,856	330,035	5 yrs.	6 mos.
Dec.	2,737,789	906,618	1,130,084	r 288,781	84,157	328,150	5 yrs.	6 mos.
1995 - Jan.	r 2,791,905	r 927,146	r 1,169,586	r 280,372	84,832	329,970	5 yrs.	5 mos.
Feb.	r 2,829,671	r 950,006	1,170,648	283,190	96,284	329,543	5 yrs.	6 mos.
Mar.	2,841,506	963,767	1,171,125	280,798	96,284	329,533	5 yrs.	5 mos.
Apr.	2,795,125	952,570	1,148,083	269,784	95,990	328,699	5 yrs.	5 mos.
May	2,851,360	980,967	1,173,686	278,581	89,857	328,269	5 yrs.	5 mos.
June	2,847,129	980,975	1,170,628	277,926	89,447	328,153	5 yrs.	4 mos.

TABLE FD-6.--Debt Subject to Statutory Limitation

[In millions of dollars. Source: "Monthly Statement of the Public Debt of the United States"]

End of fiscal year or month	Statutory debt limit (1)	Debt outstanding subject to limitation: Total (2)	Public debt (3)	Other debt [2] (4)	Interest-bearing debt subject to limitation: Public debt (5)	Other debt (6)	Non-interest-bearing public debt subject to limitation (7)
1990	3,195,000	3,161,223	3,160,866	358	3,139,092	358	21,774
1991	4,145,000	3,569,300	3,568,964	336	3,567,793	336	1,171
1992	4,145,000	3,972,578	3,972,276	302	3,970,891	302	1,385
1993	4,900,000	4,315,571	4,315,358	213	4,313,976	213	1,382
1994	4,900,000	4,605,338	4,605,226	112	4,603,700	112	1,526
1994 - June	4,900,000	4,559,294	4,559,156	138	4,557,553	138	1,603
July	4,900,000	4,549,569	4,549,499	69	4,530,982	69	18,517
Aug.	4,900,000	4,605,090	4,604,988	101	4,603,416	101	1,572
Sept.	4,900,000	4,605,338	4,605,226	112	4,603,700	112	1,526
Oct.	4,900,000	4,646,368	4,646,254	114	4,644,762	114	1,492
Nov.	4,900,000	4,690,304	4,690,187	117	4,688,691	117	1,496
Dec.	4,900,000	4,711,004	4,710,888	116	4,681,657	116	29,231
1995 - Jan.	4,900,000	4,726,369	4,726,310	59	4,724,438	59	1,872
Feb.	4,900,000	4,764,890	4,764,829	61	4,762,800	61	2,029
Mar.	4,900,000	4,774,497	4,774,432	65	4,772,614	65	1,818
Apr.	4,900,000	4,763,157	4,763,087	70	4,744,114	70	18,973
May	4,900,000	4,815,153	4,815,075	78	4,813,316	78	1,759
June	4,900,000	4,861,342	4,861,261	81	4,859,554	81	1,707

[1] Beginning September 1976 the maturity distribution and average length was calculated on the interest-bearing marketable debt privately held. Published data was changed for the end of the fiscal years back through 1967.

[2] Consists of guaranteed debt issued by the Federal Housing Administration.

TABLE FD-7.--Treasury Holdings of Securities Issued by Government Corporations and Other Agencies

[In millions of dollars. Source: "Monthly Treasury Statement of Receipts and Outlays of the United States Government"]

End of fiscal year or month	Total (1)	Department of Agriculture: Commodity Credit Corporation (2)	Rural Development Administration (3)	Rural Electrification Administration (4)	Farmers Home Administration (5)	Farm-Service Agency (6)	Rural Utilities Service (7)
1990	227,263	16,619	-	8,649	21,127	-	-
1991	251,996	21,794	-	8,649	17,837	-	-
1992	206,410	17,282	-	8,693	9,060	-	-
1993	183,196	24,745	1,685	8,926	8,682	-	-
1994	163,642	16,909	2,112	8,855	8,529	-	-
1994 - June	166,925	15,659	2,275	8,791	9,494	-	-
July	165,660	16,052	2,275	8,791	9,494	-	-
Aug.	165,129	16,113	2,275	8,802	9,494	-	-
Sept.	163,642	16,909	2,112	8,855	8,529	-	-
Oct.	148,118	1,967	2,867	9,666	7,757	-	-
Nov.	149,936	4,816	2,867	9,665	7,757	-	-
Dec.	153,997	6,682	2,867	9,648	7,959	-	-
1995 - Jan.	154,307	7,661	2,867	9,648	7,959	-	-
Feb.	153,960	7,833	2,867	9,647	7,959	-	-
Mar.	153,059	-	-	-	-	10,992	12,416
Apr.	151,082	-	-	-	-	11,660	12,418
May	148,412	-	-	-	-	11,619	12,382
June	143,212	-	-	-	-	11,082	12,145

End of fiscal year or month	Department of Agriculture, con.: Rural Housing and Community Development Service (8)	Rural Business and Cooperative Development Service (9)	Foreign Agricultural Service (10)	Department of Education (11)	Department of Energy: Bonneville Power Administration (12)	Department of Housing and Urban Development: Federal Housing Administration (13)	Other housing programs (14)
1990	-	-	-	716	1,694	5,537	7,019
1991	-	-	-	731	1,672	7,323	7,458
1992	-	-	-	2,770	1,906	-	8,774
1993	-	-	-	2,673	2,332	-	8,959
1994	-	-	-	2,612	2,617	783	8,484
1994 - June	-	-	-	2,977	2,597	-	8,484
July	-	-	-	2,977	2,597	-	8,484
Aug.	-	-	-	3,023	2,597	-	8,484
Sept.	-	-	-	2,612	2,617	783	8,484
Oct.	-	-	-	3,900	2,617	762	7,714
Nov.	-	-	-	3,900	2,617	762	7,714
Dec.	-	-	-	7,498	2,617	762	7,714
1995 - Jan.	-	-	-	7,498	2,672	762	7,714
Feb.	-	-	-	7,498	2,612	762	7,714
Mar.	5,690	88	680	7,499	2,612	762	7,714
Apr.	5,690	88	680	7,499	2,612	762	7,714
May	5,690	88	680	7,499	2,652	762	7,714
June	5,710	91	680	7,499	2,652	762	7,714

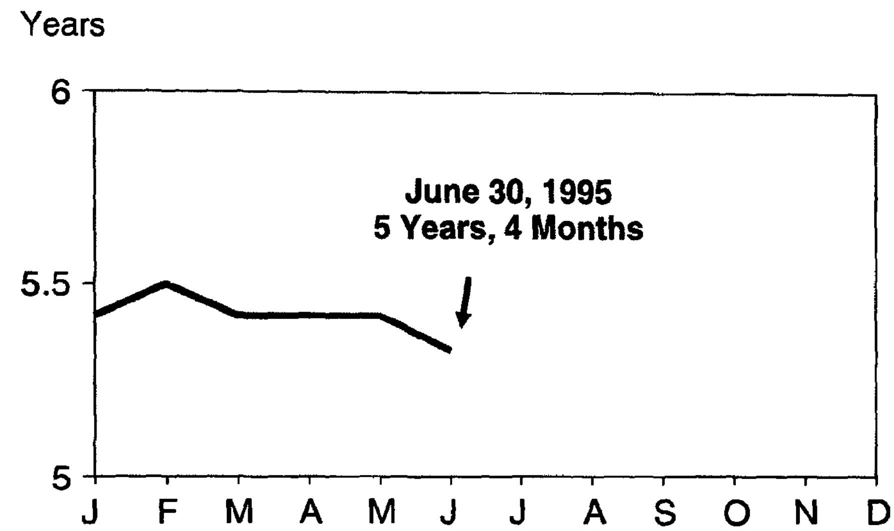
TABLE FD-7.--Treasury Holdings of Securities Issued by Government Corporations and Other Agencies, con.

[In millions of dollars Source "Monthly Treasury Statement of Receipts and Outlays of the United States Government"]

End of fiscal year or month	Department of Treasury: Federal Financing Bank (15)	Department of Veterans Affairs: Direct loan fund (16)	Department of Veterans Affairs: Loan guaranty fund (17)	Export-Import Bank of the United States (18)	Railroad Retirement Board (19)	Small Business Administration (20)	Other (21)
1990	158,456	1,730	-	-	4,497	-	1,218
1991	179,234	1,730	-	-	4,660	-	910
1992	149,422	1,730	921	88	4,798	11	957
1993	114,329	1	860	386	4,818	3,203	1,599
1994	94,357	2	1,107	2,632	4,909	7,289	2,445
1994 - June	100,603	8	2,018	1,197	4,176	5,667	2,979
July	98,689	8	2,018	1,197	4,431	5,667	2,979
Aug..........	97,804	8	2,018	1,197	4,667	5,667	2,979
Sept.	94,357	2	1,107	2,632	4,909	7,289	2,445
Oct.	91,936	2	1,107	2,852	4,909	7,289	2,775
Nov..........	90,662	2	1,107	2,605	5,387	7,289	2,787
Dec..........	88,817	2	1,107	2,605	5,643	7,289	2,787
1995 - Jan.	86,157	14	2,011	2,607	5,905	7,289	3,544
Feb..........	85,388	14	2,011	2,607	6,161	7,289	3,599
Mar..........	83,266	1	2,011	2,662	6,427	7,289	2,951
Apr.	80,374	1	2,011	2,662	6,693	7,289	2,932
May	77,739	1	2,011	2,662	6,692	7,289	2,934
June.........	75,638	1	2,011	2,662	4,189	7,289	3,090

CHARTS FD-A.--Average Length of Privately Held Marketable Debt

[Charts are plotted from figures in Table FD-5.]



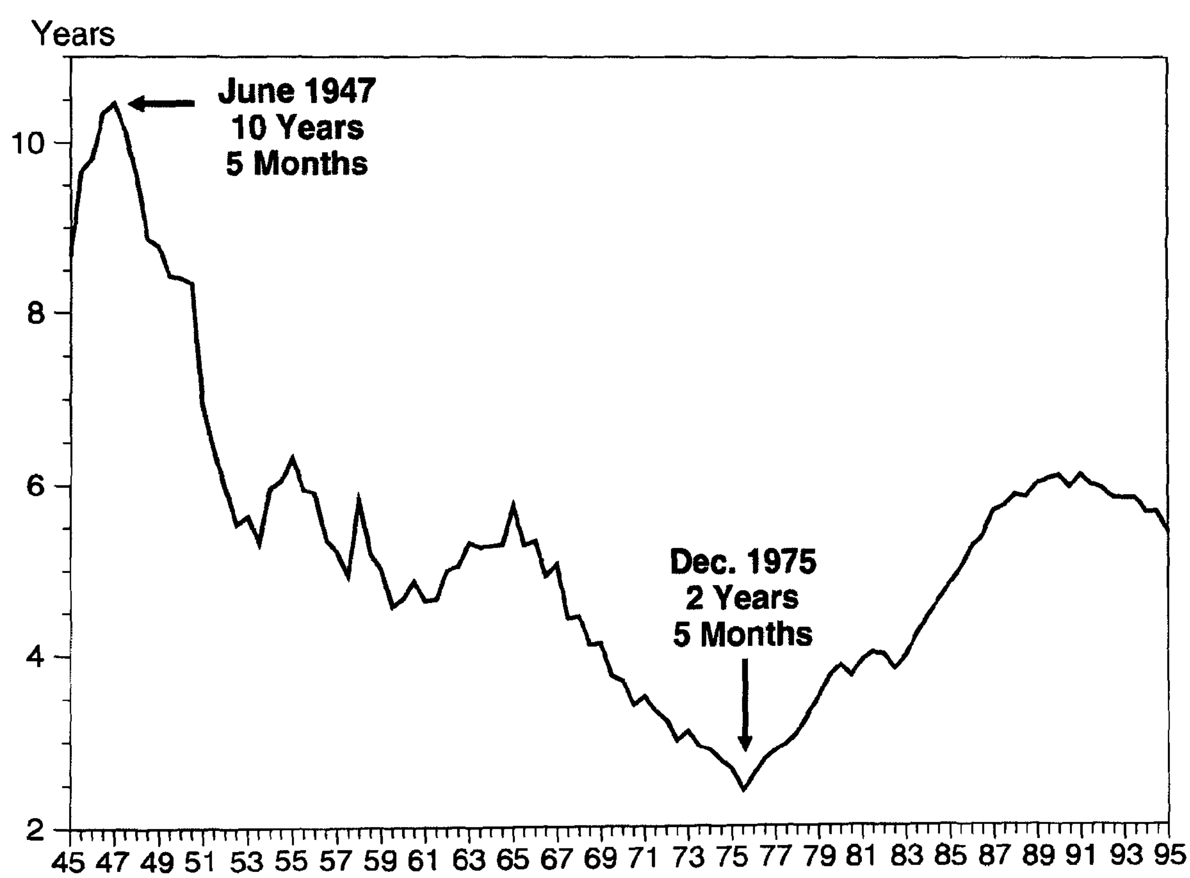
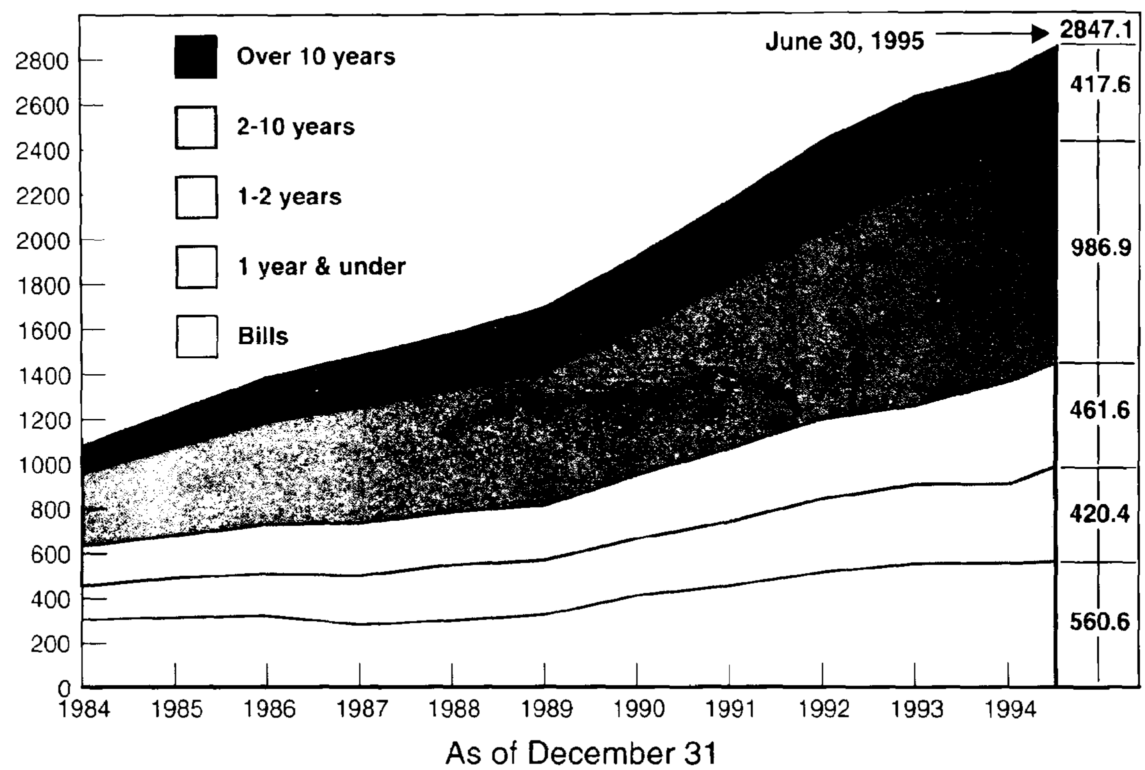


CHART FD-B.--Private Holdings of Treasury Marketable Debt, by Maturity*

(In billions of dollars)



* Source: Department of the Treasury, Office of Market Finance

INTRODUCTION: Public Debt Operations

The Second Liberty Bond Act (31 U.S.C. 3101, et seq.) allows the Secretary of the Treasury to borrow money by issuing Treasury securities. The Secretary determines the terms and conditions of issue, conversion, maturity, payment, and interest rate. New issues of Treasury notes mature in 2 to 10 years. Bonds mature in more than 10 years from the issue date. Each marketable security is listed in the Monthly Statement of the Public Debt of the United States. The information in this section of the "Treasury Bulletin" pertains only to marketable Treasury securities, current bills, notes, and bonds.

• Table **PDO-1** provides a maturity schedule of interest-bearing marketable public debt securities other than regular weekly and 52-week bills. All unmatured Treasury notes and bonds are listed in maturity order, from earliest to latest. A separate breakout is provided for the combined holdings of the Government accounts and Federal Reserve banks, so that the "all other investors" category includes all private holdings.

• Table **PDO-2** presents the results of weekly auctions of 13- and 26-week bills, as well as auctions of 52-week bills, which are held every fourth week. Treasury bills mature each Thursday. New issues of 13-week bills are *reopenings* of 26-week bills. The 26-week bill issued every fourth week to mature on the same Thursday as an existing 52-week bill is a reopening of the existing 52-week bill. New issues of *cash management bills* are also presented. High, low, and average yields on accepted tenders and the dollar value of total bids are presented, with the dollar value of awards made on both competitive and noncompetitive basis.

Treasury accepts noncompetitive tenders of up to $1 million for bills and $5 million for notes and bonds in each auction of securities to encourage participation of individuals and smaller institutions.

• Table **PDO-3** lists the results of auctions of marketable securities, other than weekly bills, in chronological order over the past 2 years. Included are: notes and bonds from table PDO-1; 52-week bills from table PDO-2; and data for cash management bills. The maturities of cash management bills coincide with those of regular issues of Treasury bills.

• Table **PDO-4** indicates the total amount of marketable securities allotted to each class of investor. The Federal Reserve banks tally into investor classes the tenders in each auction of marketable securities other than weekly auctions of 13- and 26-week bills.

TREASURY FINANCING: APRIL-JUNE

APRIL

Auction of 2-Year and 5-Year Notes

April 19 Treasury announced it would auction $17,750 million of 2-year notes of Series AD-1997 and $11,500 million of 5-year notes of Series K-2000 to refund $16,094 million of securities maturing April 30 and to raise about $13,150 million of new cash.

The notes of Series AD-1997 were dated May 1, 1995, due April 30, 1997, with interest payable October 31 and April 30 until maturity. An interest rate of 6-1/2 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.d.t., for noncompetitive tenders and prior to 1 p.m., e.d.t., for competitive tenders on April 25, and totaled $41,204 million, of which $17,751 million was accepted. All competitive tenders at yields lower than 6.524 percent were accepted in full. Tenders at 6.524 percent were allotted 76 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 6.524 percent with an equivalent price of 99.956. The median yield was 6.500 percent; and the low yield was 6.480 percent. Noncompetitive tenders totaled $1,005 million. Competitive tenders accepted from private investors totaled $16,746 million.

In addition to the $17,751 million of tenders accepted in the auction process, $533 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and $350 million was accepted from Federal Reserve banks for their own account.

The notes of Series K-2000 were dated May 1, 1995, due April 30, 2000, with interest payable October 31 and April 30 until maturity. An interest rate of 6-3/4 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.d.t., for noncompetitive tenders and prior to 1 p.m., e.d.t., for competitive tenders on April 26, and totaled $34,642 million, of which $11,502 million was accepted. All competitive tenders at yields lower than 6.815 percent were accepted in full. Tenders at 6.815 were allotted 43 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 6.815 percent with an equivalent price of 99.729. The median yield was 6.800 percent; and the low yield was 6.771 percent. Noncompetitive tenders totaled $477 million. Competitive tenders accepted from private investors totaled $11,025 million.

In addition to the $11,502 million of tenders accepted in the auction process, $550 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and $353 million was accepted from Federal Reserve banks for their own account.

TREASURY FINANCING: APRIL-JUNE, con.

52-Week Bills

April 21 tenders were invited for approximately $17,750 million of 364-day Treasury bills to be dated May 4, 1995, and to mature May 2, 1996. The issue was to refund $16,593 million of maturing 52-week bills and to raise about $1,150 million of new cash. The bills were auctioned on April 27. Tenders totaled $64,471 million, of which $17,884 million was accepted, including $1,072 million of noncompetitive tenders from the public and $5,180 million of the bills issued to Federal Reserve banks for themselves and as agents for foreign and international monetary authorities. The average bank discount rate was 5.90 percent.

Treasury Calls 8-3/8 Percent Bonds of 1995-2000

April 11 the Department of Treasury announced the call for redemption at par on August 15, 1995, of the 8-3/8 percent Treasury Bonds of 1995-2000, dated August 15, 1975, due August 15, 2000. There were $4,612 million of these bonds outstanding, of which $2,347 million were held by private investors.

MAY

May Quarterly Financing

May 3 Treasury announced it would auction $17,500 million of 3-year notes of Series X-1998 and $12,500 million of 10-year notes of Series B-2005 to refund $32,135 million of Treasury securities maturing May 15 and to pay down about $2,125 million.

The notes of Series X-1998 were dated May 15, 1995, due May 15, 1998, with interest payable November 15 and May 15 until maturity. An interest rate of 6-1/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.d.t., for noncompetitive tenders and prior to 1 p.m., e.d.t., for competitive tenders on May 9, and totaled $34,598 million, of which $17,508 million was accepted at yields ranging from 6.140 percent, price 99.959, up to 6.200 percent, price 99.798. Tenders at the high yield were allotted 40 percent. Noncompetitive tenders were accepted in full at the average yield, 6.165 percent, price 99.892. These totaled $805 million. Competitive tenders accepted from private investors totaled $16,703 million.

In addition to the $17,508 million of tenders accepted in the auction process, $210 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and $3,444 million was accepted from Federal Reserve banks for their own account.

The notes of Series B-2005 were dated May 15, 1995, due May 15, 2005, with interest payable November 15 and May 15 until maturity. An interest rate of 6-1/2 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.d.t., for noncompetitive tenders and prior to 1 p.m., e.d.t., for competitive tenders on May 10, and totaled $20,931 million, of which $12,503 million was accepted at yields ranging from 6.576 percent, price 99.449, up to 6.680 percent, price 98.702. Tenders at the high yield were allotted 92 percent. Noncompetitive tenders were accepted in full at the average yield, 6.608 percent, price 99.219. These totaled $368 million. Competitive tenders accepted from private investors totaled $12,135 million.

In addition to the $12,503 million of tenders accepted in the auction process, $200 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and $2,000 million was accepted from Federal Reserve banks for their own account.

The notes of Series B-2005 may be held in STRIPS form. The minimum par amount required is $400,000.

Auction of 2-Year and 5-Year Notes

May 17 Treasury announced it would auction $17,750 million of 2-year notes of Series AE-1997 and $11,500 million of 5-year notes of Series L-2000 to refund $16,300 million of securities maturing May 31 and to raise about $12,950 million of new cash.

The notes of Series AE-1997 were dated May 31, 1995, due May 31, 1997, with interest payable November 30 and May 31 until maturity. An interest rate of 6-1/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.d.t., for noncompetitive tenders and prior to 1 p.m., e.d.t., for competitive tenders on May 23, and totaled $47,472 million, of which $17,755 million was accepted. All competitive tenders at yields lower than 6.170 percent were accepted in full. Tenders at 6.170 percent were allotted 50 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 6.170 percent with an equivalent price of 99.917. The median yield was 6.150 percent; and the low yield was 6.120 percent. Noncompetitive tenders totaled $867 million. Competitive tenders accepted from private investors totaled $16,888 million.

In addition to the $17,755 million of tenders accepted in the auction process, $518 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and $600 million was accepted from Federal Reserve banks for their own account.

The notes of Series L-2000 were dated May 31, 1995, due May 31, 2000, with interest payable November 30 and May 31 until maturity. An interest rate of 6-1/4 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.d.t., for noncompetitive tenders and prior to 1 p.m., e.d.t., for competitive tenders on May 24, and totaled $29,132 million, of which $11,502 million was accepted. All competitive tenders at yields lower than 6.250 percent were accepted in full. Tenders at 6.250 percent were allotted 94 percent. All noncompetitive

TREASURY FINANCING: APRIL-JUNE, con.

and successful competitive bidders were allotted securities at the high yield of 6.250 percent with an equivalent price of 100.000. The median yield was 6.210 percent; and the low yield was 6.180 percent. Noncompetitive tenders totaled $330 million. Competitive tenders accepted from private investors totaled $11,172 million.

In addition to the $11,502 million of tenders accepted in the auction process, $600 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and $627 million was accepted from Federal Reserve banks for their own account.

52-Week Bills

May 19 tenders were invited for approximately $18,250 million of 364-day Treasury bills to be dated June 1, 1995, and to mature May 30, 1996. The issue was to refund $16,913 million of maturing 52-week bills and to raise about $1,325 million of new cash. The bills were auctioned on May 25. Tenders totaled $42,542 million, of which $18,258 million was accepted, including $1,030 million of noncompetitive tenders from the public and $5,002 million of the bills issued to Federal Reserve banks for themselves and as agents for foreign and international monetary authorities. The average bank discount rate was 5.54 percent.

Cash Management Bills

May 3 tenders were invited for approximately $17,000 million of 38-day bills to be issued May 15, 1995, representing an additional amount of bills dated December 22, 1994, maturing June 22, 1995. The issue was to raise new cash. Tenders were opened on May 11. They totaled $66,505 million, of which $17,136 million was accepted. The average bank discount rate was 5.81 percent.

May 25 tenders were invited for approximately $17,000 million of 13-day bills to be issued June 2, 1995, representing an additional amount of bills dated December 15, 1994, maturing June 15, 1995. The issue was to raise new cash. Tenders were opened on May 31. They totaled $57,101 million, of which $17,126 million was accepted. The average bank discount rate was 5.85 percent.

JUNE

Auction of 2-Year and 5-Year Notes

June 21 Treasury announced it would auction $17,750 million of 2-year notes of Series AF-1997 and $11,500 million of 5-year notes of Series M-2000 to refund $16,772 million of securities maturing June 30 and to raise about $12,475 million of new cash.

The notes of Series AF-1997 were dated June 30, 1995, due June 30, 1997, with interest payable December 31 and June 30 until maturity. An interest rate of 5-5/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.d.t., for noncompetitive tenders and prior to 1 p.m., e.d.t., for competitive tenders on June 27, and totaled $42,315 million, of which $17,753 million was accepted. All competitive tenders at yields lower than 5.690 percent were accepted in full. Tenders at 5.690 percent were allotted 3 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 5.690 percent with an equivalent price of 99.879. The median yield was 5.660 percent; and the low yield was 5.630 percent. Noncompetitive tenders totaled $914 million. Competitive tenders accepted from private investors totaled $16,839 million.

In addition to the $17,753 million of tenders accepted in the auction process, $780 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and $692 million was accepted from Federal Reserve banks for their own account. The notes of Series M-2000 were dated June 30, 1995, due June 30, 2000, with interest payable December 31 and June 30 until maturity. An interest rate of 5-7/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.d.t., for noncompetitive tenders and prior to 1 p.m., e.d.t., for competitive tenders on June 28, and totaled $32,545 million, of which $11,505 million was accepted. All competitive tenders at yields lower than 5.905 percent were accepted in full. Tenders at 5.905 percent were allotted 51 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 5.905 percent with an equivalent price of 99.872. The median yield was 5.890 percent; and the low yield was 5.850 percent. Noncompetitive tenders totaled $242 million. Competitive tenders accepted from private investors totaled $11,263 million.

In addition to the $11,505 million of tenders accepted in the auction process, $250 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and $700 million was accepted from Federal Reserve banks for their own account.

52-Week Bills

June 16 tenders were invited for approximately $18,250 million of 364-day Treasury bills to be dated June 29, 1995, and to mature June 27, 1996. The issue was to refund $16,757 million of maturing 52-week bills and to raise about $1,500 million of new cash. The bills were auctioned on June 22. Tenders totaled $41,807 million, of which $18,292 million was accepted, including $887 million of noncompetitive tenders from the public and $4,820 million of the bills issued to Federal Reserve banks for themselves and as agents for foreign and international monetary authorities. The average bank discount rate was 5.22 percent.

TABLE PDO-1.--Maturity Schedules of Interest-Bearing Marketable Public Debt Securities Other than Regular Weekly and 52-Week Treasury Bills Outstanding, June 30, 1995

[In millions of dollars. Source: "Monthly Statement of the Public Debt of the United States," and Office of Market Finance]

Date of final maturity	Description (1)	Issue date (2)	Amount of maturities: Total (3)	Held by: U.S. Government accounts and Federal Reserve banks (4)	Held by: All other investors (5)
1995					
July 15	8-7/8%-G note	07/15/88	6,805	300	6,505
July 31	4-1/4%-Y note	08/02/93	17,183	562	16,621
Aug. 15	[2] 10-1/2%-C note	08/15/85	7,956	1,097	6,859
Aug. 15	8-1/2%-L note	06/01/90	8,877	891	7,986
Aug. 15	4-5/8%-Q note	08/17/92	18,038	2,936	15,102
Aug. 31	3-7/8%-Z note	08/31/93	17,577	776	16,801
Sept. 30	3-7/8%-AB note	09/30/93	17,904	961	16,943
Oct. 15	8-5/8%-H note	10/17/88	7,195	486	6,709
Oct. 31	3-7/8%-AC note	11/01/93	18,271	1,087	17,184
Nov. 15	11-1/2% bond	10/14/80	1,482	63	1,419
Nov. 15	[2] 9-1/2%-D note	11/15/85	7,319	273	7,046
Nov. 15	8-1/2%-M note	09/04/90	9,023	794	8,230
Nov. 15	5-1/8%-R note	11/16/92	19,187	3,081	16,106
Nov. 30	4-1/4%-AD note	11/30/93	18,604	752	17,852
Dec. 31	4-1/4%-AE note	12/31/93	19,305	1,705	17,600
	Total		194,726	15,764	178,962
1996					
Jan. 15	9-1/4%-E note	01/17/89	7,421	1,228	6,193
Jan. 31	7-1/2%-K note	01/31/91	9,438	1,268	8,170
Jan. 31	4%-AC note	01/31/94	18,414	439	17,975
Feb. 15	[2] 8-7/8%-A note	02/15/86	8,451	617	7,834
Feb. 15	[1] 8-7/8%-B note	02/15/86	125	-	125
Feb. 15	7-7/8%-J note	12/03/90	9,055	1,437	7,618
Feb. 15	4-5/8%-X note	02/16/93	19,537	3,829	15,708
Feb. 29	7-1/2%-L note	02/28/91	9,622	1,256	8,366
Feb. 29	4-5/8%-AD note	02/28/94	18,949	448	18,501
Mar. 31	7-3/4%-M note	04/01/91	9,081	1,119	7,963
Mar. 31	5-1/8%-AE note	03/31/94	19,579	2,130	17,449
Apr. 15	9-3/8%-F note	04/17/89	7,782	787	6,995
Apr. 30	7-5/8%-N note	04/30/91	9,496	976	8,520
Apr. 30	5-1/2%-AF note	05/02/94	18,806	800	18,006
May 15	[2] 7-3/8%-C note	05/15/86	20,086	2,094	17,992
May 15	4-1/4%-Y note	05/17/93	19,264	2,258	17,006
May 31	7-5/8%-P note	05/31/91	9,617	493	9,124
May 31	5-7/8%-AG note	05/31/94	18,927	868	18,059
June 30	7-7/8%-Q note	07/01/91	9,770	412	9,358
June 30	6%-AH note	06/30/94	19,859	1,765	18,094
July 15	7-7/8%-G note	07/17/89	7,725	596	7,129
July 31	7-7/8%-R note	07/31/91	9,869	395	9,474
July 31	6-1/8%-AJ note	08/01/94	19,416	1,209	18,207
Aug. 15	4-3/8%-Z note	08/16/93	20,670	3,074	17,596
Aug. 31	7-1/4%-S note	09/03/91	9,825	549	9,276
Aug. 31	6-1/4%-AK note	08/31/94	19,292	650	18,642
Sept. 30	7%-T note	09/30/91	10,088	364	9,724
Sept. 30	6-1/2%-AL note	09/30/94	19,639	1,500	18,139
Oct. 15	8%-H note	10/16/89	7,989	375	7,614

TABLE PDO-1.--Maturity Schedules of Interest-Bearing Marketable Public Debt Securities Other than Regular Weekly and 52-Week Treasury Bills Outstanding, June 30, 1995, con.

[In millions of dollars. Source: "Monthly Statement of the Public Debt of the United States," and Office of Market Finance]

Date of final maturity	Description (1)	Issue date (2)	Amount of maturities: Total (3)	Held by: U.S. Government accounts and Federal Reserve banks (4)	All other investors (5)
1996, con.					
Oct. 31	6-7/8%-U note	10/31/91	28,331	1,660	26,671
Nov. 15	[2] 7-1/4%-D note	11/15/86	20,259	1,306	18,953
Nov. 15	4-3/8%-AB note	11/15/93	22,065	4,527	17,538
Nov. 30	6-1/2%-V note	12/02/91	9,871	210	9,661
Nov. 30	7-1/4%-AN note	11/30/94	18,940	397	18,543
Dec. 31	6-1/8%-W note	12/31/91	9,635	200	9,435
Dec. 31	7-1/2%-AP note	01/31/95	19,608	1,420	18,188
	Total		516,501	42,653	473,848
1997					
Jan. 15	8%-D note	01/16/90	7,852	499	7,354
Jan. 31	7-1/2%-Z note	01/31/95	19,002	678	18,324
Jan. 31	6-1/4%-H note	01/31/92	9,464	150	9,314
Feb. 15	4-3/4%-V note	02/15/94	19,832	1,910	17,922
Feb. 28	6-7/8%-AB note	02/28/95	18,816	975	17,841
Feb. 28	6-3/4%-J note	03/02/92	9,948	472	9,476
Mar. 31	6-7/8%-K note	03/31/92	11,302	534	10,768
Mar. 31	6-5/8%-AC note	03/31/95	19,354	1,368	17,986
Apr. 15	8-1/2%-E note	04/16/90	7,860	641	7,220
Apr. 30	6-7/8%-L note	04/30/92	11,441	1,040	10,401
Apr. 30	6-1/2%-AD note	05/01/95	18,708	510	18,198
May 15	[2] 8-1/2%-A note	05/15/87	9,921	613	9,308
May 15	6-1/2%-W note	05/16/94	21,750	3,615	18,135
May 31	6-3/4%-M note	06/01/92	11,049	324	10,725
May 31	6-1/8%-AE note	05/31/95	18,937	1,932	17,005
June 30	6-3/8%-N note	06/30/92	11,054	455	10,599
June 30	5-5/8%-AF note	06/30/95	19,256	2,978	16,278
July 15	8-1/2%-F note	07/16/90	8,385	766	7,619
July 31	5-1/2%-P note	07/31/92	12,104	400	11,704
Aug. 15	[2] 8-5/8%-B note	08/15/87	9,363	497	8,866
Aug. 15	6-1/2%-X note	08/15/94	20,250	2,263	17,987
Aug. 31	5-5/8%-Q note	08/31/92	11,109	574	10,535
Sept. 30	5-1/2%-R note	09/30/92	12,139	541	11,598
Oct. 15	8-3/4%-G note	10/15/90	8,860	681	8,179
Oct. 31	5-3/4%-S note	11/02/92	11,383	340	11,043
Nov. 15	[2] 8-7/8%-C note	11/15/87	9,808	600	9,208
Nov. 15	7-3/8%-Y note	11/15/94	20,861	3,312	17,549
Nov. 30	6%-T note	11/30/92	11,526	401	11,125
Dec. 31	6%-U note	12/31/92	12,163	501	11,662
	Total		393,497	29,568	363,929
1998					
Jan. 15	7-7/8%-E note	01/15/91	9,126	710	8,416
Jan. 31	5-5/8%-J note	02/01/93	12,339	519	11,820
Feb. 15	[2] 8-1/8%-A note	02/15/88	9,159	279	8,880
Feb. 28	7-1/4%-W note	02/15/95	21,080	3,131	17,949
Feb. 28	5-1/8%-K note	03/01/93	11,686	454	11,232

TABLE PDO-1.--Maturity Schedules of Interest-Bearing Marketable Public Debt Securities Other than Regular Weekly and 52-Week Treasury Bills Outstanding, June 30, 1995, con.

[In millions of dollars Source: "Monthly Statement of the Public Debt of the United States," and Office of Market Finance]

Date of final maturity	Description (1)	Issue date (2)	Amount of maturities: Total (3)	Held by: U.S. Government accounts and Federal Reserve banks (4)	All other investors (5)
1998, con.					
Mar. 31	5-1/8%-L note	03/31/93	13,149	1,295	11,854
Apr. 15	7-7/8%-F note	04/15/91	8,788	585	8,204
Apr. 30	5-1/8%-M note	04/30/93	12,225	495	11,730
May 15	[2] 9%-B note	05/15/88	9,165	478	8,687
May 15	6-1/8%-X note	05/15/95	21,226	3,544	17,682
May 31	5-3/8%-N note	06/01/93	12,358	805	11,553
June 30	5-1/8%-P note	06/30/93	12,596	1,471	11,125
July 15	8-1/4%-G note	07/15/91	9,694	1,170	8,524
July 31	5-1/4%-Q note	08/02/93	11,689	497	11,192
Aug. 15	[2] 9-1/4%-C note	08/15/88	11,343	755	10,588
Aug. 31	4-3/4%-R note	08/31/93	13,019	591	12,428
Sept. 30	4-3/4%-S note	09/30/93	12,576	900	11,676
Oct. 15	7-1/8%-H note	10/15/91	10,268	969	9,299
Oct. 31	4-3/4%-T note	11/01/93	13,023	890	12,133
Nov. 15	[2] 8-7/8%-D note	11/15/88	9,903	510	9,393
Nov. 15	3-1/2% bond	10/03/60	237	162	75
Nov. 30	5-1/8%-U note	11/30/93	12,115	879	11,236
Dec. 31	5-1/8%-V note	12/31/93	12,444	1,580	10,864
	Total		269,208	22,668	246,540
1999					
Jan. 15	6-3/8%-E note	01/15/92	10,559	852	9,707
Jan. 31	5%-J note	01/31/94	12,901	431	12,470
Feb. 15	[2] 8-7/8%-A note	02/15/89	9,720	637	9,083
Feb. 28	5-1/2%-K note	02/28/94	11,914	435	11,479
Mar. 31	5-7/8%-L note	03/31/94	12,780	2,101	10,679
Apr. 15	7%-F note	04/15/92	10,178	1,099	9,079
Apr. 30	6-1/2%-M note	05/02/94	12,292	1,220	11,072
May 15	[2] 9-1/8%-B note	05/15/89	10,047	878	9,170
May 31	6-3/4%-N note	05/31/94	12,339	637	11,702
June 30	6-3/4%-P note	06/30/94	13,101	1,669	11,432
July 15	6-3/8%-G note	07/15/92	10,006	347	9,659
July 31	6-7/8%-Q note	08/01/94	12,411	1,029	11,382
Aug. 15	[2] 8%-C note	08/15/89	10,164	625	9,539
Aug. 31	6-7/8%-R note	08/31/94	12,397	751	11,646
Sept. 30	7-1/8%-S note	09/30/94	12,836	1,079	11,757
Oct. 15	6%-H note	10/15/92	10,337	406	9,931
Oct. 31	7-1/2%-T note	10/31/94	12,152	498	11,654
Nov. 15	[2] 7-7/8%-D note	11/15/89	10,774	667	10,107
Nov. 30	7-3/4%-U note	11/30/94	11,934	335	11,599
Dec. 31	7-3/4%-V note	01/03/95	12,523	1,330	11,193
	Total		231,365	17,024	214,341
2000					
Jan. 15	6-3/8%-E note	01/15/93	10,104	690	9,414
Jan. 31	7-3/4%-G note	01/31/95	12,229	362	11,867
Feb. 15	[2] 8-1/2%-A note	02/15/90	10,673	757	9,916

TABLE PDO-1.--Maturity Schedules of Interest-Bearing Marketable Public Debt Securities Other than Regular Weekly and 52-Week Treasury Bills Outstanding, June 30, 1995, con.

[In millions of dollars. Source: "Monthly Statement of the Public Debt of the United States," and Office of Market Finance]

Date of final maturity	Description (1)	Issue date (2)	Amount of maturities: Total (3)	Held by: U.S. Government accounts and Federal Reserve banks (4)	All other investors (5)
2000, con.					
Feb. 29	7-1/8%-H note	02/28/95	12,496	870	11,626
Mar. 31	6-7/8%-J note	03/31/95	13,188	1,146	12,042
Apr. 15	5-1/2%-F note	04/15/93	10,535	360	10,175
Apr. 30	6-1/2%-K note	05/01/95	12,433	353	12,080
May 15	[2] 8-7/8%-B note	05/15/90	10,496	480	10,016
May 31	6-1/4%-L note	05/31/95	12,752	627	12,125
June 30	5-7/8%-M note	06/30/95	12,463	700	11,763
Aug. 15	[2] 8-3/4%-C note	08/15/90	11,081	844	10,237
Aug. 15, 95-00	8-3/8% bond	08/15/75	4,612	2,219	2,393
Nov. 15	[2] 8-1/2%-D note	11/15/90	11,520	816	10,704
	Total		144,582	10,224	134,358
2001					
Feb. 15	11-3/4% bond	01/12/81	1,501	161	1,340
Feb. 15	[2] 7-3/4%-A note	02/15/91	11,313	678	10,636
May 15	13-1/8% bond	04/02/81	1,750	166	1,584
May 15	[2] 8%-B note	05/15/91	12,398	842	11,556
Aug. 15	[2] 7-7/8%-C note	08/15/91	12,339	1,070	11,269
Aug. 15, 96-01	8% bond	08/16/76	1,485	758	727
Aug. 15	13-3/8% bond	07/02/81	1,753	256	1,497
Nov. 15	15-3/4% bond	10/07/81	1,753	173	1,580
Nov. 15	[2] 7-1/2%-D note	11/15/91	24,226	1,403	22,823
	Total		68,518	5,506	63,012
2002					
Feb. 15	14-1/4% bond	01/06/82	1,759	160	1,599
May 15	[2] 7-1/2%-A note	05/15/92	11,714	971	10,743
Aug. 15	[2] 6-3/8%-B note	08/17/92	23,859	2,040	21,819
Nov. 15	11-5/8% bond	09/29/82	2,753	348	2,405
	Total		40,085	3,519	36,566
2003					
Feb. 15	10-3/4% bond	01/04/83	3,007	684	2,323
Feb. 15	[2] 6-1/4%-A note	02/15/93	23,563	2,070	21,493
May 15	10-3/4% bond	04/04/83	3,249	206	3,043
Aug. 15	11-1/8% bond	07/05/83	3,501	354	3,147
Aug. 15	[2] 5-3/4%-B note	08/16/93	28,011	3,620	24,391
Nov. 15	11-7/8% bond	10/05/83	7,260	404	6,856
	Total		68,591	7,339	61,252
2004					
Feb. 15	[2] 5-7/8%-A note	02/15/94	12,955	550	12,405
May 15	12-3/8% bond	04/05/84	3,755	618	3,137
May 15	[2] 7-1/4%-B note	05/16/94	14,440	1,881	12,559
Aug. 15	13-3/4% bond	07/10/84	4,000	241	3,759
Aug. 15	[2] 7-1/4%-C note	08/15/94	13,346	849	12,497
Nov. 15	[2] 11-5/8% bond	10/30/84	8,302	544	7,758

TABLE PDO-1.--Maturity Schedules of Interest-Bearing Marketable Public Debt Securities Other than Regular Weekly and 52-Week Treasury Bills Outstanding, June 30, 1995, con.

[In millions of dollars Source "Monthly Statement of the Public Debt of the United States," and Office of Market Finance]

Date of final maturity	Description (1)	Issue date (2)	Amount of maturities: Total (3)	Held by: U.S. Government accounts and Federal Reserve banks (4)	All other investors (5)
2004, con.					
Nov. 15	² 7-7/8%-D note	11/15/94	14,374	1,853	12,521
	Total		71,172	6,536	64,636
2005					
Feb. 15	² 7-1/2%-A note	02/15/95	13,835	1,150	12,685
May 15, 00-05	8-1/4% bond	05/15/75	4,224	2,177	2,047
May 15	² 12% bond	04/02/85	4,261	214	4,047
May 15	6-1/2%-B note	05/15/95	14,740	2,000	12,740
Aug. 15	² 10-3/4% bond	07/02/85	9,270	525	8,745
	Total		46,330	6,066	40,264
2006					
Feb. 15	² 9-3/8% bond	01/15/86	4,756	20	4,736
	Total		4,756	20	4,736
2007					
Feb. 15, 02-07	7-5/8% bond	02/15/77	4,234	1,546	2,688
Nov. 15, 02-07	7-7/8% bond	11/15/77	1,495	379	1,117
	Total		5,729	1,924	3,805
2008					
Aug. 15, 03-08	8-3/8% bond	08/15/78	2,103	789	1,315
Nov. 15, 03-08	8-3/4% bond	11/15/78	5,230	1,666	3,564
	Total		7,333	2,455	4,878
2009					
May 15, 04-09	9-1/8% bond	05/15/79	4,606	848	3,758
Nov. 15, 04-09	10-3/8% bond	11/15/79	4,201	1,101	3,100
	Total		8,807	1,949	6,858
2010					
Feb. 15, 05-10	11-3/4% bond	02/15/80	2,494	858	1,636
May 15, 05-10	10% bond	05/15/80	2,987	1,177	1,810
Nov. 15, 05-10	12-3/4% bond	11/17/80	4,736	1,261	3,475
	Total		10,217	3,295	6,922
2011					
May 15, 06-11	13-7/8% bond	05/15/81	4,609	1,029	3,580
Nov. 15, 06-11	14% bond	11/16/81	4,901	885	4,016
	Total		9,510	1,914	7,596
2012					
Nov. 15, 07-12	10-3/8% bond	11/15/82	11,032	1,652	9,380
	Total		11,032	1,652	9,380
2013					
Aug. 15, 08-13	12% bond	08/15/83	14,755	2,931	11,824
	Total		14,755	2,931	11,824
2014					
May 15, 09-14	13-1/4% bond	05/15/84	5,007	539	4,468
Aug. 15, 09-14	12-1/2% bond	08/15/84	5,128	846	4,282

TABLE PDO-1.--Maturity Schedules of Interest-Bearing Marketable Public Debt Securities Other than Regular Weekly and 52-Week Treasury Bills Outstanding, June 30, 1995, con.

[In millions of dollars. Source: "Monthly Statement of the Public Debt of the United States," and Office of Market Finance]

Date of final maturity	Description (1)	Issue date (2)	Amount of maturities: Total (3)	Held by: U.S. Government accounts and Federal Reserve banks (4)	All other investors (5)
2014, con.					
Nov. 15, 09-14	[2] 11-3/4% bond	11/15/84	6,006	1,135	4,871
	Total		16,141	2,520	13,621
2015					
Feb. 15	[2] 11-1/4% bond	02/15/85	12,668	1,586	11,082
Aug. 15	[2] 10-5/8% bond	08/15/85	7,150	905	6,245
Nov. 15	[2] 9-7/8% bond	11/15/85	6,900	442	6,459
	Total		26,718	2,932	23,786
2016					
Feb. 15	[2] 9-1/4% bond	02/15/86	7,267	760	6,507
May 15	[2] 7-1/4% bond	05/15/86	18,824	1,290	17,534
Nov. 15	[2] 7-1/2% bond	11/15/86	18,864	1,045	17,819
	Total		44,955	3,095	41,860
2017					
May 15	[2] 8-3/4% bond	05/15/87	18,194	424	17,770
Aug. 15	[2] 8-7/8% bond	08/15/87	14,017	820	13,197
	Total		32,211	1,244	30,967
2018					
May 15	[2] 9-1/8% bond	05/15/88	8,709	297	8,412
Nov. 15	[2] 9% bond	11/15/88	9,033	306	8,727
	Total		17,742	603	17,139
2019					
Feb. 15	[2] 8-7/8% bond	02/15/89	19,251	473	18,778
Aug. 15	[2] 8-1/8% bond	08/15/89	20,214	1,395	18,819
	Total		39,465	1,868	37,597
2020					
Feb. 15	[2] 8-1/2% bond	02/15/90	10,229	566	9,663
May 15	[2] 8-3/4% bond	05/15/90	10,159	390	9,769
Aug. 15	[2] 8-3/4% bond	08/15/90	21,419	725	20,694
	Total		41,807	1,681	40,126
2021					
Feb. 15	[2] 7-7/8% bond	02/15/91	11,113	250	10,863
May 15	[2] 8-1/8% bond	05/15/91	11,959	390	11,569
Aug. 15	[2] 8-1/8% bond	08/15/91	12,163	320	11,843
Nov. 15	[2] 8% bond	11/15/91	32,798	815	31,983
	Total		68,033	1,775	66,258
2022					
Aug. 15	[2] 7-1/4% bond	08/17/92	10,353	510	9,843
Nov. 15	[2] 7-5/8% bond	11/16/92	10,700	470	10,230
	Total		21,053	980	20,073
2023					
Feb. 15	[2] 7-1/8% bond	02/15/93	18,374	1,018	17,356

TABLE PDO-1.--Maturity Schedules of Interest-Bearing Marketable Public Debt Securities Other than Regular Weekly and 52-Week Treasury Bills Outstanding, June 30, 1995, con.

[In millions of dollars. Source: "Monthly Statement of the Public Debt of the United States," and Office of Market Finance]

Date of final maturity	Description (1)	Issue date (2)	Amount of maturities: Total (3)	Held by: U.S. Government accounts and Federal Reserve banks (4)	Held by: All other investors (5)
2023, con.					
Aug. 15	[2] 6-1/4% bond	08/15/93	22,909	880	22,029
	Total		41,283	1,898	39,385
2024					
Nov. 15	[2] 7-1/2% bond	08/15/94	11,470	450	11,020
	Total		11,470	450	11,020
2025					
Feb. 15	[2] 7-5/8% bond	02/15/95	11,725	700	11,025
	Total		11,725	700	11,025

[1] This security is a foreign-targeted Treasury note.
[2] This security is eligible for stripping. See table V1 of the "Monthly Statement of the Public Debt of the United States."

TABLE PDO-2.--Offerings of Bills

[Dollar figures in millions. Source: "Monthly Statement of the Public Debt of the United States" and allotments]

Issue date	Description of new issue: Maturity date (1)	Number of days to maturity [1] (2)	Amount of bids tendered (3)	Amounts of bids accepted: Total amount (4)	On competitive basis [2] (5)	On noncompetitive basis [3] (6)	Amount maturing on issue date of new offering (7)	Total unmatured issues outstanding after new issues (8)
Regular weekly:								
(13 week and 26 week)								
1995 - Mar. 2......	June 1	91	46,740.6	13,389.8	12,016.0	1,373.8	13,890.1	176,445.6
	Aug. 31	182	45,755.0	13,523.1	12,143.7	1,379.4	12,395.0	349,454.0
9......	June 8	91	44,106.7	13,058.8	11,546.8	1,512.0	13,854.6	175,649.8
	Sept. 7	182	46,173.7	13,140.1	11,772.4	1,367.7	12,273.7	350,320.4
16.....	June 15	91	44,839.0	12,465.1	10,997.1	1,468.0	13,932.5	174,182.4
	Sept. 14	182	52,672.9	12,466.4	11,203.5	1,262.9	11,956.7	350,830.1
23.....	June 22	91	43,428.5	12,537.1	11,132.0	1,405.1	13,146.9	173,572.6
	Sept. 21	182	45,346.3	12,621.0	11,244.4	1,376.6	11,776.8	351,674.3
30.....	June 29	91	46,590.3	12,116.0	10,781.5	1,334.5	13,259.0	172,429.6
	Sept. 28	182	46,895.9	12,122.0	10,709.0	1,413.0	11,678.5	352,117.8
Apr. 6......	July 6	91	49,084.3	12,039.3	10,670.9	1,368.4	13,837.1	170,631.8
	Oct. 5	182	50,676.1	12,205.7	10,852.1	1,353.6	12,919.8	351,403.7
13.....	July 13	91	51,094.4	11,671.2	10,230.9	1,440.3	13,622.1	168,680.9
	Oct. 12	182	54,730.3	11,661.8	10,215.3	1,446.5	13,284.4	349,781.1
20.....	July 20	91	41,118.4	11,634.0	10,255.5	1,378.5	13,524.6	166,790.3
	Oct. 19	182	41,771.8	11,650.7	10,360.9	1,289.8	13,127.5	348,304.3
27.....	July 27	91	48,674.7	11,731.5	10,420.2	1,311.3	13,479.3	165,042.5
	Oct. 26	182	49,136.6	11,767.8	10,697.2	1,070.6	13,669.6	346,402.5
May 4......	Aug. 3	91	55,798.4	12,443.5	11,031.4	1,412.1	13,512.8	163,973.2
	Nov. 2	182	46,525.2	12,299.4	10,967.9	1,331.5	14,050.2	344,651.7
11.....	Aug. 10	91	47,358.3	12,948.5	11,432.6	1,515.9	13,929.7	162,992.0
	Nov. 9	182	48,247.3	12,984.5	11,582.7	1,401.8	13,706.8	343,929.4
18.....	Aug. 17	91	54,286.1	13,483.3	12,019.5	1,463.8	14,408.7	162,066.6
	Nov. 16	182	45,648.4	14,745.7	13,414.5	1,331.2	13,887.5	344,787.6
25.....	Aug. 24	91	50,816.5	13,998.8	12,468.1	1,530.7	13,569.1	162,496.3
	Nov. 24	182	50,686.6	14,956.4	13,599.7	1,356.8	13,767.2	345,976.8
June 1......	Aug. 31	91	46,504.3	14,357.6	12,980.2	1,377.4	13,389.8	163,464.1
	Nov. 30	182	51,549.4	14,871.4	13,674.1	1,197.3	14,056.3	346,791.9
8......	Sept. 7	91	42,385.8	14,253.4	12,787.3	1,466.1	13,058.8	164,658.7
	Dec. 7	182	45,430.6	14,260.6	12,896.4	1,364.2	14,159.7	346,892.8
15.....	Sept. 14	91	50,791.1	14,334.5	12,923.4	1,411.1	12,465.1	166,528.1
	Dec. 14	182	45,847.5	14,299.9	13,047.0	1,252.9	14,357.9	346,834.8
22.....	Sept. 21	91	45,772.6	14,286.0	12,877.7	1,408.3	12,537.1	168,277.0
	Dec. 21	182	50,236.7	14,361.1	13,121.5	1,239.6	13,182.5	348,013.4
29.....	Sept. 28	91	49,650.7	13,878.6	12,535.1	1,343.5	12,116.0	170,039.6
	Dec. 28	182	52,262.6	14,415.5	13,239.9	1,175.6	13,489.2	348,939.7
52 week:								
1994 - June 2......	1995 - June 2	364	59,706.5	16,912.9	15,919.4	993.5	14,770.7	208,829.1
June 30.....	June 29	364	50,142.2	16,756.5	15,747.8	1,008.7	15,340.3	210,245.3
July 28.....	July 27	364	54,251.1	16,963.4	15,997.5	965.9	15,267.5	211,941.2
Aug. 25.....	Aug. 24	364	43,661.4	16,837.2	15,903.9	933.3	15,298.8	213,479.6
Sept. 22.....	Sept. 21	364	53,446.5	16,805.1	15,894.0	911.1	15,341.4	214,943.3
Oct. 20.....	Oct. 19	364	51,239.1	17,276.1	16,492.6	783.5	15,875.4	216,344.0
Nov. 17.....	Nov. 16	364	55,604.4	17,480.2	16,619.5	860.7	16,154.5	217,669.7
Dec. 15.....	Dec. 14	364	42,002.3	17,078.4	15,807.1	1,271.3	16,237.6	218,510.5
1995 - Jan. 12.....	1996 - Jan. 11	364	49,929.3	17,351.2	15,889.0	1,462.2	16,036.7	219,825.0
Feb. 9......	Feb. 8	364	51,445.4	17,455.2	15,690.3	1,764.9	16,521.2	220,759.0
Mar. 9......	Mar. 7	364	48,315.7	17,352.4	15,967.1	1,385.3	16,531.3	221,580.1
Apr. 6......	Apr. 4	364	43,045.6	17,574.2	16,355.4	1,218.8	16,622.7	222,531.6
May 4......	May 2	364	64,539.0	17,953.4	16,849.5	1,103.9	16,593.5	223,891.5
June 1......	May 30	364	42,862.6	18,579.5	17,517.3	1,062.2	16,912.9	225,558.1
June 29.....	June 27	364	42,836.3	19,321.3	18,412.8	908.5	16,756.2	228,123.2
Cash management:								
1995 - Apr. 3......	1995 - Apr. 20	17	100,412.0	25,108.9	-	-	-	25,108.9
May 15......	June 22	38	66,504.7	17,135.7	-	-	-	17,135.7
June 2......	June 15	13	57,101.0	17,126.0	-	-	-	17,126.0

See footnotes at end of table.

TABLE PDO-2.--Offerings of Bills, con.

[Dollar figures in millions Source "Monthly Statement of the Public Debt of the United States" and allotments]

Issue date	On total bids accepted: Average price per hundred (9)	On total bids accepted: Average discount rate (percent) (10)	On total bids accepted: Average investment rate [4] (percent) (11)	On competitive bids accepted: High: Discount rate (percent) (12)	On competitive bids accepted: High: Price per hundred (13)	On competitive bids accepted: Low: Discount rate (percent) (14)	On competitive bids accepted: Low: Price per hundred (15)
Regular weekly:							
1995 - Mar. 2	98.552	5.73	5.91	5.74	98.549	5.71	98.557
	97.017	5.90	6.18	5.90	97.017	5.87	97.032
9	98.541	5.77	5.95	5.77	98.541	5.73	98.552
	96.967	6.29	6.00	6.00	96.967	5.98	96.977
16	98.544	5.76	5.94	5.77	98.541	5.74	98.549
	97.007	5.92	6.20	5.92	97.007	5.90	97.017
23	98.544	5.94	5.76	5.76	98.544	5.73	98.552
	97.012	5.91	6.19	5.91	97.012	5.90	97.017
30	98.574	5.64	5.82	5.65	98.572	5.63	98.577
	97.068	5.80	6.07	5.80	97.068	5.79	97.073
Apr. 6	98.544	5.76	5.94	5.76	98.544	[5] 5.73	98.552
	97.017	5.90	6.18	5.90	97.017	5.87	97.032
13	98.559	5.70	5.88	5.70	98.559	5.69	98.562
	97.048	5.84	6.12	5.84	97.048	[6] 5.83	97.053
20	98.595	5.56	5.73	5.56	98.595	5.54	98.600
	97.123	5.69	5.96	5.69	97.123	5.68	97.128
27	98.569	5.66	5.84	5.66	98.569	[7] 5.64	98.574
	97.093	5.75	6.02	5.75	97.093	5.72	97.108
May 4	98.549	5.74	5.92	5.74	98.549	5.71	98.557
	97.048	5.84	6.12	5.84	97.048	5.83	98.053
11	98.577	5.63	5.81	5.63	98.577	[8] 5.62	98.579
	97.144	5.65	5.91	5.65	97.144	5.63	97.154
18	98.557	5.71	5.89	5.71	98.557	[9] 5.69	98.562
	97.123	5.69	5.96	5.69	97.123	5.67	97.134
25	98.554	5.72	5.90	5.73	98.552	5.70	98.559
	97.092	5.72	5.99	5.72	97.092	5.70	97.103
June 1	98.574	5.64	5.82	5.65	98.572	5.62	98.579
	97.164	5.61	5.87	5.61	97.164	5.58	97.179
8	98.615	5.48	5.65	5.48	98.615	5.42	98.630
	97.295	5.35	5.59	5.35	97.295	5.32	97.310
15	98.592	5.57	5.74	5.57	98.592	5.55	98.597
	97.189	5.56	5.82	5.56	97.189	5.55	97.194
22	98.620	5.46	5.63	5.46	98.620	5.44	98.625
	97.260	5.42	5.67	5.42	97.260	5.40	97.270
29	98.648	5.35	5.51	5.35	98.648	5.31	98.658
	97.300	5.34	5.58	5.34	97.300	5.32	97.310
52 week:							
1994 - June 2	94.934	5.01	5.28	5.01	94.934	4.99	94.955
June 30	94.904	5.04	5.31	5.04	94.904	[10] 5.03	94.914
July 28	94.742	5.20	5.49	5.20	94.742	[11] 5.18	94.762
Aug. 25	94.580	5.36	5.67	5.37	94.570	5.35	94.591
Sept. 22	94.560	5.38	5.69	5.39	94.550	[12] 5.37	94.570
Oct. 20	94.216	5.72	6.06	5.72	94.216	5.70	94.237
Nov. 17	93.842	6.09	6.48	6.09	93.842	6.08	93.852
Dec. 15	93.175	6.75	7.22	6.76	93.165	[13] 6.72	93.205
1995 - Jan. 12	93.064	6.86	7.34	6.86	93.064	[14] 6.84	93.084
Feb. 9	93.337	6.59	7.03	6.59	93.337	6.57	93.357
Mar. 9	93.772	6.16	6.57	6.16	93.772	[15] 6.14	93.792
Apr. 6	93.913	6.02	6.41	6.03	93.903	6.00	93.933
May 4	94.034	5.90	6.28	5.91	94.024	5.88	94.055
June 1	94.398	5.54	5.88	5.56	94.378	5.51	94.429
June 29	94.722	5.22	5.53	5.23	94.712	5.20	94.742
Cash management:							
1995 - Apr 3	99.718	5.97	6.09	5.97	99.718	5.95	99.719
May 15	99.387	5.81	5.94	5.81	99.387	5.79	99.389
June 2	99.789	5.85	5.95	5.86	99.788	5.83	99.789

[1] The 13-week bills represent additional issue of bills with an original maturity of 26 weeks or 52 weeks

[2] For bills issued on or after May 2 1974, includes amounts exchanged on noncompetitive basis by Government accounts and Federal Reserve Banks

[3] For 13-week, 26-week, and 52-week bills tenders $1 000,000 or less from any one bidder are accepted in full at average price or accepted competitive bids. for other issues, the corresponding amount is stipulated in each offering announcement

[4] Equivalent coupon-issue yield

[5] Except $10 000 at 98 584 percent

[6] Except $10 930 000 at 97 118 percent

[7] Except $10,000 at 98 584 percent.

[8] Except $10,000 at 98 592 percent

[9] Except $40,000 at 98.584 percent.

[10] Except $10,000 at 95 066 percent and $1,425,000 at 94 934 percent.

[11] Except $46,000 at 94 904 percent

[12] Except $12,000 at 94 641 percent and $100,000 at 94.611 percent.

[13] Except $10,000 at 93 286 percent

[14] Except $20,000 at 93 175 percent

[15] Except $2,000,000 at 93 822 percent.

TABLE PDO-3.--Public Offerings of Marketable Securities Other than Regular Weekly Treasury Bills

[In millions of dollars. Source: Bureau of the Public Debt]

Auction date	Issue date (1)	Description of securities [1] (2)	Period to final maturity (years, months, days) [2] (3)	Amount tendered (4)	Amount issued [3,4] (5)	Range of accepted bids for notes and bonds (6)
06/02/93	06/04/93	3.04% bill--06/17/93-reopening	13d	34,208	7,010	
06/22/93	06/30/93	4-1/8% note--06/30/95-X	2y	46,443	18,164	7
06/23/93	06/30/93	5-1/8% note--06/30/98-P	5y	31,421	12,596	8
06/24/93	07/01/93	3.40% bill--06/30/94	364d	41,925	15,340	
07/22/93	07/29/93	3.44% bill--07/28/94	364d	33,841	15,267	
07/27/93	08/02/93	4-1/4% note--07/31/95-Y	2y	37,174	17,183	9
07/28/93	08/02/93	5-1/4% note--07/31/98-Q	5y	31,193	11,689	10
08/10/93	08/16/93	4-3/8% note--08/15/96-Z	3y	49,588	20,670	11
08/11/93	[6] 08/16/93	5-3/4% note--08/15/03-B	10y	36,612	[5] 12,932	12
08/12/93	[6] 08/16/93	6-1/4% bond--08/15/23	30y	23,993	[5] 11,530	13
08/19/93	08/26/93	3.30% bill--08/25/94	364d	52,106	15,298	
08/24/93	08/31/93	3-7/8% note--08/31/95-Z	2y	57,638	17,576	14
08/25/93	08/31/93	4-3/4% note--08/31/98-R	5y	30,661	13,018	15
09/16/93	09/23/93	3.27% bill--09/22/94	364d	45,452	15,341	
09/21/93	09/30/93	3-7/8% note--09/30/95-AB	2y	44,786	17,904	16
09/22/93	09/30/93	4-3/4% note--09/30/98-S	5y	32,342	12,576	17
10/14/93	10/21/93	3.25% bill--10/20/94	364d	60,153	15,875	
10/26/93	11/01/93	3-7/8% note--10/31/95-AC	2y	41,718	18,271	18
10/27/93	11/01/93	4-3/4% note--10/31/98-T	5y	32,335	13,023	19
11/04/93	11/10/93	3.04% bill--12/16/93-reopening	36d	55,740	10,045	
11/09/93	11/15/93	3.10% bill--01/20/94-reopening	66d	56,557	14,102	
11/09/93	11/15/93	4-3/8% note--11/15/96-AB	3y	38,551	22,065	20
11/10/93	[6] 11/15/93	5-3/4% note--08/15/03-B-reopening	9y 9m	30,546	[5] 15,078	21
11/16/93	11/18/93	3.43% bill--11/17/94	364d	53,936	16,154	
11/22/93	11/30/93	4-1/4% note--11/30/95-AD	2y	48,175	18,604	22
11/23/93	11/30/93	5-1/8% note--11/30/98-U	5y	30,895	12,116	23
12/02/93	12/06/93	3.00% bill--12/16/93-reopening	10d	35,006	3,761	
12/09/93	12/16/93	3.47% bill--12/15/94	364d	51,032	16,238	
12/21/93	12/31/93	4-1/4% note--12/31/95-AE	2y	49,560	19,303	24
12/22/93	12/31/93	5-1/8% note--12/31/98-V	5y	36,930	12,444	25
01/06/94	**01/13/94**	**3.52% bill--01/12/95**	**364d**	**63,054**	**16,037**	
01/25/94	01/31/94	4% note--01/31/96-AC	2y	49,991	18,414	26
01/26/94	01/31/94	5% note--01/31/99-J	5y	29,549	12,900	27
02/03/94	02/10/94	3.59% bill--02/09/95	364d	43,706	16,521	
02/08/94	02/15/94	4-3/4% note--02/15/97-V	3y	48,291	19,832	28
02/09/94	02/15/94	5-7/8% note--02/15/04-A	10y	31,937	[5] 12,955	29
02/10/94	02/15/94	6-1/4% bond--08/15/23-reopening	29y 6m	31,102	[5] 11,379	30
02/23/94	02/28/94	4-5/8% note--02/29/96-AD	2y	44,833	18,949	31
02/24/94	02/28/94	5-1/2% note--02/28/99-K	5y	32,330	11,913	32
03/03/94	03/10/94	4.03% bill--03/09/95	364d	43,994	16,531	
03/22/94	03/31/94	5-1/8% note--03/31/96-AE	2y	47,401	19,579	33
03/23/94	03/31/94	5-7/8% note--03/31/99-L	5y	29,915	12,780	34
03/29/94	03/31/94	3.47% bill--04/21/94-reopening	21d	47,750	14,006	
03/31/94	04/07/94	4.30% bill--04/06/95	364d	44,256	16,623	
04/26/94	05/02/94	5-1/2% note--04/30/96-AF	2y	47,711	18,804	35
04/28/94	05/02/94	6-1/2% note--04/30/99-M	5y	24,745	12,291	36
04/28/94	05/05/94	4.77% bill--05/04/95	364d	49,343	16,594	
05/10/94	05/16/94	6-1/2% note--05/15/97-W	3y	52,896	21,749	37
05/11/94	[6] 05/16/94	7-1/4% note--05/15/04-B	10y	25,019	[5] 14,440	38
05/24/94	05/31/94	5-7/8% note--05/31/96-AG	2y	41,031	18,927	39
05/25/94	05/31/94	6-3/4% note--05/31/99-N	5y	32,927	12,339	40
05/26/94	06/02/94	5.01% bill--06/01/95	364d	59,706	16,912	
06/01/94	06/03/94	4.09% bill--06/16/94-reopening	13d	55,795	14,007	
06/21/94	06/30/94	6% note--06/30/96-AH	2y	47,720	19,858	41
06/22/94	06/30/94	6-3/4% note--06/30/99-P	5y	32,369	13,100	42
06/23/94	06/30/94	5.04% bill--06/29/95	364d	50,142	16,756	
07/13/94	07/15/94	5.20% bill--09/22/94	69d	41,740	6,035	
07/21/94	07/28/94	5.20% bill--07/27/95	364d	54,251	16,963	
07/26/94	08/01/94	6-1/8% note--07/31/96-AJ	2y	48,410	19,407	43

See footnotes at end of table.

TABLE PDO-3.--Public Offerings of Marketable Securities Other than Regular Weekly Treasury Bills, con.

[In millions of dollars. Source: Bureau of the Public Debt]

Auction date	Issue date (1)	Description of securities [1] (2)	Period to final maturity (years, months, days) [2] (3)	Amount tendered (4)	Amount issued [3,4] (5)	Range of accepted bids for notes and bonds (6)
07/27/94	08/01/94	6-7/8% note--07/31/99-Q	5y	29,554	12,403	[44]
08/09/94	08/15/94	6-1/2% note--08/15/97-X	3y	47,220	20,241	[45]
08/10/94	08/15/94	7-1/4% note--08/15/04-C	10y	30,416	[5] 13,346	[46]
08/11/94	[6] 08/15/94	7-1/2% bond--11/15/24	30y 3m	22,053	[5] 11,469	[47]
08/11/94	08/15/94	4.37% bill--09/22/94	38d	29,573	7,005	
08/18/94	08/25/94	5.36% bill--08/24/95	364d	43,661	16,837	
08/23/94	08/31/94	6-1/4% note--08/31/96-AK	2y	58,453	19,283	[48]
08/24/94	08/31/94	6-7/8% note--08/31/99-R	5y	36,882	12,396	[49]
08/31/94	09/06/94	4.58% bill--09/22/94	16d	27,540	7,005	
09/09/94	09/09/94	4.65% bill--09/16/94	7d	25,060	4,003	
09/15/94	09/22/94	5.38% bill--09/21/95	364d	53,447	16,804	
09/27/94	09/30/94	6-1/2% note--09/30/96-AL	2y	46,392	19,626	[50]
09/28/94	09/30/94	7-1/8% note--09/30/99-S	5y	38,031	12,820	[51]
10/12/94	10/17/94	4.98% bill--2/22/94-reopening	66d	49,580	15,040	
10/13/94	10/20/94	5.72% bill--10/19/95	364d	51,239	17,275	
10/25/94	10/31/94	6-7/8% note--10/31/96-U-reopening	2y	43,267	18,952	[52]
10/26/94	10/31/94	7-1/2% note--10/31/99-T	5y	34,155	12,115	[53]
11/08/94	11/15/94	7-3/8% note--11/15/97-Y	3y	53,312	20,831	[54]
11/09/94	11/15/94	7-7/8% note--11/15/04-D	10y	30,055	[5] 14,369	[55]
11/10/94	11/15/94	5.11% bill--12/22/94-reopening	37d	49,807	12,009	
11/10/94	11/17/94	6.09% bill--11/16/95	364d	55,604	17,479	
11/21/94	11/30/94	7-1/4% note--11/30/96-AN	2y	48,945	18,938	[56]
11/22/94	11/30/94	7-3/4% note--11/30/99-U	5y	33,840	11,932	[57]
11/30/94	12/02/94	5.45% bill--12/22/94-reopening	20d	35,751	8,105	
12/08/94	12/15/94	6.75% bill--12/14/95	364d	42,002	17,076	
12/21/94	01/03/95	7-1/2% note--12/31/96-AP	2y	51,681	19,602	[58]
12/22/94	01/03/95	7-3/4% note--12/31/99-V	5y	25,948	12,520	[59]
12/29/94	01/03/95	5.59% bill--01/19/95-reopening	16d	42,975	14,009	
01/05/95	**01/12/95**	**6.86% bill--01/11/96**	**364d**	**49,929**	**17,349**	
01/24/95	01/31/95	7-1/2% note--01/31/97-Z	2y	52,018	18,998	[60]
01/25/95	01/31/95	7-3/4% note--01/31/00-G	5y	34,143	12,226	[61]
02/02/95	02/09/95	6.59% bill--02/08/96	364d	51,445	17,452	
02/07/95	02/15/95	7-1/4% note--02/15/98-W	3y	50,836	21,078	[62]
02/08/95	02/15/95	7-1/2% note--02/15/05-A	10y	29,807	[5] 13,834	[63]
02/09/95	02/15/95	7-5/8% bond--02/15/25	30y	30,681	[5] 11,725	[64]
02/09/95	02/15/95	5.76% bill--04/20/95-reopening	64d	50,051	9,118	
02/22/95	02/28/95	6-7/8% note--02/28/97-AB	2y	43,401	18,805	[65]
02/23/95	02/28/95	7-1/8% note--02/29/00-H	5y	28,709	12,486	[66]
03/01/95	03/07/95	5.81% bill--03/16/95-reopening	9d	38,684	8,033	
03/02/95	03/09/95	6.16% bill--03/07/96	364d	48,316	17,351	
03/28/95	03/31/95	6-5/8% note--03/31/97-AC	2y	44,394	19,352	[67]
03/29/95	03/31/95	6-7/8% note--03/31/00-J	5y	26,061	13,186	[68]
03/30/95	04/03/95	5.97% bill--04/20/95-reopening	17d	100,412	25,109	
03/30/95	04/06/95	6.02% bill--04/04/96	364d	43,046	17,574	
04/25/95	05/01/95	6-1/2% note--04/30/97-AD	2y	42,158	18,706	[69]
04/26/95	05/01/95	6-3/4% note--04/30/00-K	5y	35,573	12,433	[70]
04/27/95	05/04/95	5.90% bill--05/02/96	364d	64,539	17,953	
05/09/95	05/15/95	6-1/8% note--05/15/98-X	3y	38,313	21,223	[71]
05/10/95	05/15/95	6-1/2% note--05/15/05-B	10y	23,167	[5] 14,739	[72]
05/11/95	05/15/95	5.81% bill--06/22/95-reopening	38d	66,505	17,136	
05/23/95	05/31/95	6-1/8% note--05/31/97-AE	2y	48,653	18,936	[73]
05/24/95	05/31/95	6-1/4% note--05/31/00-L	5y	30,382	12,752	[74]
05/25/95	06/01/95	5.54% bill--05/30/96	364d	42,863	18,579	
05/31/95	06/02/95	5.85% bill--06/15/95-reopening	13d	57,101	17,126	
06/22/95	06/29/95	5.22% bill--06/27/96	364d	42,836	19,321	
06/27/95	06/30/95	5-5/8% note--06/30/97-AF	2y	43,818	19,256	[75]
06/28/95	06/30/95	5-7/8% note--06/30/00-M	5y	33,504	12,463	[76]

See footnotes at end of table

TABLE PDO-3.--Public Offerings of Marketable Securities Other than Regular Weekly Treasury Bills, Con

[1] Currently, all issues are sold at auction. For bill issues, the rate shown is the average bank discount rate. For note and bond issues, the rate shown is the interest rate. For details of bill offerings, see table PDO-2.
[2] From date of additional issue in case of a reopening.
[3] In reopenings the amount issued is in addition to the amount of original offerings.
[4] Includes securities issued to U.S. Government accounts and Federal Reserve banks; and to foreign and international monetary authorities, whether in exchange for maturing securities or for new cash.
[5] Eligible for STRIPS.
[6] Interest began to accrue before the issue date (settlement date) of this loan.
[7] Accepted yields ranged up to 4.16% (price 99.933) in this single-price auction.
[8] Accepted yields ranged up to 5.23% (price 99.543) in this single-price auction.
[9] Accepted yields ranged up to 4.26% (price 99.981) in this single-price auction.
[10] Accepted yields ranged up to 5.25% (price 100.000) in this single-price auction.
[11] Yields accepted ranged from 4.48% (price 99.709) up to 4.49% (price 99.681) with the average at 4.49% (price 99.681).
[12] Yields accepted ranged from 5.77% (price 99.849) up to 5.78% (price 99.774) with the average at 5.78% (price 99.774).
[13] Yields accepted ranged from 6.32% (price 99.063) up to 6.35% (price 98.666) with the average at 6.33% (price 98.931).
[14] Accepted yields ranged up to 3.94% (price 99.876) in this single-price auction.
[15] Accepted yields ranged up to 4.87% (price 99.473) in this single-price auction.
[16] Accepted yields ranged up to 3.94% (price 99.876) in this single-price auction.
[17] Accepted yields ranged up to 4.83% (price 99.648) in this single-price auction.
[18] Accepted yields ranged up to 3.94% (price 99.876) in this single-price auction.
[19] Accepted yields ranged up to 4.81% (price 99.736) in this single-price auction.
[20] Yields accepted ranged from 4.42% (price 99.875) up to 4.46% (price 99.764) with the average at 4.44% (price 99.819).
[21] Yields accepted ranged from 5.68% (price 100.499) up to 5.69% (price 100.424) with the average at 5.69% (price 100.424).
[22] Accepted yields ranged up to 4.27% (price 99.962) in this single-price auction.
[23] Accepted yields ranged up to 5.20% (price 99.673) in this single-price auction.
[24] Accepted yields ranged up to 4.28% (price 99.943) in this single-price auction.
[25] Accepted yields ranged up to 5.19% (price 99.717) in this single-price auction.
[26] Accepted yields ranged up to 4.11% (price 99.791) in this single-price auction.
[27] Accepted yields ranged up to 5.10% (price 99.564) in this single-price auction.
[28] Yields accepted ranged from 4.82% (price 99.807) up to 4.83% (price 99.779) with the average at 4.83% (price 99.779).
[29] Yields accepted ranged from 5.91% (price 99.739) up to 5.93% (price 99.590) with the average at 5.92% (price 99.664).
[30] Yields accepted ranged from 6.42% (price 97.763) up to 6.43% (price 97.633) with the average at 6.43% (price 97.633).
[31] Accepted yields ranged up to 4.66% (price 99.934) in this single-price auction.
[32] Accepted yields ranged up to 5.61% (price 99.526) in this single-price auction.
[33] Accepted yields ranged up to 5.15% (price 99.953) in this single-price auction.
[34] Accepted yields ranged up to 5.91% (price 99.850) in this single-price auction.
[35] Accepted yields ranged up to 5.59% (price 99.832) in this single-price auction.
[36] Accepted yields ranged up to 6.60% (price 99.580) in this single-price auction.
[37] Yields accepted ranged from 6.54% (price 99.893) up to 6.55% (price 99.866) with the average at 6.54% (price 99.893).
[38] Yields accepted ranged from 7.33% (price 99.439) up to 7.40% (price 99.953) with the average at 7.36% (price 99.230).
[39] Accepted yields ranged up to 5.94% (price 99.879) in this single-price auction.
[40] Accepted yields ranged up to 6.78% (price 99.875) in this single-price auction.
[41] Accepted yields ranged up to 6.04% (price 99.926) in this single-price auction.
[42] Accepted yields ranged up to 6.77% (price 99.916) in this single-price auction.
[43] Accepted yields ranged up to 6.17% (price 99.917) in this single-price auction.
[44] Accepted yields ranged up to 6.98% (price 99.563) in this single-price auction.
[45] Yields accepted ranged from 6.59% (price 99.759) up to 6.62% (price 99.678) with the average at 6.61% (price 99.705).
[46] Yields accepted ranged from 7.32% (price 99.510) up to 7.33% (price 99.440) with the average at 7.33% (price 99.440).
[47] Yields accepted ranged from 7.55% (price 99.373) up to 7.59% (price 98.904) with the average at 7.56% (price 99.256).
[48] Accepted yields ranged up to 6.27% (price 99.963) in this single-price auction.
[49] Accepted yields ranged up to 6.91% (price 99.854) in this single-price auction.
[50] Accepted yields ranged up to 6.55% (price 99.908) in this single-price auction.
[51] Accepted yields ranged up to 7.18% (price 99.772) in this single-price auction.
[52] Accepted yields ranged up to 6.88% (price 99.991) in this single-price auction.
[53] Accepted yields ranged up to 7.55% (price 99.795) in this single-price auction.
[54] Yields accepted ranged from 7.40% (price 99.934) up to 7.42% (price 99.881) with the average at 7.41% (price 99.907).
[55] Yields accepted ranged from 7.95% (price 99.489) up to 7.97% (price 99.354) with the average at 7.96% (price 99.421).
[56] Accepted yields ranged up to 7.30% (price 99.908) in this single-price auction.
[57] Accepted yields ranged up to 7.81% (price 99.756) in this single-price auction.
[58] Accepted yields ranged up to 7.57% (price 99.873) in this single-price auction.
[59] Accepted yields ranged up to 7.85% (price 99.593) in this single-price auction.
[60] Accepted yields ranged up to 7.57% (price 99.872) in this single-price auction.
[61] Accepted yields ranged up to 7.79% (price 99.837) in this single-price auction.
[62] Yields accepted ranged from 7.30% (price 99.867) up to 7.34% (price 99.762) with the average at 7.34% (price 99.762).
[63] Yields accepted ranged from 7.54% (price 99.723) up to 7.55% (price 99.653) with the average at 7.54% (price 99.723).
[64] Yields accepted ranged from 7.65% (price 99.708) up to 7.66% (price 99.591) with the average at 7.65% (price 99.708).
[65] Accepted yields ranged up to 6.999% (price 99.772) in this single-price auction.
[66] Accepted yields ranged up to 7.125% (price 100.000) in this single-price auction.
[67] Accepted yields ranged up to 6.717% (price 99.830) in this single-price auction.
[68] Accepted yields ranged up to 6.994% (price 99.505) in this single-price auction.
[69] Accepted yields ranged up to 6.524% (price 99.956) in this single-price auction.
[70] Accepted yields ranged up to 6.815% (price 99.729) in this single-price auction.
[71] Yields accepted ranged from 6.140% (price 99.959) up to 6.200% (price 99.798) with the average at 6.165% (price 99.892).
[72] Yields accepted ranged from 6.576% (price 99.449) up to 6.680% (price 98.702) with the average at 6.608% (price 99.219).
[73] Accepted yields ranged up to 6.170% (price 99.917) in this single-price auction.
[74] Accepted yields ranged up to 6.250% (price 100.000) in this single-price auction.
[75] Accepted yields ranged up to 5.690% (price 99.879) in this single-price auction.
[76] Accepted yields ranged up to 5.905% (price 99.872) in this single-price auction.

Note.--All notes and bonds, except for foreign-targeted issues, were sold at auction through competitive and noncompetitive bidding. Foreign-targeted issues were sold at auction through competitive bidding only.

TABLE PDO-4A.--Allotments by Investor Classes for Public Marketable Securities Other than Bills

[In millions of dollars. Source: Office of Market Finance]

Issues			Allotments by investor classes										
										State and local governments [4]			
Issue date	Description of securities	Total amount issued (1)	Federal Reserve banks (2)	Commercial banks [1] (3)	Individuals [2] (4)	Insurance companies (5)	Mutual savings banks (6)	Corporations [3] (7)	Private pension and retirement funds (8)	Pension and retirement funds (9)	Other funds (10)	Nonbank dealers and brokers (11)	All other [5] (12)
09/30/93	3-7/8% note--09/30/95-AB	17,904	961	2,090	574	53	4	1,574	2	3	8	11,317	1,317
09/30/93	4-3/4% note--09/30/98-S	12,576	900	784	397	298	2	2,092	4	*	2	7,292	807
11/01/93	3-7/8% note--10/31/95-AC	18,251	816	1,607	664	208	12	1,653	20	8	9	11,497	1,758
11/01/93	4-3/4% note--10/31/98-T	13,013	750	997	379	50	1	808	2	1	4	8,502	1,520
11/15/93	4-3/8% note--11/15/96-AB	22,065	4,195	251	692	81	2	577	5	1	5	15,289	988
11/15/93	5-3/4% note--08/15/03-B	15,078	2,300	216	316	3	*	767	5	*	3	10,764	704
11/30/93	4-1/4% note--11/30/95-AD	18,604	598	315	679	6	10	1,881	21	*	60	13,750	1,285
11/30/93	5-1/8% note--11/30/98-U	12,115	550	352	412	1,014	14	996	2	*	2	8,022	750
12/31/93	4-1/4% note--12/31/95-AE	19,303	1,550	1,111	820	152	34	880	35	*	6	13,431	1,284
12/31/93	5-1/8% note--12/31/98-V	12,444	1,360	404	375	90	*	911	5	*	5	9,082	212
01/31/94	4% note--01/31/96-AC	18,414	339	723	545	69	6	1,694	5	*	48	13,463	1,621
01/31/94	5% note--01/31/99-J	12,901	300	1,334	514	120	-	1,071	2	-	34	8,685	841
02/15/94	4-3/4% note--02/15/97-V	19,832	1,492	428	643	34	7	773	136	-	4	14,913	1,401
02/15/94	5-7/8% note--02/15/04-A	12,955	550	239	528	-	-	911	2	-	106	10,161	467
02/15/94	6-1/4% bond--08/15/23 reopening	11,379	325	61	841	1	-	1,986	26	-	5	8,118	17
02/28/94	4-5/8% note--02/29/96-AD	18,949	413	998	654	50	-	1,822	94	100	5	11,941	2,872
02/28/94	5-1/2% note--02/29/99-K	11,914	350	357	553	42	2	2,044	5	-	7	7,825	729
03/31/94	5-1/8% note--03/31/96-AE	19,579	1,855	898	890	23	11	1,484	33	*	6	13,074	1,305
03/31/94	5-7/8% note--03/31/99-L	12,780	1,750	269	588	44	*	1,466	62	*	1	8,440	160
04/30/94	5-1/2% note--04/30/96-AF	18,806	800	668	1,472	4	3	1,751	54	*	4	1,271	1,325
04/30/94	6-1/2% note--04/30/99-M	12,292	760	152	615	25	3	1,095	5	*	2	9,017	618
05/16/94	6-1/2% note--03/15/97-W	21,750	3,400	207	1,392	2	10	6,473	22	5	4	9,047	1,188
05/16/94	7-1/4% note--03/15/04-B	14,440	1,814	432	587	2	4	538	5	3	3	10,381	671
05/31/94	5-7/8% note--05/31/96-AG	18,927	450	528	1,118	115	6	1,781	11	3	10	12,932	1,973
05/31/94	6-3/4% note--05/31/99-N	12,338	446	255	710	1	1	1,890	6	*	7	8,039	983
06/30/94	6% note--06/30/96-AH	19,859	1,650	835	1,204	8	1	1,759	13	72	111	12,217	1,989
06/30/94	6-3/4% note--06/30/99-P	13,101	1,542	610	752	36	1	1,004	142	*	1	8,258	757
08/01/94	6-1/8% note--07/31/96-AJ	19,416	827	517	1,434	8	7	856	8	5	11	14,343	1,400
08/01/94	6-7/8% note--07/31/99-Q	12,411	800	280	912	50	1	1,452	9	-	2	795	8,110
08/15/94	6-1/2% note--08/15/97-X	20,250	2,013	411	1,487	20	2	1,321	10	*	15	13,344	1,627
08/15/94	7-1/4% note--08/15/04-C	13,346	750	71	475	*	*	967	3	*	1	10,449	630
08/15/94	7-1/2% bond--11/15/24	11,470	450	89	297	5	-	926	30	20	6	9,564	83

See footnotes at end of table

TABLE PDO-4A.--Allotments by Investor Classes for Public Marketable Securities Other than Bills, con.

[In millions of dollars. Source: Office of Market Finance]

Issues: Issue date	Issues: Description of securities	Total amount issued (1)	Allotments by investor classes: Federal Reserve banks (2)	Commercial banks[1] (3)	Individuals[2] (4)	Insurance companies (5)	Mutual savings banks (6)	Corporations[3] (7)	Private pension and retirement funds (8)	State and local governments[4]: Pension and retirement funds (9)	State and local governments[4]: Other funds (10)	Nonbank dealers and brokers (11)	All other[5] (12)
08/31/94	6-1/4% note--08/31/96-AK	19,292	450	648	1,575	91	4	2,743	12	370	5	11,306	2,089
08/31/94	6-7/8% note--08/31/99-R	12,297	426	1,409	723	11	11	913	7	5	60	7,578	1,155
09/30/94	6-1/2% note--09/30/96-AL	19,639	1,125	694	1,532	261	5	1,507	22	1	7	13,018	1,467
09/30/94	7-1/8% note--09/30/99-S	12,836	1,079	433	753	46	26	1,475	5	1	90	8,028	902
10/31/94	6-7/8% note--10/31/99-U reopening	18,983	450	375	1,156	62	26	1,573	8	1	325	13,388	1,619
10/31/94	7-1/2% note--10/31/99-T	12,152	412	240	752	1	16	1,174	3	1	7	8,285	1,261
11/15/94	7-3/8% note--11/15/97-Y	20,861	2,800	231	897	21	5	1,246	11	1	52	14,593	1,004
11/15/94	7-7/8% note--11/15/04-D	14,374	1,603	197	565	7	5	518	27	2	12	10,778	660
11/30/94	7-1/4% note--11/15/96-AN	18,940	265	1,258	1,172	22	10	3,434	12	13	48	10,972	1,734
11/30/94	7-3/4% note--11/15/99-U	11,934	265	345	723	1	28	908	10	*	32	8,501	1,121
01/03/95	7-1/2% note--12/31/96-AP	19,608	1,250	967	2,286	6	14	2,197	12	1	7	11,463	1,405
01/03/95	7-3/4% note--12/31/99-V	12,523	1,180	749	889	16	2	569	4	2	4	8,700	408
01/31/95	7-1/2% note--01/31/97-Z	19,002	375	518	2,092	41	24	2,834	9	*	6	11,644	1,458
01/31/95	7-3/4% note--01/31/00-G	12,229	362	227	1,634	3	6	910	4	*	2	8,053	1,028
02/15/95	7-1/4% note--02/15/98-W	21,080	3,031	343	1,663	25	12	467	13	2	34	14,574	916
02/15/95	7-1/2% note--02/15/05-A	13,835	1,150	360	705	7	3	461	16	*	18	10,476	640
02/15/95	7-5/8% bond--02/15/25	11,725	700	126	454	40	25	1,341	12	-	5	8,962	61
02/28/95	6-7/8% note--02/28/97-AB	18,816	575	887	1,634	52	25	1,266	10	*	6	12,909	1,454
02/28/95	7-1/8% note--02/28/00-H	12,496	570	296	1,522	114	8	1,021	12	1	63	8,306	583
03/31/95	6-5/8% note--03/31/97-AC	19,354	1,050	418	1,138	93	7	1,572	6	1	9	14,072	987
03/31/95	6-7/8% note--03/31/00-J	13,188	1,046	299	525	54	1	827	4	*	28	9,120	1,285
05/01/95	6-1/2% note--04/30/97-AD	18,708	350	928	838	3	10	1,888	4	*	6	13,467	1,215
05/01/95	6-3/4% note--04/30/00-K	12,433	352	367	358	3	1	1,674	3	*	3	9,007	666
05/15/95	6-1/8% note--05/15/95-X	21,226	3,444	230	704	84	4	994	6	1	3	15,330	427
05/15/95	6-1/2% note--05/15/05-B	14,740	2,000	514	393	7	-	688	1	1	5	10,813	318
05/31/95	6-1/8% note--05/31/97-AE	18,937	600	489	700	43	4	2,199	3	1	3	13,627	1,267
05/31/95	6-1/4% note--05/31/00-L	12,752	627	439	277	34	20	1,131	22	-	20	9,196	985
06/30/95	5-5/8% note--06/30/97-AF	19,260	692	707	864	3	3	1,332	3	-	6	13,779	1,871
06/30/95	5-7/8% note--06/30/00-M	12,464	700	596	202	-	-	575	2	-	-	9,774	615

* Less than $500,000.
[1] Includes trust companies, bank dealers, and stock savings banks.
[2] Includes partnerships and personal trust accounts.
[3] Exclusive of banks and insurance companies.
[4] Consists of trust, sinking, and investment funds of State and local governments and their agencies.
[5] Includes savings and loan associations, nonprofit institutions, and foreign and international investments. Also included are certain Government deposit accounts and Government-sponsored agencies.

Note.--For detail of offerings see table PDO-3.

TABLE PDO-4B.--Allotments by Investor Classes for Public Marketable Securities for Bills Other than Regular Weekly Series

[Dollar amounts in millions. Source: Bureau of Public Debt]

				Allotments by investor classes				
Date of financing	Date of maturity (1)	Average rate (percent) (2)	Total amount issued 52-week series (3)	U.S. Gov't. accounts and Federal Reserve banks[1] (4)	Commercial banks (5)	Corporations[2] (6)	Dealers and brokers (7)	All other[3] (8)
06/03/93	06/02/94	3.40	14,771	3,400	1,274	118	9,091	888
07/01/93	06/30/94	3.40	15,340	3,700	319	472	9,857	992
07/29/93	07/28/94	3.44	15,267	3,700	457	42	9,991	1,077
08/26/93	08/25/94	3.30	15,299	3,850	450	293	9,365	1,341
09/23/93	09/22/94	3.27	15,341	3,400	428	201	10,315	997
10/21/93	10/20/94	3.25	15,875	3,550	378	441	10,974	532
11/18/93	11/17/94	3.43	16,155	3,650	288	341	11,236	640
12/16/93	12/15/94	3.47	16,238	3,700	1,643	47	9,918	930
01/13/94	**01/12/95**	**3.52**	**16,037**	**3,950**	**184**	**389**	**10,461**	**1,053**
02/10/94	02/09/95	3.59	16,521	3,950	560	653	10,045	1,313
03/10/94	03/09/95	4.03	16,531	3,800	357	1,543	9,439	1,392
04/07/94	04/06/95	4.30	16,623	3,850	938	98	10,816	921
05/05/94	05/04/95	4.77	16,593	4,100	357	1,233	9,729	1,174
06/02/94	06/01/95	5.01	16,913	4,050	862	369	10,137	1,495
06/30/94	06/29/95	5.04	16,756	4,350	449	253	10,301	1,403
07/28/94	07/27/95	5.20	16,963	4,250	378	106	10,784	1,445
08/25/94	08/24/95	5.36	16,837	4,200	808	47	10,571	1,211
09/22/94	09/21/95	5.38	16,805	4,300	326	89	7,186	4,904
10/20/94	10/19/95	5.72	17,276	4,100	372	98	11,645	1,061
11/17/94	11/16/95	6.09	17,480	4,150	323	3,504	8,143	1,360
12/15/94	12/14/95	6.75	17,078	4,200	947	89	10,213	1,629
01/12/95	**01/11/96**	**6.86**	**17,351**	**4,250**	**288**	**215**	**10,958**	**1,640**
02/09/95	02/08/96	6.59	17,455	4,400	943	700	9,304	2,108
03/09/95	03/07/96	6.16	17,352	4,250	311	379	10,676	1,736
04/06/95	04/04/96	6.02	17,574	4,450	814	262	10,384	1,664
05/04/95	05/02/96	5.90	17,953	4,650	376	409	10,749	1,769
06/01/95	05/30/96	5.54	18,580	4,450	675	539	11,130	1,786
06/29/95	06/27/96	5.22	19,321	3,200	672	129	11,820	3,500

[1] Includes trust funds and accounts that comprise Government accounts under the unified budget concept
[2] Exclusive of banks and insurance companies
[3] Included with "All other" investors are certain Government deposit accounts and Government-sponsored agencies, formerly included with Government accounts.

Note --For detail of offerings, see table PDO-3.

INTRODUCTION: Savings Bonds and Notes

Series EE bonds, on sale since January 1, 1980, are the only savings bonds currently sold. Series HH bonds are issued in exchange for Series E and EE savings bonds and savings notes. Series A-D were sold from March 1, 1935, through April 30, 1941. Series E was on sale from May 1, 1941, through December 31, 1979 (through June 1980 to payroll savers only). Series F and G were sold from May 1, 1941, through April 30, 1952. Series H was sold from June 1, 1952, through December 31, 1979. Series HH bonds were sold for cash from January 1, 1980, through October 31, 1982. Series J and K were sold from May 1, 1952, through April 30, 1957. U.S. savings notes were on sale May 1, 1967, through June 30, 1970. The notes were eligible for purchase by individuals with the simultaneous purchase of series E savings bonds.

The principal terms and conditions for purchase and redemption and information on investment yields of savings notes appear in the "Treasury Bulletin"s of March 1967 and June 1968; and the Annual Report of the Secretary of the Treasury for fiscal 1974.

TABLE SBN-1.--Sales and Redemptions by Series, Cumulative through June 30, 1995

[In millions of dollars. Source: "Monthly Statement of the Public Debt of the United States"; Market Analysis Section, U.S. Savings Bonds Division]

Series	Sales [1] (1)	Accrued discount (2)	Sales plus accrued discount (3)	Redemptions [1] (4)	Amount outstanding: Interest-bearing debt (5)	Amount outstanding: Matured non-interest-bearing debt (6)
Savings bonds:						
Series A-D [2]	3,949	1,054	5,003	5,002	-	1
Series E, EE, H, and HH	332,416	168,166	500,582	319,860	180,136	2,069
Series F and G	28,396	1,125	29,521	29,517	-	3
Series J and K	3,556	198	3,754	3,753	-	-
Savings notes	862	625	1,487	1,134	349	-
Total	369,179	171,168	540,347	359,266	180,486	2,074

[1] Sales and redemption figures include exchange of minor amounts of (1) matured series E bonds for series G and K bonds from May 1951 through April 1957; (2) series F and J bonds for series H bonds beginning January 1950; and (3) U.S. savings notes for series H bonds beginning January 1972; however, they exclude exchanges of series E bonds for series H and HH bonds.

[2] Details by series on a cumulative basis and by period of series A-D combined can be found in the February 1952 and previous issues of the "Treasury Bulletin."

TABLE SBN-2.--Sales and Redemptions by Period, All Series of Savings Bonds and Notes Combined

[In millions of dollars. Source: "Monthly Statement of the Public Debt of the United States"; Market Analysis Section, U.S. Savings Bonds Division]

Period	Sales (1)	Accrued discount (2)	Sales plus accrued discount (3)	Redemptions: Total (4)	Redemptions: Sales price [1] (5)	Redemptions: Accrued discount [1] (6)	Amount outstanding: Interest-bearing debt (7)	Amount outstanding: Matured non-interest-bearing debt (8)
Fiscal years:								
1935-90	313,968	126,664	440,632	316,706	252,569	64,137	122,470	1,440
1991	9,154	9,852	19,006	7,510	4,499	3,010	133,844	1,525
1992	13,591	8,739	22,330	7,384	4,415	2,970	148,604	1,720
1993	17,262	9,292	26,554	7,790	4,965	2,825	167,373	1,716
1994	9,485	9,437	18,922	9,390	5,813	3,517	176,766	1,857
Calendar years:								
1935-90	315,992	128,736	444,729	318,544	253,702	64,839	1,124,439	1,775
1991	9,494	9,907	19,401	7,450	4,464	3,987	136,258	1,864
1992	17,659	8,816	26,475	7,361	4,445	2,917	155,297	1,969
1993	13,370	9,453	22,822	8,146	5,106	3,040	169,775	2,145
1994	8,999	9,446	18,445	9,896	6,178	3,717	178,138	2,335
1994 - June	660	733	1,393	832	303	528	175,211	1,920
July	627	817	1,444	864	544	319	175,812	1,895
Aug.	645	756	1,401	970	641	329	176,267	1,873
Sept.	532	750	1,282	801	535	266	176,765	1,857
Oct.	602	954	1,556	803	453	350	177,539	1,832
Nov.	677	707	1,384	805	534	301	178,108	1,811
Dec.	784	735	1,519	970	643	327	178,138	2,331
1995 - Jan.	768	836	1,604	1,428	919	509	178,392	2,256
Feb.	562	765	1,327	951	572	379	178,816	2,209
Mar.	648	754	1,402	1,069	704	366	179,190	2,175
Apr.	577	956	1,633	954	558	396	181,938	2,135
May	615	704	1,319	989	581	408	182,270	2,101
June	515	723	1,238	948	595	353	182,554	2,074

[1] Because there is a normal lag in classifying redemptions, the distribution of redemptions between sales price and accrued discount has been estimated.

TABLE SBN-3.--Sales and Redemptions by Period, Series E, EE, H, and HH

[In millions of dollars. Source: "Monthly Statement of the Public Debt of the United States"; Market Analysis Section, U.S. Savings Bonds Division]

Period	Sales (1)	Accrued discount (2)	Sales plus accrued discount (3)	Redemptions: Total (4)	Redemptions: Sales price (5)	Redemptions: Accrued discount (6)	Exchange of E bonds for H and HH bonds (7)	Amount outstanding: Interest-bearing debt (8)	Amount outstanding: Matured non-interest-bearing debt (9)
Series E and EE									
Fiscal years:									
1941-90	264,485	124,265	388,750	261,370	199,638	61,731	12,960	112,975	1,425
1991	9,154	9,852	19,006	6,952	3,942	3,010	857	124,095	1,509
1992	13,591	8,739	22,330	6,909	3,939	2,970	1,038	138,286	1,701
1993	17,262	9,292	26,554	7,335	4,509	2,825	1,226	156,286	1,694
1994	9,485	9,437	18,922	8,836	5,259	3,577	844	165,387	1,835
Calendar years:									
1941-90	266,516	126,297	392,812	263,073	200,629	62,445	13,122	114,929	1,747
1991	9,494	9,878	19,372	6,896	3,922	2,974	902	126,099	1,836
1992	17,659	8,816	26,475	6,909	3,992	2,917	1,170	144,724	1,939
1993	13,370	9,453	22,822	7,664	4,624	3,040	1,070	158,633	2,119
1994	8,999	9,446	18,455	9,304	5,587	3,717	855	166,731	2,307
1994 - June	660	732	1,392	784	256	528	67	163,895	1,920
July	627	817	1,444	816	497	319	76	164,471	1,876
Aug.	645	756	1,401	913	584	329	73	164,908	1,855
Sept.	532	750	1,282	752	486	266	71	165,387	1,835
Oct.	602	954	1,556	751	401	350	65	166,148	1,815
Nov.	677	707	1,384	781	480	301	66	166,705	1,795
Dec.	784	735	1,519	917	589	327	64	166,731	2,307
1995 - Jan.	768	836	1,604	1,360	851	509	70	166,978	2,234
Feb.	562	765	1,327	891	511	379	71	167,390	2,188
Mar.	648	754	1,402	999	633	366	83	167,747	2,151
Apr.	577	956	1,633	888	491	396	78	168,354	2,112
May	615	704	1,319	927	519	408	79	168,702	2,078
June	515	723	1,238	885	532	353	85	168,997	2,051
Series H and HH									
Fiscal years:									
1952-90	13,573	-	13,573	17,028	17,028	-	12,960	9,495	11
1991	-37	-	-37	557	557	-	857	9,749	13
1992	9	-	9	476	476	-	1,038	10,319	15
1993	-	-	-	455	455	-	1,226	11,087	17
1994	3	-	3	555	555	-	844	11,379	17
Calendar years:									
1952-90	13,578	-	13,578	17,164	17,164	-	13,122	9,509	24
1991	-36	-	-36	539	539	-	902	9,825	25
1992	-31	-	-31	453	453	-	1,170	10,573	25
1993	-18	-	-18	482	482	-	1,070	11,143	25
1994	1	-	1	592	592	-	855	11,407	24
1994 - June	2	-	2	48	48	-	67	11,316	19
July	-4	-	-4	48	48	-	76	11,340	18
Aug.	3	-	3	57	57	-	73	11,360	18
Sept.	-3	-	-3	49	49	-	71	11,379	17
Oct.	-1	-	-1	52	52	-	65	11,391	17
Nov.	-1	-	-1	54	54	-	66	11,403	16
Dec.	1	-	1	53	53	-	64	11,407	24
1995 - Jan.	4	-	4	69	69	-	70	11,414	22
Feb.	-	-	-	61	61	-	71	11,426	21
Mar.	4	-	4	70	70	-	83	11,443	19
Apr.	-2	-	-2	67	67	-	78	11,454	19
May	1	-	1	62	62	-	79	11,472	18
June	-6	-	-6	63	63	-	85	11,489	17

Note.--Series E and EE include U.S. savings notes (Freedom Shares) on sale from May 1, 1967 through June 30, 1970, to E bond buyers.

INTRODUCTION: Ownership of Federal Securities

Federal securities presented in the following tables are public debt securities such as savings bonds, bills, and notes that the Treasury issues. The tables also detail debt issued by other Federal agencies under special financing authorities. (See the Federal debt (FD) tables for a more complete description of the Federal debt.)

- Table **OFS-1** presents Treasury marketable and non-marketable securities and debt issued by other Federal agencies held by Government accounts, the Federal Reserve banks, and private investors. Social Security and Federal retirement trust fund investments comprise much of the Government account holdings.

The Federal Reserve banks acquire Treasury securities in the market as a means of executing monetary policy.

- Table **OFS-2** presents the estimated amount of public debt securities held by private investors. Information is obtained from sources such as the Federal financial institution regulatory agencies. State, local, and foreign holdings include special issues of nonmarketable securities to municipal entities and foreign official accounts. They also include municipal, foreign official, and private holdings of marketable Treasury securities. (See footnotes to the table for description of investor categories.)

TABLE OFS-1.--Distribution of Federal Securities by Class of Investors and Type of Issues

[In millions of dollars Source Financial Management Service, Financial Reports Branch]

End of fiscal year or month	Total Federal securities outstanding (1)	Interest-bearing public debt securities: Total outstanding (2)	Held by U.S. Government accounts: Total (3)	Held by U.S. Government accounts: Marketable (4)	Held by U.S. Government accounts: Nonmarketable (5)	Public issues held by Federal Reserve banks (6)
1990	3,266,073	3,210,943	795,762	15,731	780,031	232,541
1991	3,683,054	3,662,759	919,573	11,318	908,255	264,708
1992	4,082,871	4,061,801	1,016,330	5,522	1,010,808	296,397
1993	4,436,171	4,408,567	1,116,713	3,225	1,113,488	325,653
1994	4,721,293	4,689,524	1,213,115	1,426	1,211,689	355,150
1994 - June	4,673,263	4,642,523	1,202,951	2,345	1,200,606	357,703
July	4,664,196	4,616,171	1,196,787	1,947	1,194,840	351,608
Aug.	4,719,618	4,688,745	1,199,765	1,708	1,198,057	355,629
Sept.	4,721,293	4,689,524	1,213,115	1,426	1,211,689	355,150
Oct.	4,760,604	4,730,969	1,219,609	1,584	1,218,025	355,928
Nov.	4,805,282	4,775,318	1,223,252	1,584	1,221,668	365,700
Dec.	4,826,916	4,769,171	1,257,048	1,584	1,255,464	374,084
1995 - Jan	4,842,572	4,812,208	1,259,092	1,584	1,257,508	364,997
Feb.	4,880,753	4,850,521	1,258,572	1,519	1,257,053	365,631
Mar.	4,890,575	4,860,502	1,254,674	1,519	1,253,155	369,300
Apr.	4,878,806	4,831,533	1,271,219	1,519	1,269,700	371,304
May	4,930,589	4,900,346	1,278,602	1,519	1,277,083	373,578
June	4,978,233	4,947,814	1,316,564	1,519	1,315,045	388,965

End of fiscal year or month	Interest-bearing public debt securities, con.: Held by private investors: Total (7)	Held by private investors: Marketable (8)	Held by private investors: Nonmarketable (9)	Matured public debt and debt bearing no interest (10)	Agency securities: Total outstanding (11)	Agency securities: Held by U.S. Government accounts and Federal Reserve banks (12)	Agency securities: Held by private investors (13)
1990	2,182,640	1,844,487	338,153	22,370	32,758	182	32,576
1991	2,478,478	2,114,634	363,844	2,544	17,751	176	17,575
1992	2,749,074	2,375,557	373,517	2,819	18,250	123	18,127
1993	2,966,201	2,576,032	390,169	2,922	24,682	21	24,661
1994	3,121,259	2,735,026	386,233	3,226	28,543	17	28,526
1994 - June	3,081,869	2,690,941	390,928	3,279	27,461	17	27,444
July	3,067,776	2,680,914	386,862	20,191	27,834	17	27,817
Aug.	3,133,351	2,746,365	386,986	3,246	27,627	17	27,610
Sept.	3,121,259	2,735,026	386,233	3,226	28,543	17	28,526
Oct.	3,155,432	2,769,088	386,345	3,198	26,437	17	26,420
Nov.	3,186,366	2,801,459	384,907	3,203	26,762	17	26,745
Dec.	3,138,039	2,750,367	387,673	30,979	26,766	17	26,749
1995 - Jan.	3,188,119	2,806,817	381,302	3,619	26,745	17	26,728
Feb.	3,226,318	2,844,780	381,539	3,777	26,455	17	26,438
Mar.	3,236,528	2,856,515	380,013	3,614	26,459	17	26,442
Apr.	3,189,010	2,809,430	379,579	20,795	26,479	17	26,462
May	3,248,166	2,866,367	381,798	3,580	26,663	17	26,646
June	3,242,285	2,862,136	380,149	3,558	26,861	17	26,844

TABLE OFS-2.--Estimated Ownership of Public Debt Securities by Private Investors

[Par values[1] in billions of dollars. Source: Office of Market Finance]

End of month	Total privately held (1)	Commercial banks[2] (2)	Nonbank investors: Total (3)	Individuals[3]: Total (4)	Individuals[3]: Savings bonds[4] (5)	Individuals[3]: Other securities (6)	Insurance companies (7)	Money market funds (8)	Corporations[5] (9)	State and local governments[6] (10)	Foreign and international[7] (11)	Other investors[8] (12)
1985 - Mar.	1,254.1	192.6	1,061.5	145.1	75.4	69.7	66.6	26.7	50.8	199.8	199.6	372.8
June	1,292.0	195.6	1,096.4	148.7	76.7	72.0	69.1	24.8	54.9	213.4	213.8	371.7
Sept.	1,338.2	196.2	1,142.0	151.4	78.2	73.2	73.4	22.7	59.0	226.6	222.9	386.1
Dec.	1,417.2	189.4	1,227.8	154.8	79.8	75.0	80.5	25.1	59.0	299.0	224.8	384.6
1986 - Mar.	1,473.1	194.3	1,278.8	157.8	81.4	76.4	85.8	29.9	59.6	300.0	232.6	413.1
June	1,502.7	194.4	1,308.3	159.5	83.8	75.7	87.9	22.8	61.2	317.4	250.9	408.6
Sept.	1,553.3	194.8	1,358.5	158.0	87.1	70.9	93.8	24.9	65.7	329.0	265.5	421.6
Dec.	1,602.0	197.7	1,404.3	162.7	92.3	70.4	101.6	28.6	68.8	342.1	263.4	437.1
1987 - Mar.	1,641.4	193.6	1,447.8	163.0	94.7	68.3	106.3	18.8	73.5	359.0	272.8	454.5
June	1,658.1	192.5	1,465.6	165.6	96.8	68.8	104.7	20.6	79.7	375.4	281.1	438.4
Sept.	1,680.7	198.4	1,482.3	167.7	98.5	69.2	106.2	15.5	81.8	386.5	279.5	445.1
Dec.	1,731.4	194.4	1,537.0	172.4	101.1	71.3	108.1	14.6	84.6	403.9	299.7	453.7
1988 - Mar.	1,779.6	195.6	1,584.0	178.1	104.0	74.1	110.2	15.2	86.3	413.5	332.5	448.1
June	1,786.7	190.8	1,595.9	182.0	106.2	75.8	113.5	13.4	87.6	423.5	345.4	430.5
Sept.	1,821.2	191.5	1,629.7	186.8	107.8	79.0	115.9	11.1	85.9	428.5	345.9	455.6
Dec.	1,858.5	185.3	1,673.2	190.4	109.6	80.8	118.6	11.8	86.0	435.4	362.2	468.8
1989 - Mar.	1,903.4	192.4	1,711.0	204.2	112.2	92.0	119.7	13.0	89.4	435.0	376.6	473.1
June	1,909.1	178.4	1,730.7	211.7	114.0	97.7	120.6	11.3	91.0	439.2	369.1	487.8
Sept.	1,958.3	166.9	1,791.4	213.5	115.7	97.8	121.2	12.9	90.9	442.5	394.9	515.5
Dec.	2,015.8	165.3	1,850.5	216.4	117.7	98.7	123.9	14.9	93.4	442.5	429.6	529.8
1990 - Mar.	2,115.1	178.8	1,936.3	222.8	119.9	102.9	132.3	31.3	94.9	455.6	421.8	577.6
June	2,141.8	177.3	1,964.5	229.6	121.9	107.7	133.7	28.0	96.9	464.4	427.3	584.6
Sept.	2,207.3	180.0	2,027.3	232.5	123.9	108.6	136.4	34.0	102.0	460.9	440.3	621.2
Dec.	2,288.3	172.1	2,116.2	233.8	126.2	107.6	138.2	45.5	108.9	462.5	458.4	668.9
1991 - Mar.	2,360.6	187.5	2,173.1	238.3	129.7	108.6	147.2	65.4	114.9	466.7	464.3	676.2
June	2,397.9	196.2	2,201.7	243.5	133.2	110.3	156.8	55.4	130.8	471.3	473.6	670.2
Sept.	2,489.4	217.5	2,271.9	257.5	135.4	122.1	171.4	64.5	142.0	472.9	477.3	686.3
Dec.	2,563.2	232.5	2,330.7	263.9	138.1	125.8	181.8	80.0	150.8	485.1	491.7	677.4
1992 - Mar.	2,664.0	255.9	2,408.1	268.1	142.0	126.1	188.4	84.8	166.0	484.0	507.9	708.9
June	2,712.4	267.0	2,445.4	275.1	145.4	129.7	192.8	79.4	175.0	488.1	529.6	705.5
Sept.	2,765.5	287.5	2,478.0	281.2	150.3	130.9	194.8	79.4	180.8	479.5	535.2	727.1
Dec.	2,839.9	294.4	2,545.5	289.2	157.3	131.9	197.5	79.7	192.5	476.7	549.7	760.2
1993 - Mar.	2,895.0	310.2	2,584.8	297.7	163.6	134.1	208.0	r 77.9	199.3	488.8	564.2	749.2
June	2,938.4	307.2	2,631.2	303.0	166.5	136.4	217.8	76.2	206.1	505.4	567.7	755.0
Sept.	2,983.0	313.9	2,699.1	305.8	169.1	136.7	229.4	74.8	215.6	513.8	591.3	738.3
Dec.	3,047.7	322.2	2,725.5	309.9	171.9	137.9	234.5	80.8	213.0	508.9	r 623.0	r 755.4
1994 - Mar.	3,094.6	344.9	2,749.7	315.1	175.0	140.1	237.7	69.3	216.3	r 509.5	r 632.2	r 769.5
June	3,088.2	330.8	2,757.4	321.1	177.1	144.0	r 234.5	r 59.9	226.3	r 494.7	r 633.1	r 787.9
Sept.	3,127.8	313.9	2,813.9	327.2	178.6	148.6	r 246.2	60.1	229.3	r 469.7	r 655.5	r 825.9
Dec.	3,168.0	r 290.6	r 2,877.4	333.0	180.5	152.5	r 242.8	67.6	r 226.5	r 443.3	r 688.6	r 875.6
1995 - Mar.	3,239.1	r 303.5	r 2,935.6	342.7	181.4	161.4	r 259.0	r 67.7	230.3	r 415.2	r 729.6	r 891.0
June	3,244.6	p 305.0	2,939.6	344.2	182.6	161.6	p 260.0	p 58.7	p 227.7	p 415.0	p 783.7	p 850.4

[1] U.S. savings bonds, series A-F and J, are included at current redemption value.
[2] Includes domestically-chartered banks, U.S. branches and agencies of foreign banks, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.
[3] Includes partnerships and personal trust accounts.
[4] Includes U.S. savings notes. Sales began May 1, 1967, and were discontinued June 30, 1970.
[5] Exclusive of banks and insurance companies.
[6] State and local government estimate includes State and local government series as well as State and local pension funds.
[7] Consists of the investments of foreign and international accounts (both official and private) in the United States public debt issues. Estimates reflect 1978 benchmark to September 1984; the 1984 benchmark to September 1989; and the 1989 benchmark to date.
[8] Includes savings and loan associations, credit unions, nonprofit institutions, mutual savings banks, corporate pension trust funds, dealers and brokers, certain Government deposit accounts, and Government-sponsored enterprises.

INTRODUCTION: Market Yields

The tables and charts in this section present yields on Treasury marketable securities, and compare long-term yields on Treasury securities with yields on long-term corporate and municipal securities.

• Table **MY-1** lists Treasury market bid yields at constant maturities for bills, notes, and bonds. The Treasury yield curve in the accompanying chart is based on current market bid quotations on the most actively traded Treasury securities as of 3:30 p.m. on the last business day of the calendar quarter.

Treasury obtains quotations from the Federal Reserve Bank of New York, which compiles quotations provided by five primary dealers. Treasury uses these composite quotations to derive the yield curve, based on semiannual interest payments and read at constant maturity points to develop a consistent data series. Yields on Treasury bills are coupon equivalent yields of bank *discount rates* at which Treasury bills trade in the market. The Board of Governors of the Federal Reserve System publishes the Treasury constant maturity data series in its weekly H.15 press release.

• Table **MY-2** shows average yields of long-term Treasury, corporate, and municipal bonds. The long-term Treasury average yield is the 30-year constant maturity yield. The corporate bond average yield is developed by Treasury by calculating reoffering yields on new long-term securities maturing in at least 20 years and rated Aa by Moody's Investors Service. The municipal bond average yield prior to 1991 was compiled by Treasury. Beginning with January 1991, the average yield is the "Municipal Bond Yield Average," published by Moody's Investors Service for 20-year reoffering yields on selected Aa-rated general obligations. See the footnotes for further explanation.

TABLE MY-1.--Treasury Market Bid Yields at Constant Maturities: Bills, Notes, and Bonds*

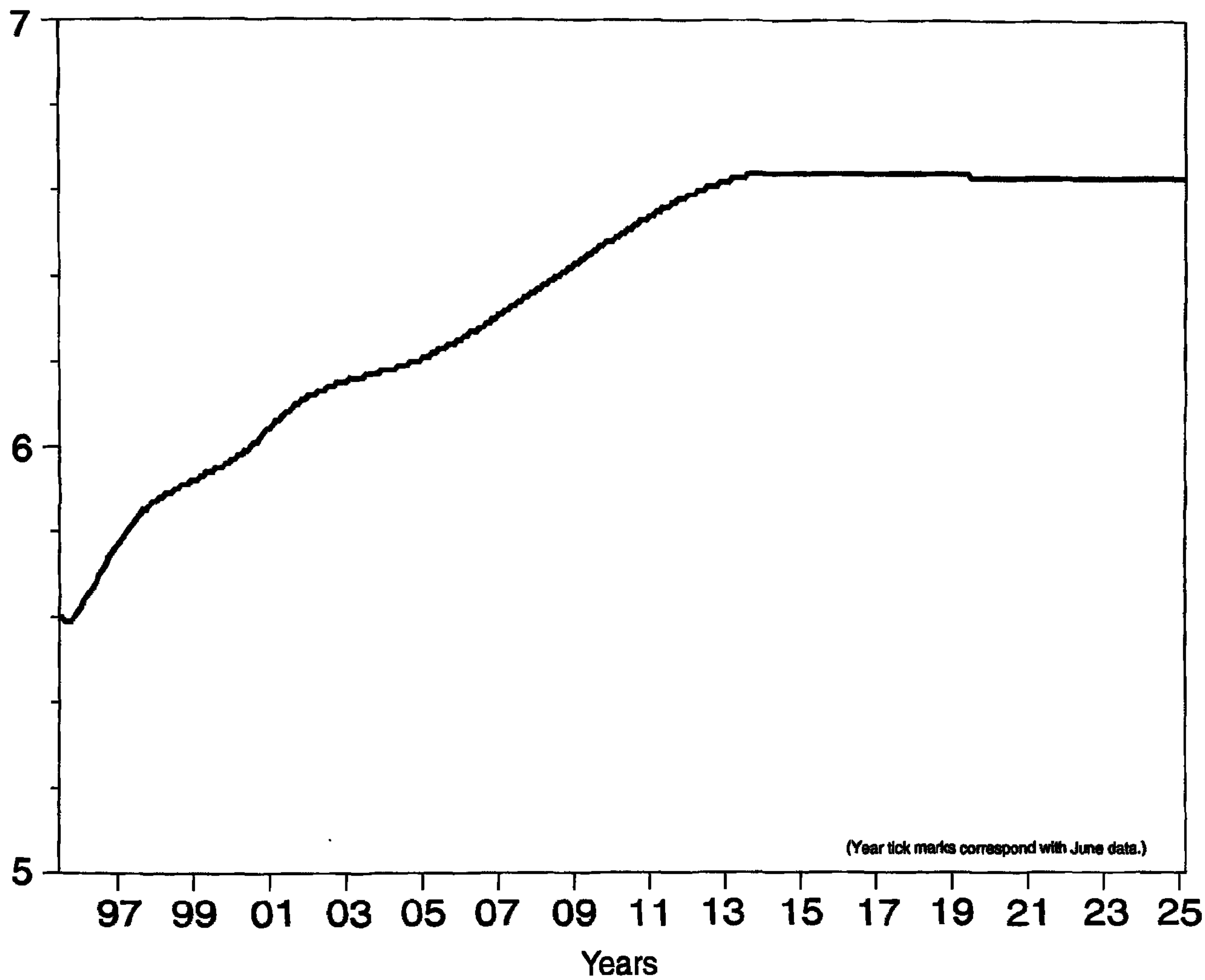
[In percentages. Source: Office of Market Finance]

Date	3-mo. (1)	6-mo. (2)	1-yr. (3)	2-yr. (4)	3-yr. (5)	5-yr. (6)	7-yr. (7)	10-yr. (8)	30-yr. (9)
Monthly average									
1994 - July	4.46	4.95	5.48	6.13	6.48	6.91	7.12	7.30	7.58
Aug.	4.61	5.08	5.56	6.18	6.50	6.88	7.06	7.24	7.49
Sept.	4.75	5.24	5.76	6.39	6.69	7.08	7.28	7.46	7.71
Oct.	5.10	5.62	6.11	6.73	7.04	7.40	7.58	7.74	7.94
Nov.	5.45	5.98	6.54	7.15	7.44	7.72	7.83	7.96	8.08
Dec.	5.76	6.50	7.14	7.59	7.71	7.78	7.80	7.81	7.87
1995 - Jan.	5.90	6.51	7.05	7.51	7.66	7.76	7.79	7.78	7.85
Feb.	5.94	6.31	6.70	7.11	7.25	7.37	7.44	7.47	7.61
Mar.	5.91	6.17	6.43	6.78	6.89	7.05	7.14	7.20	7.45
Apr.	5.84	6.05	6.27	6.57	6.68	6.86	6.95	7.06	7.36
May	5.85	5.93	6.00	6.17	6.27	6.41	6.50	6.63	6.95
June	5.64	5.66	5.64	5.72	5.80	5.93	6.05	6.17	6.57
End of month									
1994 - July	4.39	4.87	5.37	5.99	6.33	6.73	6.92	7.12	7.39
Aug.	4.68	5.03	5.56	6.17	6.44	6.81	7.00	7.19	7.46
Sept.	4.80	5.43	5.96	6.62	6.92	7.28	7.46	7.62	7.82
Oct.	5.20	5.72	6.18	6.84	7.10	7.48	7.65	7.81	7.97
Nov.	5.72	6.22	6.91	7.40	7.62	7.79	7.84	7.91	7.99
Dec.	5.68	6.51	7.20	7.69	7.80	7.83	7.84	7.84	7.89
1995 - Jan.	6.00	6.40	6.84	7.26	7.39	7.54	7.58	7.60	7.71
Feb.	5.94	6.19	6.44	6.79	6.90	7.06	7.15	7.22	7.46
Mar.	5.88	6.13	6.49	6.80	6.92	7.08	7.17	7.20	7.44
Apr.	5.87	6.08	6.32	6.60	6.72	6.88	6.95	7.07	7.34
May	5.81	5.83	5.80	5.89	5.95	6.08	6.18	6.30	6.67
June	5.60	5.59	5.65	5.79	5.88	5.98	6.12	6.21	6.63

* Rates are from the Treasury yields curve

CHART MY-A.--Yields of Treasury Securities, June 30, 1995 *

Based on closing bid quotations (in percentages)



Note: The curve is based only on the most actively traded issues. Market yields on coupon issues due in less than 3 months are excluded.

* Source: Department of the Treasury, Office of Market Finance

TABLE MY-2.--Average Yields of Long-Term Treasury, Corporate, and Municipal Bonds

[In percentages. Source: Office of Market Finance]

Period	Treasury 30-yr. bonds (1)	New Aa corporate bonds [1] (2)	New Aa municipal bonds [2] (3)
MONTHLY SERIES--AVERAGES OF DAILY OR WEEKLY SERIES			
1984			
Jan.	11.75	12.65	9.18
Feb.	11.95	12.80	9.30
Mar.	12.38	13.96	9.68
Apr.	12.65	13.64	9.69
May	13.43	14.41	10.28
June	13.44	14.49	10.44
July	13.21	14.25	9.95
Aug.	12.54	13.54	9.68
Sept.	12.29	13.37	9.93
Oct.	11.98	13.02	9.97
Nov.	11.56	12.40	9.79
Dec.	11.52	12.47	9.65
1985			
Jan.	11.45	12.46	9.11
Feb.	11.47	12.39	9.26
Mar.	11.81	12.85	9.52
Apr.	11.47	12.45	9.16
May	11.05	11.85	8.79
June	10.45	11.33	8.46
July	10.50	11.28	8.73
Aug.	10.56	11.61	8.96
Sept.	10.61	11.66	9.04
Oct.	10.50	11.51	9.00
Nov.	10.06	11.19	8.45
Dec.	9.54	10.42	8.44
1986			
Jan.	9.40	10.33	8.02
Feb.	8.93	9.76	6.93
Mar.	7.96	8.95	6.93
Apr.	7.39	8.71	7.14
May	7.52	9.09	7.50
June	7.57	9.39	7.75
July	7.27	9.11	7.34
Aug.	7.33	9.03	7.66
Sept.	7.62	9.28	6.94
Oct.	7.70	9.29	6.59
Nov.	7.52	8.99	6.72
Dec.	7.37	8.87	6.70
1987			
Jan.	7.39	8.59	6.18
Feb.	7.54	8.58	6.34
Mar.	7.55	8.68	6.47
Apr.	8.25	9.36	7.43
May	8.78	9.95	7.71
June	8.57	9.64	7.69
July	8.64	9.70	7.48
Aug.	8.97	10.09	7.59
Sept.	9.59	10.63	7.90
Oct.	9.61	10.80	8.33
Nov.	8.95	10.09	7.76
Dec.	9.12	10.22	7.83

See footnotes at end of table

TABLE MY-2.–Average Yields of Long-Term Treasury, Corporate, and Municipal Bonds, con.

[In percentages. Source: Office of Market Finance]

Period	Treasury 30-yr. bonds (1)	New Aa corporate bonds [1] (2)	New Aa municipal bonds [2] (3)
MONTHLY SERIES–AVERAGES OF DAILY OR WEEKLY SERIES			
1988			
Jan.	8.83	9.81	7.46
Feb.	8.43	9.43	7.34
Mar.	8.63	9.68	7.55
Apr.	8.95	9.92	7.69
May	9.23	10.25	7.63
June	9.00	10.08	7.67
July	9.14	10.12	7.63
Aug.	9.32	10.27	7.62
Sept	9.06	10.03	7.30
Oct	8.89	9.86	7.27
Nov.	9.02	9.98	7.39
Dec.	9.01	10.05	7.40
1989			
Jan.	8.93	9.92	7.18
Feb.	9.01	10.11	7.31
Mar.	9.17	10.33	7.42
Apr..	9.03	10.11	7.30
May	8.83	9.82	7.05
June	8.27	9.24	6.94
July	8.08	9.20	6.89
Aug.	8.12	9.09	6.73
Sept.	8.15	9.29	7.10
Oct..	8.00	9.04	7.13
Nov.	7.90	9.20	6.95
Dec.	7.90	9.23	6.76
1990			
Jan.	8.26	9.56	6.95
Feb.	8.50	9.68	7.03
Mar.	8.56	9.79	7.09
Apr..	8.76	10.02	7.26
May	8.73	9.97	7.14
June	8.46	9.69	6.98
July	8.50	9.72	7.03
Aug.	8.86	10.05	7.13
Sept.	9.03	10.17	7.15
Oct.	8.86	10.09	7.24
Nov.	8.54	9.79	6.87
Dec.	8.24	9.55	6.85
1991			
Jan.	8.27	9.60	7.00
Feb.	8.03	9.14	6.61
Mar.	8.29	9.14	6.88
Apr..	8.21	9.07	6.81
May	8.27	9.13	6.78
June	8.47	9.37	6.90
July	8.45	9.38	6.89
Aug.	8.14	8.88	6.66
Sept.	7.95	8.79	6.58
Oct..	7.93	8.81	6.44
Nov.	7.92	8.72	6.37
Dec.	7.70	8.55	6.43

See footnotes at end of table.

TABLE MY-2.--Average Yields of Long-Term Treasury, Corporate, and Municipal Bonds, con.

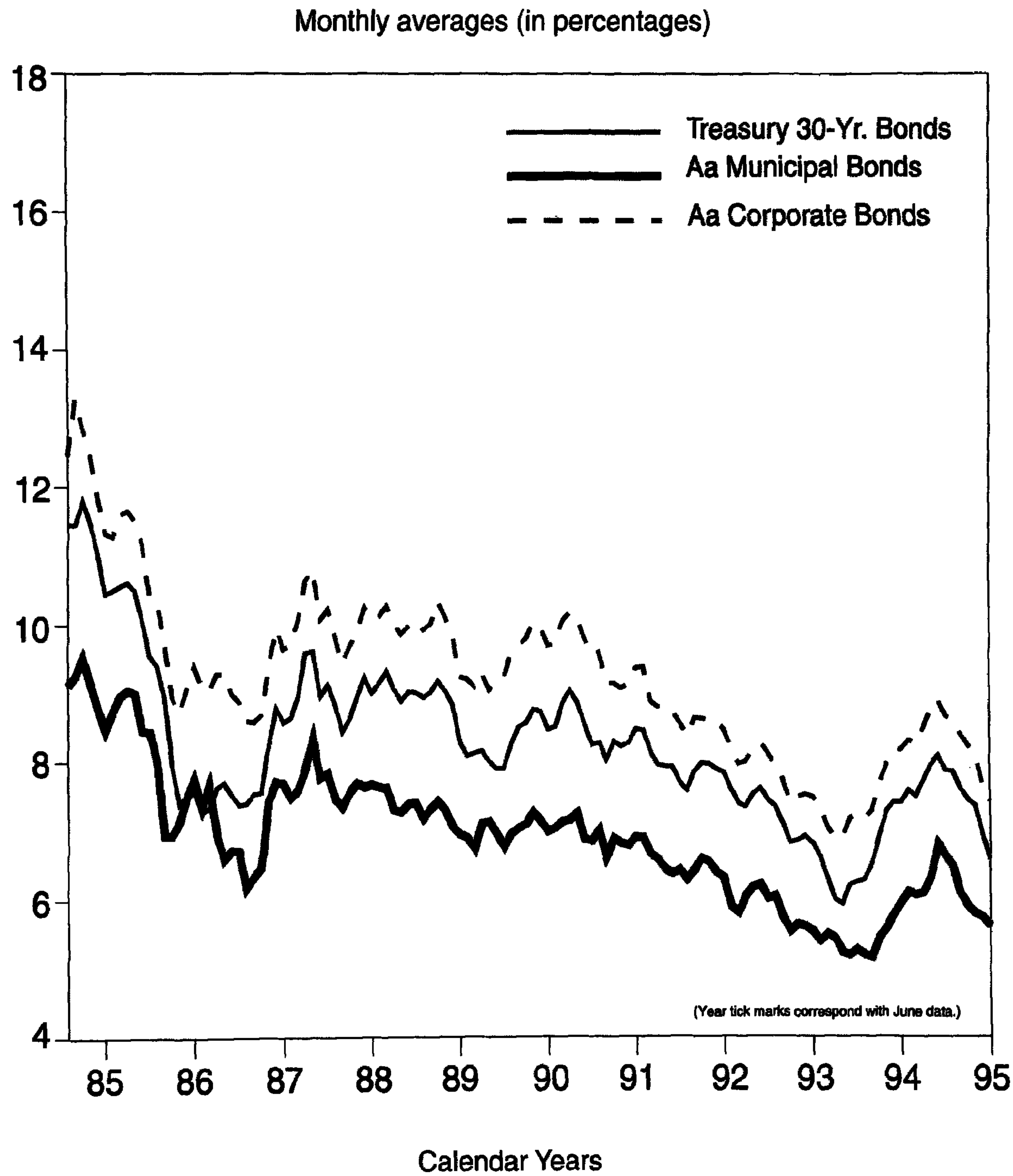
[In percentages. Source: Office of Market Finance]

Period	Treasury 30-yr. bonds (1)	New Aa corporate bonds [1] (2)	New Aa municipal bonds [2] (3)
MONTHLY SERIES–AVERAGES OF DAILY OR WEEKLY SERIES			
1992			
Jan.	7.58	8.36	6.29
Feb.	7.85	8.63	6.42
Mar.	7.97	8.62	6.59
Apr.	7.96	8.59	6.54
May	7.89	8.57	6.39
June	7.84	8.45	6.32
July	7.60	8.19	5.90
Aug.	7.39	7.96	5.81
Sept.	7.34	7.99	6.05
Oct.	7.53	8.17	6.18
Nov.	7.61	8.25	6.22
Dec.	7.44	8.12	6.02
1993			
Jan.	7.34	7.91	6.05
Feb.	7.09	7.73	5.74
Mar.	6.82	7.39	5.54
Apr.	6.85	7.48	5.64
May	6.92	7.52	5.61
June	6.81	7.48	5.54
July	6.63	7.35	5.40
Aug.	6.32	7.04	5.50
Sept.	6.00	6.88	5.44
Oct.	5.94	6.88	5.23
Nov.	6.21	7.17	5.19
Dec.	6.25	7.22	5.27
1994			
Jan.	6.29	7.16	5.19
Feb.	6.49	7.27	5.16
Mar.	6.91	7.64	5.47
Apr.	7.27	7.95	5.59
May	7.41	8.17	5.79
June	7.40	8.16	5.96
July	7.58	8.30	6.11
Aug.	7.49	8.25	6.07
Sept.	7.71	8.48	6.10
Oct.	7.94	8.76	6.31
Nov.	8.08	8.89	6.79
Dec.	7.87	8.66	6.63
1995			
Jan.	7.85	8.59	6.48
Feb.	7.61	8.39	6.09
Mar.	7.45	8.23	5.91
Apr.	7.36	8.10	5.80
May	6.95	7.68	5.75
June	6.57	7.42	5.61

[1] Treasury series based on 3-week moving average of reoffering yields of new corporate bonds rated Aa by Moody's Investors Service with an original maturity of at least 20 years.

[2] Index of new reoffering yields on 20-year general obligations rated Aa by Moody's Investors Service. Source: U.S. Treasury, 1980-90; Moody's, January 1991 to present.

CHART MY-B.--Average Yields of Long-Term Treasury, Corporate, and Municipal Bonds



INTRODUCTION: U.S. Currency and Coin Outstanding and in Circulation

The U.S. Currency and Coin Outstanding and in Circulation (USCC) statement informs the public of the total face value of currency and coin used as a medium of exchange that is in circulation at the end of a given accounting month. The statement defines the total amount of currency and coin outstanding and the portion deemed to be in circulation, and includes some old and current rare issues that do not circulate, or that may do so to a limited extent. Treasury includes them in the statement because the issues were originally intended for general circulation.

The USCC statement provides a description of the various issues of paper money. It also gives an estimated average of currency and coin held by each individual, using estimates of population from the Bureau of the Census. USCC information has been published by Treasury since 1888, and was published separately until 1983, when it was incorporated into the "Treasury Bulletin." The USCC comes from monthly reports compiled by Treasury offices, various U.S. Mint offices, the Federal Reserve banks, and the Federal Reserve Board.

TABLE USCC-1.--Amounts Outstanding and in Circulation, June 30, 1995

[Source: Financial Management Service's General Ledger Branch]

Currency	Total currency and coin (1)	Total (2)	Federal Reserve notes [1] (3)	U.S. notes (4)	Currency no longer issued (5)
Amounts outstanding	$498,270,953,731	$475,363,116,833	$474,781,026,584	$322,539,016	$259,551,233
Less amounts held by:					
The Treasury	339,161,309	49,891,600	8,812,487	40,867,239	211,874
The Federal Reserve banks	79,677,502,324	79,319,526,846	79,319,522,576	-	4,270
Amounts in circulation	$418,254,290,098	$395,993,698,387	$395,452,691,521	$281,671,777	$259,335,089

Coins [2]	Total (1)	Dollars [3] (2)	Fractional coins (3)
Amounts outstanding	$22,907,836,898	$2,024,703,898	$20,883,133,000
Less amounts held by:			
The Treasury	289,269,709	235,489,069	53,780,640
The Federal Reserve banks	357,975,478	35,879,396	322,096,082
Amounts in circulation	$22,260,591,711	$1,753,335,433	$20,507,256,278

See footnotes following table USCC-2

TABLE USCC-2.--Amounts Outstanding and in Circulation, June 30, 1995

[Source: Financial Management Service's General Ledger Branch]

Currency in circulation by denomination	Total (1)	Federal Reserve notes [1] (2)	U.S. notes (3)	Currency no longer issued (4)
$1	$6,907,442,896	$6,758,625,617	$143,481	$148,673,798
$2	1,014,824,926	882,146,784	132,665,566	12,576
$5	7,122,035,105	6,977,771,760	110,860,410	33,402,935
$10	13,978,706,870	13,955,567,550	5,950	23,133,370
$20	84,849,380,040	84,829,275,260	3,380	20,101,400
$50	43,966,639,350	43,955,147,150	-	11,492,200
$100	237,835,551,600	237,775,588,900	37,992,900	21,969,800
$500	145,292,000	145,104,500	-	187,500
$1,000	168,605,000	168,399,000	-	206,000
$5,000	1,770,000	1,715,000	-	55,000
$10,000	3,450,000	3,350,000	-	100,000
Fractional parts	485	-	-	485
Partial notes [4]	115	-	90	25
Total currency	$395,993,698,387	$395,452,691,521	$281,671,777	$259,335,089

Comparative totals of currency and coins in circulation-- selected dates	Amount (in millions) (1)	Per capita [5] (2)
June 30, 1995	418,254	1,591.24
May 31, 1995	411,125	1,565.37
Apr. 30, 1995	405,279	1,544.28
Sept. 30, 1990	278,903	1,105.14
Sept. 30, 1985	187,337	782.45
Sept. 30, 1980	129,916	581.48
June 30, 1975	81,196	380.08
June 30, 1970	54,351	265.39
June 30, 1965	39,719	204.14
June 30, 1960	32,064	177.47
June 30, 1955	30,229	182.90
June 30, 1950	27,156	179.03

[1] Issued on or after July 1, 1929.
[2] Excludes coins sold to collectors at premium prices.
[3] Includes $481,781,898 in standard silver dollars.
[4] Represents value of certain partial denominations not presented for redemption.
[5] Based on Bureau of the Census estimates of population.

INTERNATIONAL STATISTICS

International Financial Statistics
Capital Movements
Foreign Currency Positions
Exchange Stabilization Fund

INTRODUCTION: International Financial Statistics

The tables in this section provide statistics on the U.S. Government's reserve assets, liabilities to *foreigners*, and its international financial position. All monetary figures are in dollars or dollar equivalents.

- Table **IFS-1** shows reserve assets of the *United States*, including gold stock and special drawing rights held in the Special Drawing account in the *International Monetary Fund (IMF)*. The table also shows U.S. reserve holdings and holdings of convertible foreign currencies in the IMF.

- Table **IFS-2** contains statistics on liabilities to *foreign official institutions*, and selected liabilities to all other foreigners, which are used in the U.S. balance of payments statistics.

- Table **IFS-3** shows nonmarketable bonds and notes that Treasury issues to official institutions and other residents of foreign countries.

- Table **IFS-4** presents a measure of weighted-average changes in exchange rates between the U.S. dollar and the currencies of certain other countries.

TABLE IFS-1.--U.S. Reserve Assets

[In millions of dollars. Source: Office of International Financial Analysis]

End of calendar year or month	Total reserve assets [1] (1)	Gold stock [2] (2)	Special drawing rights [1, 3] (3)	Foreign currencies [4] (4)	Reserve position in International Monetary Fund [1, 5] (5)
1990	83,316	11,058	10,989	52,193	9,076
1991	77,721	11,059	11,240	45,934	9,488
1992	71,323	11,056	8,503	40,005	11,759
1993	73,442	11,053	9,039	41,532	11,818
1994 - July	75,443	11,052	9,696	42,512	12,183
Aug.	75,740	11,054	9,837	42,688	12,161
Sept.	76,532	11,054	9,971	43,440	12,067
Oct.	78,172	11,053	10,088	44,692	12,339
Nov.	74,000	11,052	10,017	40,894	12,037
Dec.	74,335	11,051	10,039	41,215	12,030
1995 - Jan.	76,027	11,050	10,154	42,703	12,120
Feb.	81,439	11,050	11,158	46,378	12,853
Mar.	86,761	11,053	11,651	50,639	13,418
Apr.	88,756	11,055	11,743	51,752	14,206
May	90,549	11,054	11,923	53,294	14,278
June	90,063	11,054	11,869	52,864	14,276
July	91,534	11,053	11,487	54,233	14,761

[1] Beginning July 1974, the International Monetary Fund (IMF) adopted a technique for valuing the special drawing right (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 are also valued on this basis beginning July 1974.
[2] Treasury values its gold stock at $42.2222 per fine troy ounce and pursuant to 31 U.S.C. 5117 (b) issues gold certificates to the Federal Reserve at the same rate against all gold held.
[3] Includes allocations of SDRs in the Special Drawing Account in the IMF, plus or minus transactions in SDRs.
[4] Includes holdings of Treasury and Federal Reserve System; beginning November 1978, these are valued at current market exchange rates or, where appropriate, at such other rates as may be agreed upon by the parties to the transactions.
[5] The United States has the right to purchase foreign currencies equivalent to its reserve position in the IMF automatically if needed. Under appropriate conditions, the United States could purchase additional amounts related to the U.S. quota.

TABLE IFS-2.--Selected U.S. Liabilities to Foreigners

[In millions of dollars. Source: Office of International Financial Analysis]

End of calendar year or month	Liabilities to foreign countries: Total (1)	Official institutions[1]: Total (2)	Official institutions[1]: Liabilities reported by banks in United States (3)	Official institutions[1]: Marketable U.S. Treasury bonds and notes[2] (4)	Official institutions[1]: Nonmarketable U.S. Treasury bonds and notes[3] (5)	Official institutions[1]: Other readily marketable liabilities[4] (6)	Liabilities to banks[5] (7)	Liabilities to other foreigners: Total (8)	Liabilities to other foreigners: Liabilities reported by banks in United States (9)	Liabilities to other foreigners: Marketable U.S. Treasury bonds and notes[2,6] (10)	Liabilities to nonmonetary international and regional organizations[7] (11)
1990	1,192,827	334,915	119,367	202,905	4,491	8,152	611,088	232,151	93,625	138,526	14,673
1991	1,215,772	349,905	131,088	204,096	4,858	9,863	597,123	250,754	93,732	157,022	17,990
1992	1,311,325	389,661	159,563	210,972	4,532	14,594	619,613	282,107	94,026	188,081	19,944
1993 r	1,461,129	458,081	220,908	212,278	5,652	19,243	669,942	311,509	101,366	210,143	21,597
1994 - June r....	1,553,407	478,838	222,907	228,395	5,875	21,661	726,906	324,588	115,305	209,283	23,075
July r.....	1,557,768	493,390	231,463	233,458	5,914	22,555	728,015	315,179	109,613	205,566	21,184
Aug. r	1,570,142	495,646	222,818	243,214	5,952	23,662	731,073	324,700	113,313	211,387	18,723
Sept. r....	1,595,561	498,677	221,075	247,885	5,990	23,727	737,276	338,032	119,287	218,745	21,576
Oct. r.....	1,618,357	508,929	227,465	250,732	6,031	24,701	743,454	344,269	118,980	225,289	21,705
Nov. r	1,609,630	501,460	216,752	253,492	6,069	25,147	732,564	354,627	119,030	235,597	20,979
Dec. r	1,649,412	497,812	212,301	254,100	6,109	25,302	770,647	361,453	114,500	246,953	19,500
1995 - Jan. r	1,655,065	494,656	207,123	255,929	6,138	25,466	767,102	373,166	117,790	255,376	20,141
Feb. r	1,676,979	504,945	214,667	258,039	6,094	26,145	767,515	385,190	118,539	266,651	19,329
Mar. r	1,703,274	520,189	225,387	262,061	6,135	26,606	780,118	381,765	110,029	271,736	21,202
Apr.......	1,716,066	529,807	231,765	265,205	6,174	26,663	775,903	389,743	114,735	275,008	20,613
May p	1,737,311	535,785	239,308	263,395	6,210	26,872	774,591	406,551	115,165	291,386	20,384
June p....	1,772,511	554,027	245,990	274,317	6,245	27,475	780,591	416,849	113,990	302,859	21,044

[1] Includes Bank for International Settlements
[2] Derived by applying reported transactions to benchmark data
[3] Includes current value of zero-coupon Treasury bond issues to foreign governments as follows Mexico beginning March 1988, 20-year maturity issue and beginning March 1990, 30-year maturity issue, Venezuela, beginning December 1990, 30-year maturity issue, Argentina, beginning April 1993, 30-year maturity issue Also, see footnotes to table IFS-3
[4] Includes debt securities of U S Government corporations, federally sponsored agencies, and private corporations
[5] Includes liabilities payable in dollars to foreign banks and liabilities payable in foreign currencies to foreign banks and to "other foreigners"
[6] Includes marketable U S Government bonds and notes held by foreign banks
[7] Principally the International Bank for Reconstruction and Development, the Inter-American Development Bank, and the Asian Development Bank.
[8] Data for the two lines shown for this date reflect different benchmark bases for foreigners' holdings of selected long-term U.S. securities. Figures on the first line are comparable to those for earlier dates Figures on the second line are based in part on a benchmark survey as of yearend 1989 and are comparable to those shown for the following dates.

Note --Table is based on Department of Treasury data and on data reported to the Department of Treasury by banks, other depository institutions, and brokers in the United States Data correspond generally to statistics following in this section and in the "Capital Movements" section. Table excludes International Monetary Fund "holdings of dollars" and holdings of U S Treasury letters of credit and nonnegotiable noninterest-bearing special U.S. notes held by other international and regional organizations.

TABLE IFS-3.--Nonmarketable U.S. Treasury Bonds and Notes Issued to Official Institutions and Other Residents of Foreign Countries

[In millions of dollars or dollar equivalent. Source: Office of International Financial Analysis]

End of calendar year or month	Grand total (1)	Payable in dollars			
		Total (2)	Argentina [1] (3)	Mexico [2] (4)	Venezuela [3] (5)
1990	4,491	4,491	-	3,790	701
1991	4,858	4,858	-	4,099	759
1992	4,532	4,532	-	3,715	817
1993	5,652	5,652	818	3,949	885
1994 - June	5,875	5,875	848	4,106	921
July	5,914	5,914	853	4,134	927
Aug.	5,952	5,952	858	4,161	933
Sept.	5,990	5,990	863	4,188	939
Oct.	6,031	6,031	869	4,216	946
Nov.	6,069	6,069	874	4,243	952
Dec.	6,109	6,109	879	4,271	959
1995 - Jan. r	6,138	6,138	885	4,288	965
Feb.	6,094	6,094	890	4,233	971
Mar.	6,135	6,135	895	4,262	978
Apr.	6,174	6,174	900	4,290	984
May	6,210	6,210	906	4,319	985
June	6,245	6,245	911	4,343	991

[1] Beginning April 1993, includes current value principal and accrued interest of zero-coupon, 30-year maturity Treasury bond issue to the government of Argentina. Face value of issue is $6,685 million.

[2] Includes current value of the following zero-coupon Treasury bond issues to the government of Mexico: beginning March 1988, 20-year maturity issue. Face value is $2,185 million; beginning March 1990, 30-year maturity issue. Face value of issue is $24,026 million.

[3] Beginning December 1990, indicates current value of zero-coupon, 30-year maturity Treasury bond issue to the Republic of Venezuela. Face value of issue is $7,162 million.

TABLE IFS-4.--Trade-Weighted Index of Foreign Currency Value of the Dollar

[Source: Office of Foreign Exchange Operations--International Affairs]

Date	Index of industrial country currencies[1]
Annual Average	
(1980 = 100)[2]	
1985	139.2
1986	119.9
1987	107.5
1988	100.4
1989	102.8
1990	98.8
1991	98.0
1992	97.2
1993	101.3
1994	100.8
End of period	
(Dec. 1980 = 100)	
1985	127.8
1986	114.4
1987	97.8
1988	98.4
1989	100.0
1990	94.4
1991	93.7
1992	101.1
1993	103.3
1994	r 99.0
1994 - Aug	99.1
Sept	97.3
Oct	96.5
Nov	98.6
Dec	r 99.0
1995 - Jan	r 98.2
Feb	r 97.3
Mar	r 94.4
Apr	r 92.1
May	92.0
June	92.7
July	93.2

[1] Each index covers (a) 22 currencies of countries represented in the Organization for Economic Cooperation and Development (OECD) Australia, Austria, Belgium-Luxembourg, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, and the United Kingdom, and (b) currencies of four major trading economies outside the OECD Hong Kong, Korea, Singapore, and Taiwan. Exchange rates are drawn from the International Monetary Fund's "International Financial Statistics" when available

[2] Index includes average annual rates as reported in "International Financial Statistics."

Note --These indices are presented to provide measures of the general foreign exchange value of the dollar that are broader than those provided by single exchange rate levels. They do not purport to represent a guide to measuring the impact of exchange rate levels on U.S international transactions. The indices are computed as geometric averages of individual currency levels with weights derived from the share of each country's trade with the United States during 1982-83.

INTRODUCTION: Capital Movements

Treasury collects information about the transference of financial assets and other portfolio capital movements between the United States and foreigners, and has since 1935. Commercial banks and other depository institutions, bank holding companies, securities brokers and dealers, and nonbanking enterprises in the United States file capital movement reports with district Federal Reserve banks.

Forms and instructions are developed with the cooperation of other Government agencies and the Federal Reserve System, and in consultation with representatives of banks, securities firms, and nonbanking enterprises. Copies of the reporting forms and instructions may be obtained from the Office of International Financial Analysis, Office of the Assistant Secretary for Economic Policy, Department of the Treasury, Washington, D.C., 20220, or from district Federal Reserve banks.

In general, information is reported opposite the country or geographical area where the foreigner is located, as shown on records of reporting institutions. However, information may not always reflect the ultimate ownership of assets. Reporting institutions are not required to go beyond addresses shown on their records, and so may not be aware of the actual country of domicile of the ultimate beneficiary.

United States liabilities arising from the deposits of dollars with foreign banks appear as liabilities to foreign banks, although the liability of the foreign bank receiving the deposit may be to *foreign official institutions* or to residents of another country.

Transactions with branches or agencies of foreign official institutions, wherever located, are reported opposite the country that has sovereignty over the institutions. Transactions with international and regional organizations are not reported opposite any country, but are accounted for in regional groupings of such organizations. The only exception is information pertaining to the Bank for International Settlements, which is reported opposite 'Other Europe.'

Banks and other depository institutions, bank holding companies, International Banking Facilities (IBFs), securities brokers and dealers, and nonbanking enterprises in the United States must file reports. These enterprises include the branches, agencies, subsidiaries, and other affiliates in the United States of foreign banking and nonbanking firms. Those with liabilities, claims, or securities transactions below specified exemption levels are exempt from reporting.

Banks and other depository institutions, and some brokers and dealers, file monthly reports covering their dollar liabilities to, and dollar claims on, foreigners in a number of countries. Twice a year, June 30 and December 31, they also report the same liabilities and claims items to foreigners in countries not shown separately on the monthly reports. Quarterly reports are filed for liabilities and claims denominated in foreign currencies in relation to foreigners. The exemption level applicable to these banking reports is $15 million.

Banks and other depository institutions, securities brokers and dealers, and other enterprises report monthly their transactions with foreigners in long-term securities. They must report securities transactions with foreigners if their aggregate purchases or their aggregate sales amount to at least $2 million during the covered month.

Exporters, importers, industrial and commercial concerns, financial institutions (other than banks, other depository institutions, and brokers), and other nonbanking enterprises must file reports quarterly if liabilities to, or claims on, unaffiliated foreigners amount to $10 million or more during the covered quarter.

Nonbanking enterprises also report each month their U.S. dollar denominated deposit and certificates of deposit claims of $10 million or more on banks abroad.

The data in these tables do not cover all types of reported capital movements between the United States and other countries. The principal exclusions are the intercompany capital transactions of nonbanking business enterprises in the United States with their own branches and subsidiaries abroad (own foreign offices) or with their foreign parent companies, and capital transactions of the U.S. Government. Consolidated data on all types of international capital transactions are published by the Department of Commerce in its regular reports on the United States balance of payments.

- **Section I** presents liabilities to foreigners reported by U.S. banks and other depository institutions, as well as brokers and dealers. Dollar liabilities are reported monthly; those denominated in foreign currencies are reported quarterly. Respondents report certain of their own liabilities and a wide range of their custody liabilities to foreigners.

- **Section II** presents claims on foreigners also reported by U.S. banks and other depository institutions, brokers, and dealers. Data on bank claims held for their own account are collected monthly. Information on claims held for their domestic customers as well as foreign currency claims, is collected on a quarterly basis only. Maturity data are reported according to time remaining to maturity. Reporting also covers certain items held by brokers and dealers in the United States.

- **Section III** contains supplementary data on dollar liabilities to, and dollar claims on, countries not listed separately on the monthly reports submitted by banks, other depository institutions, brokers and dealers in the United States. The supplementary reports are filed semiannually as of the end of June and December. (Note: Beginning with the September 1994 issue of the "Treasury Bulletin," former table CM-III-1, Dollar Claims on Nonbank Foreigners, will no longer appear. Former table CM-III-2, Dollar Liabilities to, and Dollar Claims on, Foreigners in Countries and Areas Not Regularly Reported Separately, has been redesignated as table CM-III-1. This semiannual data series will now appear in each issue of the "Treasury Bulletin.")

- **Section IV** shows the liabilities to, and claims on, unaffiliated foreigners by exporters, importers, industrial and commercial concerns, financial institutions (other than banks, other depository institutions, and brokers), and other nonbanking enterprises in the United States. Information does not include accounts of nonbanking enterprises in the United States with their own branches and subsidiaries abroad or with their foreign parent companies. These are reported by business enterprises to the Department of Commerce on its direct investment forms. Data exclude claims on foreigners held through banks in the United States.

• **Section V** contains information on transactions in all types of long-term domestic and foreign securities with foreigners reported by banks, brokers, and other entities in the United States. The data cover transactions executed in the United States for the accounts of foreigners, and transactions executed abroad for the accounts of reporting institutions and their domestic customers. This includes transactions in newly issued securities as well as transactions in, and redemptions of, outstanding issues. Also, some transactions classified as direct investments in the balance of payments accounts may be included. However, the data do not include nonmarketable Treasury bonds and notes shown in table IFS-3.

In the case of outstanding securities, the geographical breakdown of the transactions data does not necessarily reflect the ultimate owners of or the original issuers of the securities. This is because the path of a security is not tracked prior to its being purchased from, or after it is sold to, a foreigner in a TIC reportable transaction. That is, before it enters and after it departs the reporting system, ownership of a security may be transferred between foreigners of different countries. Such transfers may occur any number of times and are concealed among the net figures for U.S. transactions opposite individual countries. Hence, the geographical breakdown shows only the country of domicile of the foreign buyers and sellers of securities in a particular round of transactions.

SECTION I.--Liabilities to Foreigners Reported by Banks in the United States

TABLE CM-I-1.--Total Liabilities by Type of Holder

[In millions of dollars. Source: Office of International Financial Analysis]

End of calendar year or month	Total liabil-ities (1)	Foreign countries: Official institutions[1]: Total (2)	Official institutions: Payable in dollars (3)	Official institutions: Payable in foreign curren-cies[3] (4)	Banks and other foreigners: Total (5)	Banks and other foreigners: Payable in dollars (6)	Banks and other foreigners: Payable in foreign curren-cies[3] (7)	International and regional[2]: Total (8)	International and regional: Payable in dollars (9)	International and regional: Payable in foreign curren-cies[3] (10)	Memoranda: Total liabilities to all foreigners reported by IBFs: Payable in dollars (11)	Memoranda: Payable in foreign curren-cies[3] (12)
1990	830,192	119,367	119.367	-	704.713	634,430	70,283	6,113	5,918	195	315,220	56,613
1991	831,195	131,088	131,088	-	690,855	615,997	74,858	9,252	8,981	271	299,179	61,129
1992	883,055	159,563	159,563	-	713,639	641,346	72,293	9,853	9,350	503	315,697	58,394
1993 r	1,003,538	220,908	220,908	-	771,308	693,574	77,734	11,322	10,936	386	316,048	62,669
1994 - June r	1,078,454	222,907	222,907	-	842,211	769,874	72,337	13,336	12,657	679	341,374	57,814
July r	1,080,874	231,463	231,463	-	837,628	765,291	72,337	11,783	11,104	679	348,098	57,814
Aug. r	1,076,073	222,818	222,818	-	844,386	772,049	72,337	8,869	8,190	679	344,156	57,814
Sept. r	1,089.448	221,075	221,075	-	856,563	774,107	82,456	11,810	10,923	887	346,370	67,522
Oct. r	1,101,003	227,465	227,465	-	862,434	779,978	82,456	11,104	10,217	887	346,402	67,522
Nov. r	1,078,674	216,752	216,752	-	851,594	769,138	82,456	10,328	9,441	887	346,001	67,522
Dec. r	1,106,509	212,301	212,301	-	885,147	796,227	88,920	9,061	8,506	555	357,967	67,447
1995 - Jan. r	1,102,391	207,123	207,123	-	884,892	795,972	88,920	10,376	9,821	555	356,849	67,447
Feb.	1,109,567	214,667	214,667	-	886,054	797,134	88,920	8,846	8,291	555	351,890	67,447
Mar.	1,126,149	225,387	225,387	-	890,147	795,309	94,838	10,615	9,263	1,352	350,011	73,680
Apr.	1,132,445	231,765	231,765	-	890,638	795,800	94,838	10,042	8,690	1,352	338,881	73,680
May p	1,138,926	239,308	239.308	-	889,756	794,918	94,838	9,862	8,510	1,352	347,237	73,680
June p	1,150,910	245,990	245,990	-	894,581	799,743	94,838	10,339	8,987	1,352	356,724	73,680

[1] Includes Bank for International Settlements

[2] Principally the International Bank for Reconstruction and Development and the Inter-American Development Bank.

[3] Data as of preceding quarter for non-quarter-end months.

TABLE CM-I-2.--Total Liabilities by Type, Payable in Dollars
Part A.--Foreign Countries

[In millions of dollars. Source: Office of International Financial Analysis]

End of calendar year or month	Total foreign countries	Official institutions [1]				Banks					Other foreigners			
		Deposits		U.S. Treasury bills and certificates	Other liabilities [2]	Deposits		U.S. Treasury bills and certificates	Other liabilities [2]	To own foreign offices	Deposits		U.S. Treasury bills and certificates	Other liabilities [2]
		Demand	Time [2]			Demand	Time [2]				Demand	Time [2]		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1990	753,797	1,940	14,405	79,424	23,597	10,053	88,541	10,669	109,874	321,667	9,710	64,086	6,339	13,490
1991	747,085	2,626	16,504	92,692	19,266	8,648	82,857	7,471	94,190	329,099	9,004	57,574	8,841	18,313
1992	800,909	1,302	17,939	104,596	35,726	10,170	90,296	11,087	104,773	330,994	10,310	48,936	10,053	24,727
1993 r	914,482	1,601	21,654	151,100	46,553	9,719	105,192	10,712	148,206	318,379	10,238	45,452	10,652	35,024
1994 - June r	992,781	2,029	24,958	141,578	54,342	10,622	108,366	10,842	163,071	361,668	10,136	47,063	16,318	41,788
July r	996,754	1,472	27,522	146,484	55,985	10,093	106,888	10,147	167,693	360,857	10,226	47,979	12,600	38,808
Aug. r	994,867	1,232	25,776	143,640	52,170	9,568	107,110	12,268	161,768	368,022	10,025	48,804	14,107	40,377
Sept. r	995,182	1,691	26,961	138,451	53,972	10,047	101,430	10,975	160,346	372,022	11,251	46,653	14,362	47,021
Oct. r	1,007,443	2,028	23,847	148,039	53,551	11,023	106,204	10,783	162,215	370,773	11,477	47,837	14,047	45,619
Nov. r	985,890	1,682	20,661	143,222	51,187	11,259	105,998	11,792	159,948	361,111	10,978	48,854	13,541	45,657
Dec. r	1,008,528	1,564	23,211	139,570	47,956	10,628	111,460	11,218	151,675	396,746	11,152	48,494	11,756	43,098
1995 - Jan. r	1,003,095	1,598	22,673	133,014	49,838	10,243	112,178	10,992	156,522	388,247	11,559	49,422	12,384	44,425
Feb.	1,011,801	1,587	25,384	134,341	53,355	10,954	107,429	12,328	157,814	390,070	11,482	49,429	13,277	44,351
Mar.	1,020,696	1,705	23,899	141,716	58,067	10,788	107,657	15,723	154,239	396,873	10,132	48,763	12,385	38,749
Apr.	1,027,565	1,485	25,792	146,417	58,071	10,667	99,079	15,717	162,529	393,073	10,550	51,841	12,643	39,701
May p	1,034,226	1,575	27,486	154,575	55,672	11,365	102,280	14,437	163,246	388,425	10,552	52,073	12,524	40,016
June p	1,045,733	1,401	27,412	154,517	62,660	10,451	110,350	15,022	153,740	396,190	10,166	51,977	12,006	39,841

PART B.--Nonmonetary International and Regional Organizations

[In millions of dollars. Source: Office of International Financial Analysis]

End of calendar year or month	Total (1)	Demand deposits (2)	Time deposits [2] (3)	U.S. Treasury bills and certificates (4)	Other liabilities [2] (5)
1990	5,918	36	1,050	364	4,469
1991	8,981	43	2,714	1,730	4,494
1992	9,350	46	3,214	1,908	4,182
1993	10,936	15	2,780	4,275	3,866
1994 - June r	12,657	281	3,373	2,825	6,178
July r	11,104	429	3,669	1,082	5,924
Aug. r	8,190	431	2,872	836	4,051
Sept. r	10,923	428	3,189	767	6,539
Oct. r	10,217	83	3,095	1,572	5,467
Nov. r	9,441	35	2,917	501	5,988
Dec. r	8,506	29	3,198	281	4,998
1995 - Jan. r	9,821	24	3,715	280	5,802
Feb.	8,291	35	3,484	407	4,365
Mar.	9,263	31	3,899	314	5,019
Apr.	8,690	214	3,954	763	3,759
May p	8,510	34	3,491	510	4,475
June p	8,987	89	4,329	312	4,257

[1] Includes Bank for International Settlements.
[2] Time deposits exclude negotiable time certificates of deposit, which are included in "Other liabilities."

Note.--Nonmonetary international and regional organizations include principally the International Bank for Reconstruction and Development and the Inter-American Development Bank.

TABLE CM-I-3.--Total Liabilities by Country

[Position at end of period in millions of dollars Source: Office of International Financial Analysis]

Country	Calendar year 1992	1993 r	1994 r	1995 Feb.	Mar.	Apr.	May p	June p
Europe:								
Austria	1,809	2,203	4,169	4,541	4,845	4,863	4,796	4,691
Belgium-Luxembourg	23,781	31,558	26,351	26,687	28,057	26,984	29,844	25,215
Bulgaria	419	99	611	561	629	956	912	1,010
Czechoslovakia	580	817	953	388	1,011	941	942	914
Denmark	3,111	4,650	3,037	2,224	2,648	2,819	3,063	2,684
Finland	1,546	2,567	1,568	1,886	1,340	2,146	1,826	1,573
France	47,994	48,066	53,415	52,758	48,692	45,802	48,299	52,987
Germany	24,616	33,352	32,416	32,738	33,966	34,143	37,629	39,038
Greece	920	1,527	1,402	2,074	2,273	2,204	2,208	2,374
Hungary	177	1,491	1,095	885	927	1,085	1,053	1,343
Ireland	2,181	2,321	1,986	1,915	1,910	2,608	2,524	2,280
Italy	12,211	14,537	13,415	14,554	11,887	12,618	13,016	13,574
Netherlands	9,023	17,783	17,949	17,117	17,481	14,242	16,320	13,143
Norway	3,451	3,071	2,338	2,147	2,067	1,375	1,290	1,306
Poland	2,191	2,292	2,316	2,967	3,678	3,611	3,982	4,167
Portugal	2,484	3,488	2,997	4,158	2,973	3,103	3,023	2,815
Romania	117	125	529	350	268	278	218	256
Spain	10,307	21,356	15,592	12,043	13,266	11,450	11,418	12,134
Sweden	3,093	2,643	3,155	2,309	2,565	1,892	1,536	3,435
Switzerland	43,144	45,747	43,282	41,501	41,287	43,190	41,918	49,315
Turkey	2,958	3,584	3,378	2,738	2,603	3,714	3,278	3,346
United Kingdom	125,388	150,851	186,909	185,970	183,507	176,061	173,050	162,724
U.S.S.R. [1]	577	2,532	2,714	2,642	3,549	5,091	7,122	7,257
Yugoslavia [2]	504	571	245	258	211	222	229	220
Other Europe	24,000	26,523	20,956	20,945	20,951	17,651	18,153	16,283
Total Europe	346,582	423,754	442,778	436,356	432,591	419,049	427,649	424,084
Canada	23,467	21,567	26,681	28,637	28,598	30,127	29,295	30,801
Latin America and Caribbean:								
Argentina	9,633	14,591	17,269	11,956	10,053	10,229	10,443	10,948
Bahamas	83,167	74,824	104,604	99,753	101,162	98,093	93,315	97,705
Bermuda	7,314	8,096	8,674	8,761	9,002	9,019	8,743	7,360
Brazil	5,676	5,384	9,285	10,773	10,980	13,234	15,733	18,370
British West Indies	159,240	199,830	237,532	241,290	244,832	252,700	251,481	261,148
Chile	3,115	3,314	3,161	3,374	3,633	3,492	3,004	3,534
Colombia	4,628	3,220	4,638	4,096	3,691	3,645	3,479	3,323
Cuba	3	33	13	5	5	6	5	5
Ecuador	1,035	899	884	1,522	1,128	1,065	1,061	1,190
Guatemala	1,400	1,224	1,136	1,094	1,077	1,109	1,086	1,145
Jamaica	379	425	541	476	504	435	555	462
Mexico	19,960	28,373	12,380	16,907	15,823	17,319	18,336	19,321
Netherlands Antilles	5,980	5,277	5,061	5,026	4,585	4,648	6,585	4,562
Panama	4,319	3,887	4,766	4,505	4,462	4,911	5,103	4,409
Peru	1,116	963	912	905	904	942	1,025	1,008
Trinidad and Tobago	306	398	624	512	505	515	519	662
Uruguay	2,027	1,664	1,646	1,662	1,796	1,972	2,147	2,072
Venezuela	12,183	13,334	14,493	13,488	13,180	12,678	12,964	11,796
Other Latin America and Caribbean	5,939	5,931	6,086	6,215	6,379	6,726	6,763	6,764
Total Latin America and Caribbean	327,420	371,667	433,705	432,320	433,701	442,738	442,347	455,784

See footnotes at end of table

TABLE CM-I-3.--Total Liabilities by Country, con.

[Position at end of period in millions of dollars. Source: Office of International Financial Analysis]

Country	Calendar year 1992	1993 r	1994 r	1995 Feb.	Mar.	Apr.	May p	June p
Asia:								
China:								
Mainland	3,275	4,011	10,066	15,661	12,017	12,138	9,459	10,579
Taiwan	8,460	10,684	9,952	10,068	10,173	9,782	9,339	9,897
Hong Kong	20,639	17,723	17,939	18,924	20,506	20,687	23,605	23,594
India	1,404	1,123	2,340	2,121	2,358	2,198	1,946	2,109
Indonesia	1,494	2,000	1,610	1,980	2,132	1,721	2,657	2,144
Israel	3,785	4,453	5,158	4,956	5,006	5,414	5,334	4,576
Japan	77,735	79,237	88,565	87,509	105,563	112,478	110,897	111,065
Korea	3,367	4,963	5,226	4,277	4,458	4,848	5,135	5,097
Lebanon	417	469	503	487	539	465	485	475
Malaysia	1,775	1,816	1,704	1,668	1,904	2,054	2,043	1,878
Pakistan	989	1,216	1,309	908	1,446	1,339	1,415	1,747
Philippines	2,294	2,041	2,722	2,371	2,306	2,266	2,739	2,548
Singapore	10,566	8,746	8,525	12,045	10,280	11,541	10,255	10,140
Syria	245	365	608	697	652	691	681	719
Thailand	5,587	6,155	6,475	9,915	9,571	10,423	11,602	11,492
Oil-exporting countries [3]	21,469	15,945	15,528	14,988	15,596	15,810	15,719	16,951
Other Asia	2,104	2,783	3,314	3,406	3,347	3,220	3,202	2,956
Total Asia	165,605	163,730	181,544	191,981	207,854	217,075	216,513	217,967
Africa:								
Egypt	2,475	2,218	1,873	1,836	1,782	2,103	2,046	2,144
Ghana	107	153	233	262	246	243	251	224
Liberia	372	816	323	318	360	340	356	355
Morocco	80	100	97	73	70	66	73	90
South Africa	191	451	440	407	714	409	550	604
Zaire	19	12	9	10	9	12	10	18
Oil-exporting countries [4]	1,362	1,308	1,381	1,160	1,642	1,371	1,346	1,461
Other Africa	1,328	1,612	2,222	2,204	2,062	2,742	3,466	3,184
Total Africa	5,934	6,670	6,578	6,270	6,885	7,286	8,098	8,080
Other countries:								
Australia	3,068	3,919	5,247	4,457	5,122	5,010	4,354	3,042
All other	1,126	909	915	700	783	1,118	808	813
Total other countries	4,194	4,828	6,162	5,157	5,905	6,128	5,162	3,855
Total foreign countries	873,202	992,216	1,097,448	1,100,721	1,115,534	1,122,403	1,129,064	1,140,571
International and regional:								
International	7,676	7,179	7,807	7,508	8,973	8,034	7,412	8,216
European regional	80	51	53	65	68	138	94	148
Latin American regional	1,676	3,276	798	767	1,047	1,137	1,538	1,275
Asian regional	183	274	194	187	169	175	116	97
African regional	238	503	170	276	308	504	656	561
Middle Eastern regional	-	39	39	43	50	54	46	42
Total international and regional	9,853	11,322	9,061	8,846	10,615	10,042	9,862	10,339
Grand total	883,055	1,003,538	1,106,509	1,109,567	1,126,149	1,132,445	1,138,926	1,150,910

[1] Beginning with series for December 1992 forward, data are for Russia only. Data for all other republics of the former U.S.S.R. are reported under "Other Europe."

[2] Beginning with series for December 1992 forward, data for the former Yugoslav republics of Bosnia and Herzegovina, Croatia, and Slovenia are reported under "Other Europe."

[3] Includes Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

[4] Includes Algeria, Gabon, Libya, and Nigeria.

TABLE CM-I-4.--Total Liabilities by Type and Country, June 30, 1995, Preliminary

[Position in millions of dollars. Source: Office of International Financial Analysis]

Country	Total liabilities: Total (1)	Total liabilities: Payable in dollars (2)	Total liabilities: Payable in foreign currencies [1] (3)	Liabilities payable in dollars, Totals: Banks' own liabilities (4)	Totals: Custody liabilities (5)	To foreign official institutions and unaffiliated foreign banks: Deposits: Demand (6)	Deposits: Time [2] (7)	Short-term U.S. Treasury obligations [3] (8)	Other liabilities (9)	Liabilities to banks' own foreign offices (10)	Liabilities to all other foreigners: Deposits: Demand (11)	Deposits: Time [2] (12)	Short-term U.S. Treasury obligations [3] (13)	Other liabilities (14)	Memorandum: Negotiable CDs held for all foreigners (15)
Europe:															
Austria	4,691	3,858	833	1,282	2,576	60	615	2,513	305	273	15	52	24	1	36
Belgium-Luxembourg	25,215	21,044	4,171	17,892	3,152	181	10,693	2,125	2,778	4,221	154	267	122	503	528
Bulgaria	1,010	1,010	-	156	854	21	11	853	118	-	1	6	-	-	-
Czechoslovakia	914	912	2	247	665	32	65	665	99	17	1	7	-	26	-
Denmark	2,684	2,432	252	2,016	416	21	328	29	1,638	224	18	13	-	161	125
Finland	1,573	1,456	117	1,022	434	34	96	355	429	517	10	12	-	3	78
France	52,987	45,595	7,392	33,491	12,104	353	15,394	10,161	5,662	11,575	152	393	43	1,862	400
Germany	39,038	33,348	5,690	20,009	13,339	418	5,268	13,121	9,324	4,031	209	410	87	480	69
Greece	2,374	2,365	9	1,133	1,232	61	298	1,206	404	53	57	258	11	17	7
Hungary	1,343	1,343	-	135	1,208	41	-	862	431	5	2	2	-	-	-
Ireland	2,280	2,141	139	1,503	638	78	305	290	129	333	50	149	97	710	31
Italy	13,574	10,373	3,201	9,080	1,293	343	4,941	927	2,342	1,132	149	326	18	195	180
Netherlands	13,143	11,446	1,697	7,952	3,494	84	3,106	1,097	2,549	3,288	84	173	665	400	84
Norway	1,306	1,305	1	781	524	58	27	198	804	56	72	62	6	22	10
Poland	4,167	4,105	62	2,728	1,377	34	217	1,375	2,229	233	6	8	2	1	-
Portugal	2,815	2,652	163	835	1,817	50	399	1,770	112	173	19	77	6	46	14
Romania	256	256	-	230	26	14	60	25	73	83	-	1	-	-	-
Russia [4]	7,257	7,177	80	2,412	4,765	223	906	4,751	1,221	21	16	30	1	8	4
Spain	12,134	10,543	1,591	8,626	1,917	197	3,935	1,826	2,873	553	85	734	49	291	15
Sweden	3,435	3,344	91	3,128	216	149	195	139	713	2,045	13	46	15	29	51
Switzerland	49,315	47,383	1,932	17,931	29,452	509	3,280	26,648	4,763	10,189	167	709	825	293	1,003
Turkey	3,346	3,256	90	1,337	1,919	82	541	1,893	504	169	14	38	8	7	-
United Kingdom	162,724	139,125	23,599	122,470	16,655	757	31,935	6,663	16,837	69,896	766	888	2,309	9,074	3,804
Yugoslavia [5]	220	220	-	219	1	13	74	-	107	-	4	16	-	6	1
Other Europe	16,283	15,489	794	10,471	5,018	113	4,389	3,338	6,486	945	20	130	36	32	501
Total Europe	424,084	372,178	51,906	267,086	105,092	3,926	87,078	82,830	62,930	110,032	2,084	4,807	4,324	14,167	6,941
Canada	30,801	29,237	1,564	21,483	7,754	253	3,637	3,381	4,066	11,944	492	1,181	682	3,601	30
Latin America and Caribbean:															
Argentina	10,948	10,873	75	7,139	3,734	266	379	3,466	1,050	619	589	4,205	148	151	47
Bahamas	97,705	96,913	792	83,477	13,436	40	4,988	230	12,981	74,643	95	1,396	1,256	1,284	482
Bermuda	7,360	7,156	204	3,766	3,390	26	287	666	1,650	166	105	354	773	3,129	172
Brazil	18,370	18,250	120	16,168	2,082	257	10,136	254	2,530	541	778	3,315	219	220	184
British West Indies	261,148	252,155	8,993	169,786	82,369	124	8,120	73	86,861	141,153	241	3,389	1,473	10,721	230
Chile	3,534	3,488	46	3,064	424	106	311	139	1,193	117	217	1,278	55	72	194
Colombia	3,323	3,276	47	2,706	570	38	947	400	260	60	231	1,265	26	49	20
Cuba	5	5	-	5	-	1	1	-	2	-	-	-	-	1	-
Ecuador	1,190	1,179	11	963	216	84	73	180	127	44	154	444	10	63	15
Guatemala	1,145	1,130	15	1,018	112	65	52	26	60	1	145	735	21	25	48
Jamaica	462	449	13	321	128	44	74	120	140	13	16	34	5	3	2
Mexico	19,321	19,248	73	12,663	6,585	179	1,097	5,081	3,464	1,020	906	6,540	470	491	340
Netherlands Antilles	4,562	3,990	572	3,439	551	53	143	8	209	1,309	69	960	345	894	45
Panama	4,409	4,308	101	3,848	460	95	146	-	196	1,363	152	1,922	168	266	102
Peru	1,008	997	11	969	28	43	10	-	127	23	77	630	5	82	10
Trinidad and Tobago	662	661	1	544	117	24	104	-	210	56	17	207	7	36	11
Uruguay	2,072	2,030	42	1,902	128	89	144	30	361	516	91	705	46	48	25
Venezuela	11,796	11,248	548	9,935	1,313	94	1,521	877	469	278	1,058	6,525	197	229	101
Other Latin America and Caribbean	6,764	6,703	61	5,713	990	308	1,010	677	659	248	594	2,935	107	165	58
Total Latin America and Caribbean	455,784	444,059	11,725	327,426	116,633	1,936	29,543	12,227	112,549	222,170	5,535	36,839	5,331	17,929	2,086

See footnotes at end of table

TABLE CM-I-4.--Total Liabilities by Type and Country, June 30, 1995, Preliminary, con.

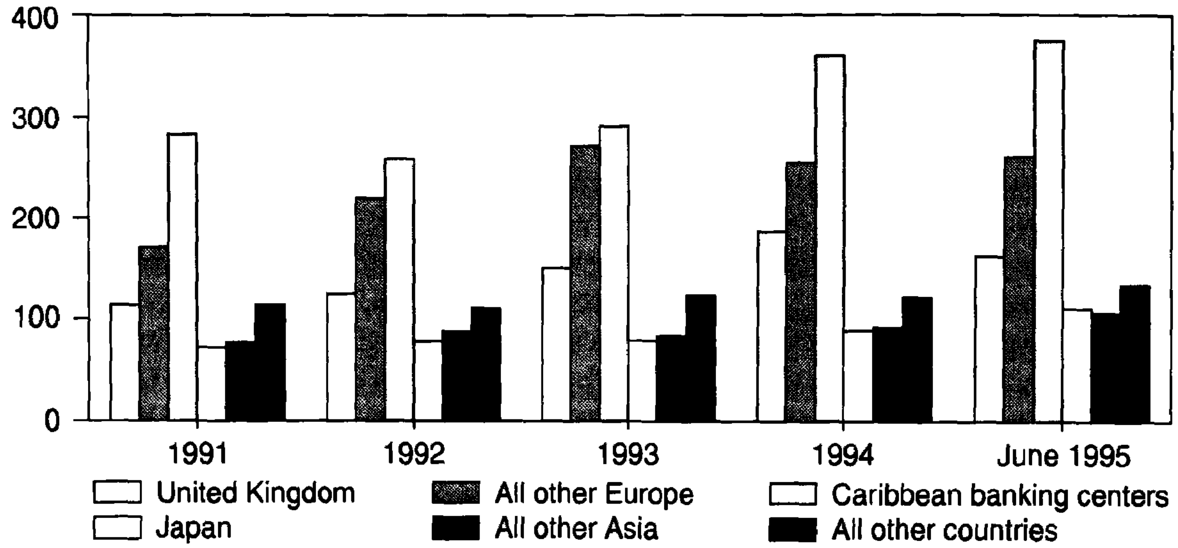
[Position in millions of dollars. Source: Office of International Financial Analysis]

Country	Total liabilities: Total (1)	Total liabilities: Payable in dollars (2)	Total liabilities: Payable in foreign currencies [1] (3)	Liabilities payable in dollars: Totals: Banks' own liabilities (4)	Totals: Custody liabilities (5)	To foreign official institutions and unaffiliated foreign banks: Deposits: Demand (6)	Deposits: Time [2] (7)	Short-term U.S. Treasury obligations [3] (8)	Other liabilities (9)	Liabilities to banks' own foreign offices (10)	Liabilities to all other foreigners: Deposits: Demand (11)	Deposits: Time [2] (12)	Short-term U.S. Treasury obligations [3] (13)	Other liabilities (14)	Memorandum: Negotiable CDs held for all foreigners (15)
Asia:															
China:															
Mainland	10,579	10,579	-	3,923	6,656	225	675	1,009	7,915	402	18	278	7	50	12
Taiwan	9,897	9,745	152	6,517	3,228	249	2,257	2,986	2,617	298	138	1,104	24	72	89
Hong Kong	23,594	22,976	618	16,929	6,047	498	1,122	2,470	3,620	11,520	315	2,586	96	749	1,039
India	2,109	2,105	4	822	1,283	178	25	970	381	302	53	85	5	106	7
Indonesia	2,144	2,119	25	1,541	578	187	122	533	512	289	45	427	-	4	7
Israel	4,576	4,573	3	1,544	3,029	130	38	2,417	686	809	54	392	33	14	236
Japan	111,065	83,348	27,717	32,999	50,349	842	6,778	43,929	7,647	19,977	435	563	1,014	2,163	299
Korea	5,097	4,996	101	4,235	761	220	479	358	925	1,704	48	1,243	9	10	13
Lebanon	475	475	-	462	13	28	91	-	242	7	26	68	7	6	2
Malaysia	1,878	1,582	296	1,234	348	132	207	331	335	246	23	307	-	1	-
Pakistan	1,747	1,747	-	1,276	471	78	106	448	299	744	19	45	-	8	1
Philippines	2,548	2,539	9	1,318	1,221	199	105	540	965	73	112	495	8	42	24
Singapore	10,140	9,700	440	8,788	912	560	2,574	437	990	4,243	81	293	231	291	11
Syria	719	719	-	717	2	181	209	-	302	-	5	20	2	-	-
Thailand	11,492	11,485	7	786	10,699	249	42	10,039	848	212	27	65	2	1	305
Other Asia	19,907	19,825	82	16,529	3,296	694	1,816	2,578	4,555	9,182	227	497	131	145	309
Total Asia	217,967	188,513	29,454	99,620	88,893	4,650	16,646	69,045	32,839	50,008	1,626	8,468	1,569	3,662	2,354
Africa:															
Egypt	2,144	2,143	1	885	1,258	71	229	1,176	423	150	17	71	-	6	61
Ghana	224	224	-	183	41	26	33	40	67	45	5	7	-	1	-
Liberia	355	343	12	214	129	-	-	1	-	-	25	184	69	64	4
Morocco	90	90	-	87	3	13	1	-	58	5	6	4	-	3	1
South Africa	604	596	8	391	205	67	-	200	274	-	15	35	1	4	2
Zaire	18	18	-	17	1	6	-	-	-	6	5	-	1	-	-
Other Africa	4,645	4,598	47	4,101	497	549	457	476	1,323	1,435	143	194	8	13	4
Total Africa	8,080	8,012	68	5,878	2,134	732	720	1,893	2,145	1,641	216	495	79	91	72
Other countries:															
Australia	3,042	2,944	98	2,769	175	320	119	97	1,543	310	157	87	5	306	15
All other	813	790	23	636	154	35	19	66	328	85	56	100	16	85	16
Total other countries	3,855	3,734	121	3,405	329	355	138	163	1,871	395	213	187	21	391	31
Total foreign countries	1,140,571	1,045,733	94,838	724,898	320,835	11,852	137,762	169,539	216,400	396,190	10,166	51,977	12,006	39,841	11,514
International and regional:															
International	8,216	7,335	881	7,091	244	78	3,571	243	3,442	-	-	-	-	1	-
European regional	148	148	-	115	33	4	90	33	21	-	-	-	-	-	-
Latin American regional	1,275	804	471	798	6	4	609	-	191	-	-	-	-	-	-
Asian regional	97	97	-	6	91	1	-	6	90	-	-	-	-	-	25
African regional	561	561	-	131	430	2	17	30	512	-	-	-	-	-	-
Middle Eastern regional	42	42	-	42	-	-	42	-	-	-	-	-	-	-	-
Total international and regional	10,339	8,987	1,352	8,183	804	89	4,329	312	4,256	-	-	-	-	1	25
Grand total	1,150,910	1,054,720	96,190	733,081	321,639	11,941	142,091	169,851	220,656	396,190	10,166	51,977	12,006	39,842	11,539

[1] These data as of Mar. 31, 1995.
[2] Excludes negotiable time certificates of deposit, which are included in "Other liabilities."
[3] U.S. Treasury bills and certificates held in custody for the account of oil-exporting countries in "Other Asia" and "Other Africa" amount to $1,343 million.
[4] Beginning with series for December 1992 forward, data for all other republics of the former U.S.S.R. are reported under "Other Europe."
[5] Beginning with series for December 1992 forward, data for the former Yugoslav republics of Bosnia and Herzegovina, Croatia, and Slovenia are reported under "Other Europe."

CHART CM-A.--U.S. Liabilities to Foreigners
Reported by U.S. Banks, Brokers, and Dealers with Respect to Selected Countries

(In billions of dollars)



[In millions of dollars]

Country	1991	1992	1993	1994	June 1995
United Kingdom	113,920	125,388	150,851	186,909	162,724
All other Europe	170,505	221,194	272,903	255,869	261,360
Caribbean banking centers [1]	284,480	260,020	291,914	360,637	375,184
Japan	71,888	77,735	79,237	88,565	111,065
All other Asia	76,676	87,870	84,493	92,979	106,902
Subtotal	717,469	772,207	879,398	984,959	1,017,235
All other countries	113,726	110,848	124,140	121,550	133,675
Grand total	831,195	883,055	1,003,538	1,106,509	1,150,910

[1] Includes Bahamas, Bermuda, British West Indies, Netherlands Antilles, and Panama.

U.S. banking liabilities to foreigners, excluding liabilities represented by long-term securities, are highly concentrated in international financial centers. The chart and table show that more than two-thirds of U.S. liabilities are reported opposite the United Kingdom, the rest of Europe, and, most notably, the offshore banking centers in the Caribbean. Also significant are the U.S. liabilities to foreigners reported against Japan and the rest of Asia. The allocation of liabilities among the areas shown has remained largely unchanged since 1991.

Total U.S. liabilities to foreigners have expanded steadily over the period shown. Liabilities to specific areas, while following a general upward trend, exhibited varying patterns and magnitudes of growth. As of June 1995, U.S. liabilities had risen markedly in percentage terms for all areas shown. Liabilities opposite other Europe and the Caribbean banking centers grew most heavily in absolute terms, settling at levels $90.9 billion and $90.7 billion higher, respectively, than 1991 positions. Compared with yearend 1994, U.S. liabilities to all areas showed continued expansion as of June 1995, with the exception of the United Kingdom, which was down $24.2 billion.

SECTION II.--Claims on Foreigners Reported by Banks in the United States

TABLE CM-II-1.--Total Claims by Type

[Position at end of period in millions of dollars. Source: Office of International Financial Analysis]

Type of claim	Calendar year 1992	1993 Sept.	1993 Dec. r	1994 Mar. r	1994 June r	1994 Sept. r	1994 Dec.	1995 Mar. p
Total claims	626,726	580,751	606,454	609,600	603,934	604,474	628,131	655,666
Payable in dollars	559,495	519,121	538,471	534,979	540,360	533,661	556,191	571,711
Banks' own claims on foreigners	499,437	477,691	484,689	477,539	481,581	477,274	480,962	489,877
Foreign public borrowers	31,367	31,801	29,095	25,578	21,432	24,934	23,470	23,712
Unaffiliated foreign banks:								
Deposits	61,550	44,870	48,841	45,900	51,616	51,423	59,065	53,178
Other	47,792	51,363	51,189	51,422	51,157	49,784	51,797	51,551
Own foreign offices	303,991	287,239	284,310	279,119	290,658	283,326	283,135	292,153
All other foreigners	54,737	62,418	71,254	75,520	66,718	67,807	63,495	69,283
Claims of banks' domestic customers	60,058	41,430	53,782	57,440	58,779	56,387	75,229	81,834
Deposits	15,452	9,343	21,111	24,009	24,758	25,225	36,190	36,528
Negotiable and readily transferable instruments	31,474	18,577	18,991	19,757	20,157	17,810	25,731	30,823
Collections and other	13,132	13,510	13,680	13,674	13,864	13,352	13,308	14,483
Payable in foreign currencies	67,231	61,630	67,983	74,621	63,574	70,813	71,940	83,955
Banks' own claims on foreigners	62,799	59,136	60,663	67,875	56,840	63,446	59,711	72,468
Claims of banks' domestic customers	4,432	2,494	7,320	6,746	6,734	7,367	12,229	11,487
Memoranda:								
Claims reported by IBFs	277,022	241,812	236,839	240,925	238,593	242,515	252,351	255,896
Payable in dollars	231,082	197,701	194,570	191,833	199,599	196,818	211,454	206,103
Payable in foreign currencies	45,940	44,111	42,269	49,092	38,994	45,697	40,897	49,793
Customer liability on acceptances	8,655	8,190	7,829	7,643	7,435	7,451	8,313	8,393
Claims with remaining maturity of 1 year or less:								
On foreign public borrowers	17,813	21,253	17,765	16,224	13,244	17,370	15,530	15,739
On all other unaffiliated foreigners	145,512	140,790	152,369	153,734	151,716	149,901	156,419	153,343
Claims with remaining maturity of more than 1 year:								
On foreign public borrowers	13,266	10,341	10,809	9,237	8,053	7,385	7,697	7,694
On all other unaffiliated foreigners	18,528	17,305	18,901	18,946	17,764	19,317	17,941	20,634

TABLE CM-II-2.--Total Claims by Country

[Position at end of period in millions of dollars. Source: Office of International Financial Analysis]

Country	Calendar year 1992	1993 Sept.	1993 Dec. r	1994 Mar. r	1994 June r	1994 Sept. r	1994 Dec.	1995 Mar. p
Europe:								
Austria	879	816	729	880	996	806	1,133	1,068
Belgium-Luxembourg	9,513	8,999	8,845	8,459	9,789	9,615	10,015	11,132
Bulgaria	24	40	68	90	66	63	7	7
Czechoslovakia	24	96	135	154	177	96	365	82
Denmark	1,234	897	1,049	870	813	925	1,485	1,240
Finland	1,887	1,046	822	858	778	686	1,003	852
France	20,014	14,421	16,232	17,170	17,888	19,932	18,281	21,563
Germany	9,262	11,289	11,218	12,354	11,163	12,454	12,712	14,469
Greece	1,254	1,157	1,574	1,669	1,388	1,126	1,094	1,103
Hungary	69	46	46	40	31	33	41	143
Ireland	733	486	346	571	666	514	556	450
Italy	12,741	12,829	13,177	13,122	11,016	8,862	10,011	10,309
Netherlands	3,771	3,912	4,217	4,566	5,452	5,008	5,110	5,930
Norway	381	878	459	610	792	724	538	1,534
Poland	427	419	450	496	463	807	405	375
Portugal	664	1,184	1,090	1,341	1,207	1,401	1,179	1,228
Romania	47	69	117	118	112	105	238	222
Spain	3,707	4,689	5,061	4,344	3,418	3,140	4,323	5,339
Sweden	6,426	5,588	5,644	4,989	4,242	4,894	6,818	5,972
Switzerland	9,369	8,597	11,596	13,198	12,813	10,582	13,984	15,032
Turkey	3,010	3,368	3,274	3,578	2,880	2,773	3,040	2,510
United Kingdom	90,388	80,156	81,675	87,899	79,141	79,468	89,362	96,852
U.S.S.R. [1]	3,317	2,771	2,453	2,143	1,724	1,419	1,073	865
Yugoslavia [2]	604	560	554	391	355	269	275	253
Other Europe	1,068	995	838	1,187	789	918	931	349
Total Europe	180,813	165,308	171,669	181,097	168,159	166,620	183,979	198,879
Canada	19,480	23,976	25,482	26,202	29,226	25,181	24,583	32,451
Latin America and Caribbean:								
Argentina	5,178	4,848	4,536	4,807	5,653	5,731	5,992	6,396
Bahamas	62,416	63,078	64,603	65,287	64,884	63,885	68,022	66,119
Bermuda	5,938	5,560	8,231	8,603	6,503	5,666	7,711	9,373
Brazil	11,470	11,973	12,670	13,952	12,358	11,205	10,675	12,060
British West Indies	118,046	112,669	113,869	110,203	118,936	122,600	121,508	116,731
Chile	3,662	4,071	3,835	3,896	3,856	3,784	4,331	4,766
Colombia	3,161	3,307	3,545	3,422	3,726	3,837	4,336	4,278
Cuba	-	-	-	-	-	-	-	-
Ecuador	966	800	745	771	750	669	693	579
Guatemala	290	267	306	307	330	325	382	389
Jamaica	167	191	205	167	198	209	258	279
Mexico	18,005	17,863	20,610	20,677	21,337	21,357	22,037	21,507
Netherlands Antilles	1,457	3,222	2,769	3,456	2,767	1,621	1,085	1,446
Panama	4,824	2,578	2,962	2,525	2,250	2,487	2,248	2,545
Peru	753	644	682	821	958	1,005	1,115	1,168
Trinidad and Tobago	274	444	496	438	459	468	467	502
Uruguay	974	968	993	586	647	759	535	394
Venezuela	3,388	3,661	4,050	3,613	3,423	3,036	2,804	2,502
Other Latin America and Caribbean	1,285	2,032	2,903	4,408	3,173	3,230	3,148	3,924
Total Latin America and Caribbean	242,254	238,176	248,010	247,939	252,208	251,874	257,347	254,978

See footnotes at end of table

TABLE CM-II-2.--Total Claims by Country, con.

[Position at end of period in millions of dollars. Source: Office of International Financial Analysis]

Country	Calendar year 1992	1993 Sept.	1993 Dec. r	1994 Mar. r	1994 June r	1994 Sept. r	1994 Dec.	1995 Mar. p
Asia:								
China:								
Mainland	938	794	2,376	862	872	1,270	896	962
Taiwan	2,091	1,639	2,663	2,248	2,017	1,326	1,482	1,633
Hong Kong	12,219	13,755	13,495	12,939	11,127	15,409	11,682	17,272
India	564	630	640	793	822	1,018	1,068	1,146
Indonesia	1,297	1,561	1,828	1,910	1,509	1,572	1,732	1,787
Israel	6,180	5,993	5,935	5,772	5,728	5,710	5,528	5,997
Japan	106,443	81,950	85,544	81,946	82,119	84,431	88,373	89,589
Korea	6,292	7,243	7,675	7,802	8,513	8,986	10,589	12,554
Lebanon	45	48	52	58	61	50	56	56
Malaysia	297	636	678	970	847	713	835	1,052
Pakistan	883	946	856	871	627	704	642	851
Philippines	2,240	1,245	1,503	1,407	698	643	758	651
Singapore	8,611	7,908	7,195	6,507	6,246	7,324	5,451	5,343
Syria	15	17	44	41	46	43	72	73
Thailand	1,946	2,273	2,410	2,961	3,179	2,928	3,545	3,153
Oil-exporting countries [3]	19,110	14,998	15,975	15,230	17,311	15,989	14,417	13,638
Other Asia	662	602	650	531	654	587	523	567
Total Asia	169,833	142,238	149,519	142,848	142,376	148,703	147,649	156,324
Africa:								
Egypt	194	184	207	224	301	285	248	223
Ghana	4	10	22	14	12	13	6	8
Liberia	966	1,022	992	835	838	823	585	558
Morocco	697	740	752	806	799	659	575	573
South Africa	1,068	735	659	586	568	583	737	681
Zaire	4	3	4	4	4	3	2	2
Oil-exporting countries [4]	1,026	1,259	1,184	1,264	1,292	1,162	906	781
Other Africa	829	647	606	560	534	405	480	509
Total Africa	4,788	4,600	4,426	4,293	4,348	3,933	3,539	3,335
Other countries:								
Australia	3,274	3,476	3,908	3,440	3,241	3,316	4,501	3,783
All other	1,202	543	972	1,854	1,834	1,573	1,622	1,932
Total other countries	4,476	4,019	4,880	5,294	5,075	4,889	6,123	5,715
Total foreign countries	621,644	578,317	603,986	607,673	601,392	601,200	623,220	651,682
International and regional:								
International	5,016	2,339	2,390	1,828	2,464	3,170	4,778	3,889
European regional	3	22	4	3	2	-	40	15
Latin American regional	63	73	69	90	76	104	93	80
Asian regional	-	-	-	1	-	-	-	-
African regional	-	-	-	5	-	-	-	-
Middle Eastern regional	-	-	5	-	-	-	-	-
Total international and regional	5,082	2,434	2,468	1,927	2,542	3,274	4,911	3,984
Grand total	626,726	580,751	606,454	609,600	603,934	604,474	628,131	655,666

[1] Beginning with series for December 1992 forward, data are for Russia only. Data for all other republics of the former U.S.S.R. are reported under "Other Europe."
[2] Beginning with series for December 1992 forward, data for the former Yugoslav republics of Bosnia and Herzegovina, Croatia, and Slovenia are reported under "Other Europe."
[3] Includes Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates (Trucial States).
[4] Includes Algeria, Gabon, Libya, and Nigeria.

TABLE CM-II-3.--Total Claims on Foreigners by Type and Country, Mar. 31, 1995

[Position at end of period in millions of dollars. Source: Office of International Financial Analysis]

Country	Total claims (1)	Reporting banks' own claims: Total banks' own claims (2)	Reporting banks' own claims: On foreign public borrowers and unaffiliated foreigners (3)	Reporting banks' own claims: On own foreign offices (4)	Reporting banks' own claims: Payable in foreign currencies (5)	Memorandum: Customers' liability on acceptances (6)	Claims of banks' domestic customers: Total (7)	Claims of banks' domestic customers: Payable in dollars (8)	Claims of banks' domestic customers: Payable in foreign currencies (9)
Europe:									
Austria	1,067	674	390	199	85	-	393	374	19
Belgium-Luxembourg	11,087	9,090	3,303	4,024	1,763	3	1,997	1,415	582
Bulgaria	7	7	1	-	6	-	-	-	-
Czechoslovakia	82	56	35	18	3	1	26	-	26
Denmark	1,240	802	370	353	79	-	438	303	135
Finland	852	662	405	159	98	-	190	22	168
France	21,542	15,696	8,295	4,964	2,437	61	5,846	5,293	553
Germany	14,469	10,824	3,582	3,427	3,815	47	3,645	2,750	895
Greece	1,088	694	560	26	108	3	394	388	6
Hungary	143	140	135	5	-	-	3	-	3
Ireland	450	359	230	121	8	-	91	30	61
Italy	10,309	8,833	3,160	3,239	2,434	2	1,476	1,206	270
Netherlands	6,842	4,445	1,626	2,450	369	7	2,397	2,300	97
Norway	1,533	1,447	503	939	5	-	86	64	22
Poland	375	140	97	5	38	-	235	235	-
Portugal	1,228	1,158	307	600	251	8	70	59	11
Romania	222	102	91	11	-	-	120	120	-
Russia [1]	865	855	770	-	85	1	10	10	-
Spain	5,339	4,211	1,584	1,482	1,145	38	1,128	978	150
Sweden	5,972	3,729	1,170	2,202	357	-	2,243	2,069	174
Switzerland	15,030	13,956	2,723	5,114	6,119	5	1,074	893	181
Turkey	2,510	721	604	86	31	99	1,789	1,762	27
United Kingdom	96,783	76,649	27,800	39,697	9,152	314	20,134	18,292	1,842
Yugoslavia [2]	253	248	247	-	1	-	5	5	-
Other Europe	348	323	175	106	42	7	25	17	8
Total Europe	199,636	155,821	58,163	69,227	28,431	596	43,815	38,585	5,230
Canada	32,423	22,462	11,093	9,114	2,255	128	9,961	9,211	750
Latin America and Caribbean:									
Argentina	6,396	6,273	4,690	1,563	20	122	123	93	30
Bahamas	66,119	65,841	7,571	57,534	736	47	278	278	-
Bermuda	9,373	8,522	8,511	11	-	109	851	851	-
Brazil	12,075	10,776	7,349	3,402	25	716	1,299	1,045	254
British West Indies	116,665	104,722	14,773	81,542	8,407	222	11,943	11,942	1
Chile	4,766	4,673	4,184	164	325	74	93	73	20
Colombia	4,278	3,990	3,904	79	7	47	288	280	8
Cuba	-	-	-	-	-	-	-	-	-
Ecuador	579	567	547	20	-	42	12	12	-
Guatemala	389	382	372	7	3	25	7	7	-
Jamaica	279	278	275	-	3	1	1	1	-
Mexico	21,506	17,812	16,480	706	626	1,091	3,694	1,807	1,887
Netherlands Antilles	1,446	1,204	1,040	147	17	3	242	32	210
Panama	2,541	2,522	1,156	1,310	56	57	19	19	-
Peru	1,168	1,104	1,006	90	8	40	64	17	47
Trinidad and Tobago	502	501	482	-	19	2	1	1	-
Uruguay	394	351	244	100	7	7	43	43	-
Venezuela	2,502	1,792	1,615	34	143	12	710	690	20
Other Latin America and Caribbean	3,924	3,136	1,823	1,304	9	95	788	788	-
Total Latin America and Caribbean	254,902	234,446	76,022	148,013	10,411	2,712	20,456	17,979	2,477

See footnotes at end of table

TABLE CM-II-3.--Total Claims on Foreigners by Type and Country, Mar. 31, 1995, con.

[Position at end of period in millions of dollars. Source: Office of International Financial Analysis]

Country	Total claims (1)	Reporting banks' own claims: Total banks' own claims (2)	On foreign public borrowers and unaffiliated foreigners (3)	On own foreign offices (4)	Payable in foreign currencies (5)	Memorandum Customers' liability on acceptances (6)	Claims of banks' domestic customers: Total (7)	Payable in dollars (8)	Payable in foreign currencies (9)
Asia:									
China:									
Mainland	962	845	736	105	4	32	117	114	3
Taiwan	1,555	1,482	384	1,087	11	41	73	41	32
Hong Kong	17,263	16,706	4,360	10,099	2,247	183	557	304	253
India	1,146	1,042	836	203	3	78	104	41	63
Indonesia	1,785	1,543	1,312	199	32	255	242	198	44
Israel	5,997	823	607	204	12	14	5,174	5,174	-
Japan	89,563	82,164	20,891	34,621	26,652	1,460	7,399	5,997	1,402
Korea	12,554	12,309	6,818	5,486	25	2,274	245	72	173
Lebanon	56	40	37	3	-	13	16	16	-
Malaysia	1,052	924	218	301	405	-	128	35	93
Pakistan	851	683	241	442	-	25	168	157	11
Philippines	649	562	314	234	14	12	87	60	27
Singapore	5,343	4,478	2,394	1,003	1,081	13	865	724	141
Syria	73	71	71	-	-	-	2	2	-
Thailand	3,153	2,845	874	1,904	67	280	308	35	273
Other Asia	14,205	13,464	3,162	10,263	39	86	741	741	-
Total Asia	156,207	139,981	43,255	66,134	30,592	4,766	16,226	13,711	2,515
Africa:									
Egypt	223	212	177	28	7	11	11	11	-
Ghana	8	8	8	-	-	-	-	-	-
Liberia	541	541	541	-	-	-	-	-	-
Morocco	573	435	422	2	11	2	138	138	-
South Africa	681	651	644	-	7	47	30	7	23
Zaire	2	2	2	-	-	-	-	-	-
Other Africa	1,290	1,050	1,022	12	16	13	240	240	-
Total Africa	3,318	2,899	2,816	42	41	73	419	396	23
Other countries:									
Australia	3,782	1,964	1,310	448	206	88	1,818	1,501	317
All other	1,932	1,556	967	141	448	31	376	201	175
Total other countries	5,714	3,520	2,277	589	654	119	2,194	1,702	492
Total foreign countries	652,200	559,129	193,626	293,119	72,384	8,394	93,071	81,584	11,487
International and regional:									
International	3,889	3,639	3,639	-	-	-	250	250	-
European regional	15	15	15	-	-	-	-	-	-
Latin American regional	80	80	80	-	-	-	-	-	-
Asian regional	-	-	-	-	-	-	-	-	-
African regional	-	-	-	-	-	-	-	-	-
Middle Eastern regional	-	-	-	-	-	-	-	-	-
Total international and regional	3,984	3,734	3,734	-	-	-	250	250	-
Grand total	656,184	562,863	197,360	293,119	72,384	8,394	93,321	81,834	11,487

[1] Beginning with series for December 1992 forward, data for all other republics of the former U.S.S.R. are reported under "Other Europe."

[2] Beginning with series for December 1992 forward, data for the former Yugoslav republics of Bosnia and Herzegovina, Croatia, and Slovenia are reported under "Other Europe."

SECTION III.--Supplementary Liabilities and Claims Data Reported by Banks in the United States

TABLE CM-III-1.--Dollar Liabilities to, and Dollar Claims on, Foreigners in Countries and Areas Not Regularly Reported Separately

[Position at end of period in millions of dollars. Source: Office of International Financial Analysis]

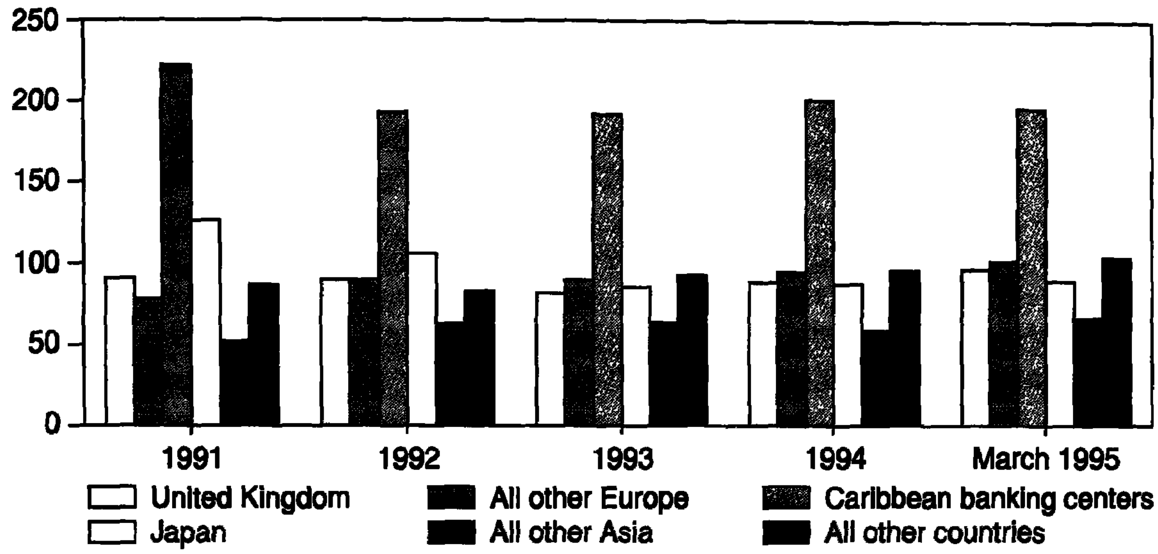
Country	Total liabilities			Total banks' own claims		
	Calendar year	1994		Calendar year	1994	
	1993 r	June r	Dec. r	1993 r	June	Dec.
Other Europe:						
Cyprus	218	165	183	36	35	11
Iceland	103	24	36	28	22	13
Monaco	919	931	770	n.a.	n.a.	63
Other Latin America and Caribbean:						
Aruba	159	130	152	n.a.	14	13
Barbados	263	519	544	n.a.	n.a.	n.a.
Belize	n.a.	112	71	n.a.	n.a.	n.a.
Bolivia	330	357	440	116	149	207
Costa Rica	1,020	1,083	1,010	264	402	404
Dominica	12	18	35	n.a.	18	n.a.
Dominican Republic	1,052	899	864	273	278	253
El Salvador	817	883	762	241	314	330
French West Indies and French Guiana	27	39	n.a.	n.a.	n.a.	1
Haiti	240	219	244	10	5	7
Honduras	520	530	633	65	121	151
Nicaragua	121	154	192	10	11	10
Paraguay	590	572	600	119	126	138
Suriname	58	58	61	n.a.	n.a.	n.a.
Other Asia:						
Afghanistan	44	84	71	*	n.a.	n.a.
Burma	14	11	n.a.	-	-	-
Cambodia (formerly Kampuchea)	2	n.a.	n.a.	-	-	-
Jordan	200	244	192	94	86	71
Macau	38	30	32	n.a.	n.a.	n.a.
Nepal	148	n.a.	n.a.	n.a.	n.a.	n.a.
Sri Lanka	271	172	229	216	201	189
Vietnam	328	351	556	n.a.	n.a.	n.a.
Yemen (Sanaa)	74	104	161	n.a.	n.a.	n.a.
Other Africa:						
Angola	26	46	72	28	25	n.a.
Cameroon	5	6	6	6	5	2
Djibouti	67	16	n.a.	n.a.	3	n.a.
Ethiopia	299	306	337	13	13	15
Guinea	15	18	14	n.a.	n.a.	1
Ivory Coast	34	35	40	30	30	15
Kenya	223	196	224	n.a.	10	19
Madagascar	12	n.a.	14	-	-	n.a.
Mauritius	43	n.a.	48	19	8	n.a.
Mozambique	81	108	88	n.a.	n.a.	n.a.
Niger	2	3	3	-	n.a.	-
Rwanda	9	5	n.a.	-	-	-
Senegal	10	n.a.	n.a.	13	11	6
Somalia	14	17	21	-	-	-
Sudan	29	31	38	*	n.a.	n.a.
Tanzania	78	128	191	5	5	4
Tunisia	37	37	53	n.a.	62	77
Uganda	84	107	200	7	9	8
Zambia	105	110	72	n.a.	n.a.	n.a.
Zimbabwe	112	143	143	n.a.	n.a.	25
All other:						
New Zealand	677	n.a.	n.a.	641	1,736	899
Papua New Guinea	12	n.a.	n.a.	49	2	2

* Less than $500,000

Note.--Data represent a partial breakdown of the amounts shown for the corresponding dates for the "other" geographical categories in the regular monthly series in the "Treasury Bulletin."

CHART CM-B.--U.S. Claims on Foreigners
Reported by U.S. Banks, Brokers, and Dealers with Respect to Selected Countries

(In billions of dollars)



[In millions of dollars]

Country	1991	1992	1993	1994	March 1995
United Kingdom	90,688	90,388	81,675	89,362	96,852
All other Europe	78,460	90,425	89,994	94,617	102,027
Caribbean banking centers [1]	222,172	192,681	192,434	200,574	196,214
Japan	126,385	106,443	85,544	88,373	89,589
All other Asia	51,947	63,390	63,975	59,276	66,735
Subtotal	569,652	543,327	513,622	532,202	551,417
All other countries	86,624	83,399	92,832	95,929	104,249
Grand total	656,276	626,726	606,454	628,131	655,666

[1] Includes Bahamas, Bermuda, British West Indies, Netherlands Antilles, and Panama.

U.S. banking claims on foreigners, excluding claims represented by long-term securities, are highly concentrated in international financial centers. The chart and table show that well more than half of claims are reported opposite the United Kingdom, Japan, and, most notably, offshore banking centers in the Caribbean. Also significant are claims on foreigners reported against Europe excluding the United Kingdom and Asia excluding Japan. The share of claims attributable to Caribbean banking centers and to other Asia have been steady since 1991, whereas the shares of other regions, most notably Japan and other Europe, have fluctuated.

Total U.S. claims on foreigners first declined then recovered over the period shown. Claims on specific areas exhibited distinctive patterns of rise, decline, or overall stability. As of March 1995, U.S. claims had risen markedly in percentage terms opposite other Europe, other Asia, and all other countries, but declined substantially against Caribbean banking centers and Japan. The United Kingdom showed a moderate increase. Compared with yearend 1994, claims on all areas expanded as of March 1995, with the exception of the banking centers, which were down $4.4 billion.

SECTION IV.--Liabilities to, and Claims on, Foreigners Reported by Nonbanking Business Enterprises in the United States

TABLE CM-IV-1.--Total Liabilities and Claims by Type

[Position at end of period in millions of dollars. Source: Office of International Financial Analysis]

Type of liability or claim	Calendar year			1994				1995
	1991	1992	1993 r	Mar. r	June r	Sept. r	Dec.	Mar. p
Total liabilities	44,708	45,511	50,369	52,059	55,383	57,204	54,644	51,468
Payable in dollars	39,029	37,456	38,750	38,552	42,957	42,734	39,700	37,580
Financial	18,104	16,960	18,545	18,930	22,819	23,262	19,792	17,745
Commercial:								
Trade payables	8,279	8,679	7,871	7,814	8,813	8,441	8,867	9,092
Advance receipts and other	12,646	11,817	12,334	11,808	11,325	11,031	11,041	10,743
Payable in foreign currencies	5,679	8,055	11,619	13,507	12,426	14,470	14,944	13,888
Financial	4,414	6,881	10,414	11,483	10,426	12,588	13,056	12,107
Commercial:								
Trade payables	973	887	940	1,162	1,100	1,111	1,146	1,070
Advance receipts and other	292	287	265	862	900	771	742	711
Total claims	45,262	45,073	48,197	49,125	48,436	50,320	55,783	51,372
Payable in dollars	42,564	42,281	44,920	45,746	44,763	46,839	52,641	47,047
Financial:								
Deposits	19,080	16,872	15,146	15,471	15,164	16,009	18,194	15,979
Other	6,910	7,890	10,655	11,301	9,972	10,914	13,009	10,180
Commercial:								
Trade receivables	13,817	15,189	16,636	16,784	17,590	17,919	19,254	18,607
Advance payments and other	2,757	2,330	2,483	2,190	2,037	1,997	2,184	2,281
Payable in foreign currencies	2,698	2,792	3,277	3,379	3,673	3,481	3,142	4,325
Financial:								
Deposits	1,000	823	535	502	605	561	451	594
Other	892	924	1,192	1,187	1,323	1,188	1,060	1,167
Commercial:								
Trade receivables	651	818	1,030	985	962	948	950	1,896
Advance payments and other	155	227	520	705	783	784	681	668

TABLE CM-IV-2.--Total Liabilities by Country

[Position at end of period in millions of dollars. Source: Office of International Financial Analysis]

Country	Calendar year				1994				1995
	1990	1991	1992	1993 r	Mar. r	June r	Sept. r	Dec.	Mar. p
Europe:									
Austria	139	130	107	58	57	122	119	70	48
Belgium-Luxembourg	669	464	712	414	776	778	948	726	885
Bulgaria	9	9	13	3	4	3	4	5	4
Czechoslovakia	15	4	14	8	4	6	5	6	5
Denmark	101	63	38	49	26	650	638	277	446
Finland	160	449	387	362	300	249	237	236	220
France	2,328	3,145	2,323	3,194	3,160	2,302	2,983	2,490	2,742
Germany	1,891	1,734	1,618	1,659	1,791	1,609	2,019	2,572	2,265
Greece	199	178	201	252	280	242	259	196	106
Hungary	5	26	67	3	7	5	3	6	5
Ireland	n.a.	702	614	485	565	529	498	449	402
Italy	590	606	430	485	449	343	327	391	369
Netherlands	1,924	1,766	1,141	1,222	1,192	1,182	1,322	1,275	1,209
Norway	991	527	283	359	219	214	344	176	232
Poland	33	32	31	15	14	14	15	17	18
Portugal	37	55	16	24	23	20	30	35	38
Romania	34	40	33	6	6	16	18	8	4
Spain	534	412	161	164	194	222	203	129	130
Sweden	438	355	322	286	211	205	250	243	225
Switzerland	1,424	983	919	1,009	1,588	1,104	1,024	1,023	1,272
Turkey	53	65	116	104	134	97	120	109	71
United Kingdom	9,149	8,825	11,115	15,379	15,944	20,566	19,178	17,159	12,882
U.S.S.R. [1]	74	59	62	60	77	88	77	84	76
Yugoslavia [2]	69	39	10	9	9	8	10	12	9
Other Europe	771	36	52	36	30	36	28	31	47
Total Europe	21,637	20,704	20,785	25,645	27,060	30,610	30,659	27,725	23,710
Canada	1,490	1,306	1,546	1,738	1,547	1,768	1,686	1,663	3,020
Latin America and Caribbean:									
Argentina	30	22	86	36	51	47	42	88	58
Bahamas	382	540	382	1,169	1,166	1,054	1,118	945	939
Bermuda	538	424	421	350	613	533	215	425	414
Brazil	145	225	228	234	229	235	155	370	156
British West Indies	3,191	3,631	2,883	1,560	1,633	1,321	1,377	1,183	1,260
Chile	24	41	51	89	84	61	112	44	37
Colombia	19	16	19	34	50	41	49	19	29
Cuba	-	-	-	-	-	-	-	-	2
Ecuador	15	15	13	18	25	28	30	33	24
Guatemala	5	6	9	6	9	6	10	8	11
Jamaica	3	6	9	6	4	17	11	14	11
Mexico	480	314	469	500	570	718	688	576	522
Netherlands Antilles	634	642	626	633	641	664	660	645	630
Panama	22	6	36	8	13	32	39	50	25
Peru	14	10	10	13	10	14	17	30	24
Trinidad and Tobago	25	17	17	19	15	13	23	26	13
Uruguay	10	1	3	1	2	2	1	1	1
Venezuela	134	98	148	131	155	199	197	284	278
Other Latin America and Caribbean	154	125	176	218	192	147	185	145	131
Total Latin America and Caribbean	5,824	6,139	5,586	5,025	5,462	5,132	4,929	4,886	4,565

See footnotes at end of table.

TABLE CM-IV-2.--Total Liabilities by Country, con.

[Position at end of period in millions of dollars Source Office of International Financial Analysis]

Country	Calendar year				1994				1995
	1990	1991	1992	1993 r	Mar. r	June r	Sept. r	Dec.	Mar. p
Asia:									
China:									
Mainland	468	621	566	723	668	682	584	612	709
Taiwan	639	773	810	579	460	593	746	853	396
Hong Kong	806	801	884	785	702	647	717	805	701
India	29	61	164	91	89	57	41	59	101
Indonesia	127	176	207	363	350	313	299	325	309
Israel	173	124	181	229	265	120	141	141	169
Japan	7,716	7,837	8,362	8,934	9,255	9,149	11,182	11,821	11,784
Korea	1,556	1,549	1,722	1,701	1,636	1,657	1,722	1,737	1,671
Lebanon	3	3	16	22	22	23	28	14	17
Malaysia	124	304	613	475	271	285	285	178	211
Pakistan	38	25	21	26	28	21	28	27	26
Philippines	10	25	53	57	60	57	51	50	68
Singapore	626	578	590	782	798	734	673	671	630
Syria	53	2	50	11	38	38	24	24	21
Thailand	277	255	179	259	285	328	309	194	247
Oil-exporting countries [3]	2,022	1,511	1,908	1,565	1,566	1,865	1,719	1,645	1,831
Other Asia	111	70	86	79	96	104	114	68	81
Total Asia	14,779	14,715	16,412	16,681	16,589	16,673	18,663	19,224	18,972
Africa:									
Egypt	173	158	89	113	104	90	48	50	62
Ghana	*	-	-	1	1	1	-	-	3
Liberia	1	-	2	1	2	-	-	-	-
Morocco	20	36	28	41	48	30	21	29	22
South Africa	123	79	59	55	50	67	48	32	43
Zaire	6	3	5	6	5	5	5	7	-
Oil-exporting countries [4]	422	331	309	294	323	247	394	385	370
Other Africa	101	114	82	86	90	92	99	74	120
Total Africa	847	721	574	597	623	532	615	577	620
Other countries:									
Australia	1,108	974	503	517	502	492	391	372	409
All other	482	108	88	148	198	75	160	153	137
Total other countries	1,590	1,082	591	665	700	567	551	525	546
Total foreign countries	46,166	44,667	45,494	50,351	51,981	55,282	57,103	54,600	51,433
International and regional:									
International	184	-	-	-	-	-	-	-	-
European regional	41	40	17	18	78	101	101	44	35
Latin American regional	-	-	-	-	-	-	-	-	-
Asian regional	-	-	-	-	-	-	-	-	-
African regional	-	-	-	-	-	-	-	-	-
Middle Eastern regional	*	1	-	-	-	-	-	-	-
Total international and regional	226	41	17	18	78	101	101	44	35
Grand total	46,392	44,708	45,511	50,369	52,059	55,383	57,204	54,644	51,468

* Less than $500,000
[1] Beginning with series for December 1992 forward, data are for Russia only. Data for all other republics of the former U.S.S.R. are reported under "Other Europe."
[2] Beginning with series for December 1992 forward, data for the former Yugoslav republics of Bosnia and Herzegovina, Croatia, and Slovenia are reported under "Other Europe."
[3] Includes Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates (Trucial States).
[4] Includes Algeria, Gabon, Libya, and Nigeria.

TABLE CM-IV-3.--Total Liabilities by Type and Country, Mar. 31, 1995, Preliminary

[Position at end of period in millions of dollars. Source: Office of International Financial Analysis]

Country	Total liabilities (1)	Financial liabilities: Total (2)	Financial liabilities: Payable in dollars (3)	Financial liabilities: Payable in foreign currencies (4)	Commercial liabilities (5)
Europe:					
Austria	48	30	30	-	18
Belgium-Luxembourg	885	612	345	267	273
Bulgaria	4	-	-	-	4
Czechoslovakia	5	-	-	-	5
Denmark	446	363	-	363	83
Finland	220	7	2	5	213
France	2,742	2,046	1,412	634	696
Germany	2,265	1,755	674	1,081	510
Greece	106	1	1	-	105
Hungary	5	2	2	-	3
Ireland	402	298	276	22	104
Italy	369	55	10	45	314
Netherlands	1,209	633	421	212	576
Norway	232	13	1	12	219
Poland	18	-	-	-	18
Portugal	38	12	5	7	26
Romania	4	-	-	-	4
Russia [1]	76	2	2	-	74
Spain	130	36	4	32	94
Sweden	225	10	10	-	215
Switzerland	1,272	883	340	543	389
Turkey	71	19	19	-	52
United Kingdom	12,882	10,025	6,997	3,028	2,857
Yugoslavia [2]	9	-	-	-	9
Other Europe	47	2	1	1	45
Total Europe	23,710	16,804	10,552	6,252	6,906
Canada	3,020	1,817	1,273	544	1,203
Latin America and Caribbean:					
Argentina	58	6	6	-	52
Bahamas	939	931	931	-	8
Bermuda	414	149	149	-	265
Brazil	156	58	58	-	98
British West Indies	1,260	1,231	1,108	123	29
Chile	37	15	15	-	22
Colombia	29	-	-	-	29
Cuba	2	-	-	-	2
Ecuador	24	2	2	-	22
Guatemala	11	1	1	-	10
Jamaica	11	-	-	-	11
Mexico	522	10	10	-	512
Netherlands Antilles	630	600	600	-	30
Panama	25	10	10	-	15
Peru	24	1	1	-	23
Trinidad and Tobago	13	-	-	-	13
Uruguay	1	-	-	-	1
Venezuela	278	5	5	-	273
Other Latin America and Caribbean	131	5	5	-	126
Total Latin America and Caribbean	4,565	3,024	2,901	123	1,541

See footnotes at end of table.

TABLE CM-IV-3.--Total Liabilities by Type and Country, Mar. 31, 1995, Preliminary, con.

[Position at end of period in millions of dollars. Source: Office of International Financial Analysis]

Country	Total liabilities (1)	Financial liabilities: Total (2)	Financial liabilities: Payable in dollars (3)	Financial liabilities: Payable in foreign currencies (4)	Commecial liabilities (5)
Asia:					
China:					
Mainland	709	20	16	4	689
Taiwan	396	17	2	15	379
Hong Kong	701	374	366	8	327
India	101	1	1	-	100
Indonesia	309	46	46	-	263
Israel	169	26	26	-	143
Japan	11,784	6,990	1,912	5,078	4,794
Korea	1,671	338	338	-	1,333
Lebanon	17	-	-	-	17
Malaysia	211	19	-	19	192
Pakistan	26	-	-	-	26
Philippines	68	-	-	-	68
Singapore	630	153	125	28	477
Syria	21	-	-	-	21
Thailand	247	-	-	-	247
Other Asia	1,912	27	27	-	1,885
Total Asia	18,972	8,011	2,859	5,152	10,961
Africa:					
Egypt	62	20	20	-	42
Ghana	3	-	-	-	3
Liberia	-	-	-	-	-
Morocco	22	-	-	-	22
South Africa	43	1	-	1	42
Zaire	-	-	-	-	-
Other Africa	490	135	135	-	355
Total Africa	620	156	155	1	464
Other countries:					
Australia	409	35	1	34	374
All other	137	5	4	1	132
Total other countries	546	40	5	35	506
Total foreign countries	51,433	29,852	17,745	12,107	21,581
International and regional:					
International	-	-	-	-	-
European regional	35	-	-	-	35
Latin American regional	-	-	-	-	-
Asian regional	-	-	-	-	-
African regional	-	-	-	-	-
Middle Eastern regional	-	-	-	-	-
Total international and regional	35	-	-	-	35
Grand total	51,468	29,852	17,745	12,107	21,616

[1] Beginning with series for December 1992 forward, data for all other republics of the former U.S.S.R. are reported under "Other Europe."

[2] Beginning with series for December 1992 forward, data for the former Yugoslav republics of Bosnia and Herzegovina, Croatia, and Slovenia are reported under "Other Europe."

TABLE CM-IV-4.--Total Claims by Country

[Position at end of period in millions of dollars. Source: Office of International Financial Analysis]

Country	Calendar year 1990	1991	1992	1993 r	1994 Mar. r	June r	Sept. r	Dec.	1995 Mar. p
Europe:									
Austria	48	84	71	88	80	98	109	125	126
Belgium-Luxembourg	288	207	197	318	302	262	288	303	268
Bulgaria	10	2	13	32	37	42	31	37	34
Czechoslovakia	16	18	46	48	28	38	31	52	34
Denmark	64	97	154	103	46	55	40	81	52
Finland	53	160	169	171	171	133	103	173	135
France	1,611	1,854	2,301	2,773	2,620	2,774	2,597	2,686	2,602
Germany	1,173	1,238	1,259	1,544	1,413	1,397	1,293	1,586	1,443
Greece	69	52	114	149	114	131	150	136	151
Hungary	18	21	30	6	26	18	34	41	18
Ireland	n.a.	91	419	416	358	390	442	315	320
Italy	609	853	1,041	883	957	852	779	816	869
Netherlands	820	979	1,067	925	858	766	833	743	940
Norway	212	121	196	132	156	155	211	228	239
Poland	23	43	74	116	119	124	138	122	119
Portugal	95	141	176	191	190	184	198	217	182
Romania	9	4	12	5	6	14	19	17	25
Spain	295	335	332	459	431	424	410	496	456
Sweden	251	217	282	460	459	438	383	352	402
Switzerland	658	876	852	962	950	1,195	1,285	1,082	1,052
Turkey	96	101	257	246	270	250	237	208	222
United Kingdom	9,746	13,620	8,346	5,904	6,041	5,496	6,816	6,949	6,278
U.S.S.R. [1]	171	274	232	228	226	219	210	254	233
Yugoslavia [2]	160	113	52	55	45	44	49	39	11
Other Europe	196	133	90	132	126	124	139	159	89
Total Europe	16,689	21,634	17,782	16,346	16,029	15,623	16,825	17,217	16,300
Canada	4,008	3,763	3,119	3,392	3,690	4,548	4,667	5,344	6,083
Latin America and Caribbean:									
Argentina	165	214	242	299	419	447	436	346	349
Bahamas	1,104	840	806	1,321	1,298	1,299	1,104	2,338	921
Bermuda	249	272	295	307	256	334	298	261	239
Brazil	394	778	1,043	1,117	1,094	968	884	1,134	1,162
British West Indies	4,675	9,097	11,787	12,607	12,762	11,859	12,192	14,885	12,632
Chile	108	84	129	221	263	238	221	229	267
Colombia	136	118	129	120	156	164	200	234	261
Cuba	1	2	2	2	2	4	2	1	1
Ecuador	98	95	40	81	74	83	91	112	75
Guatemala	34	14	23	32	41	48	39	46	67
Jamaica	34	25	30	27	40	41	30	42	29
Mexico	837	1,054	1,369	1,862	1,864	1,661	1,792	1,850	1,573
Netherlands Antilles	50	38	26	37	52	46	47	65	66
Panama	70	38	66	90	79	75	105	102	95
Peru	52	91	115	148	138	176	175	175	98
Trinidad and Tobago	25	20	9	26	39	22	17	17	18
Uruguay	13	7	8	8	16	12	21	25	20
Venezuela	217	243	374	457	322	338	426	390	318
Other Latin America and Caribbean	313	342	443	553	626	679	699	618	719
Total Latin America and Caribbean	8,577	13,372	16,936	19,315	19,541	18,494	18,779	22,870	18,910

See footnotes at end of table

TABLE CM-IV-4.--Total Claims by Country, con.

[Position at end of period in millions of dollars Source Office of International Financial Analysis]

Country	Calendar year				1994				1995
	1990	1991	1992	1993 r	Mar. r	June r	Sept. r	Dec.	Mar. p
Asia:									
China:									
Mainland	163	212	282	378	406	427	463	525	462
Taiwan	406	368	307	379	414	432	506	472	487
Hong Kong	253	267	267	298	309	386	1,144	441	410
India	132	105	135	147	100	129	170	201	177
Indonesia	144	159	138	354	426	447	362	411	414
Israel	191	174	168	218	189	195	191	176	241
Japan	1,983	2,249	2,571	3,065	4,010	3,708	3,110	3,428	3,311
Korea	378	423	361	549	541	610	538	652	704
Lebanon	11	11	50	65	64	63	80	58	63
Malaysia	46	55	90	477	444	463	457	454	464
Pakistan	60	50	53	32	33	35	38	40	31
Philippines	75	79	105	111	104	106	116	139	117
Singapore	459	248	291	404	375	411	472	429	545
Syria	52	5	8	5	7	6	9	6	12
Thailand	128	118	127	174	184	216	200	183	191
Oil-exporting countries [3]	468	625	696	719	673	618	635	841	689
Other Asia	36	83	81	188	122	123	117	124	99
Total Asia	4,987	5,231	5,730	7,563	8,401	8,375	8,608	8,580	8,417
Africa:									
Egypt	121	92	177	139	113	103	108	261	75
Ghana	1	1	5	7	4	13	5	7	6
Liberia	15	38	34	19	15	16	10	9	8
Morocco	14	23	37	45	7	11	9	10	12
South Africa	98	108	81	108	108	96	115	142	156
Zaire	25	6	29	34	31	24	24	40	21
Oil-exporting countries [4]	67	96	87	86	102	91	69	76	84
Other Africa	185	123	187	182	211	212	209	177	189
Total Africa	526	487	637	620	591	566	549	722	551
Other countries:									
Australia	450	570	702	752	657	606	669	801	817
All other	63	180	152	181	188	205	191	226	267
Total other countries	513	750	854	933	845	811	860	1,027	1,084
Total foreign countries	35,299	45,237	45,058	48,169	49,097	48,417	50,288	55,760	51,345
International and regional:									
International	•	22	13	28	22	13	31	19	26
European regional	16	2	2	-	6	6	1	4	1
Latin American regional	33	-	-	-	-	-	-	-	-
Asian regional	•	1	-	-	-	-	-	-	-
African regional	-	-	-	-	-	-	-	-	-
Middle Eastern regional	•	-	-	-	-	-	-	-	-
Total international and regional	49	25	15	28	28	19	32	23	27
Grand total	35,348	45,262	45,073	48,197	49,125	48,436	50,320	55,783	51,372

• Less than $500,000.

[1] Beginning with series for December 1992 forward, data are for Russia only Data for all other republics of the former U S S R are reported under "Other Europe"

[2] Beginning with series for December 1992 forward, data for the former Yugoslav republics of Bosnia and Herzegovina, Croatia, and Slovenia are reported under "Other Europe."

[3] Includes Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates (Trucial States)

[4] Includes Algeria, Gabon, Libya, and Nigeria.

TABLE CM-IV-5.--Total Claims by Type and Country, Mar. 31, 1995, Preliminary

[Position at end of period in millions of dollars. Source: Office of International Financial Analysis]

Country	Total claims (1)	Financial claims: Total (2)	Financial claims: Denominated in dollars (3)	Financial claims: Denominated in foreign currencies (4)	Commercial claims (5)
Europe:					
Austria	126	43	29	14	83
Belgium-Luxembourg	268	69	60	9	199
Bulgaria	34	12	10	2	22
Czechoslovakia	34	2	2	-	32
Denmark	52	12	12	-	40
Finland	135	1	-	1	134
France	2,602	805	786	19	1,797
Germany	1,443	443	365	78	1,000
Greece	151	63	62	1	88
Hungary	18	-	-	-	18
Ireland	320	213	213	-	107
Italy	869	81	67	14	788
Netherlands	940	606	592	14	334
Norway	239	4	-	4	235
Poland	119	42	41	1	77
Portugal	182	146	142	4	36
Romania	25	-	-	-	25
Russia [1]	233	31	25	6	202
Spain	456	68	9	59	388
Sweden	402	205	188	17	197
Switzerland	1,052	490	482	8	562
Turkey	222	1	1	-	221
United Kingdom	6,278	3,867	3,559	308	2,411
Yugoslavia [2]	11	-	-	-	11
Other Europe	89	18	18	-	71
Total Europe	16,300	7,222	6,663	559	9,078
Canada	6,083	4,090	3,523	567	1,993
Latin America and Caribbean:					
Argentina	349	32	31	1	317
Bahamas	921	905	888	17	16
Bermuda	239	37	36	1	202
Brazil	1,162	487	396	91	675
British West Indies	12,632	12,574	12,561	13	58
Chile	267	14	13	1	253
Colombia	261	18	17	1	243
Cuba	1	-	-	-	1
Ecuador	75	1	1	-	74
Guatemala	67	14	13	1	53
Jamaica	29	-	-	-	29
Mexico	1,573	472	234	238	1,101
Netherlands Antilles	66	32	32	-	34
Panama	95	41	41	-	54
Peru	98	11	11	-	87
Trinidad and Tobago	18	-	-	-	18
Uruguay	20	-	-	-	20
Venezuela	318	27	24	3	291
Other Latin America and Caribbean	719	133	129	4	586
Total Latin America and Caribbean	18,910	14,798	14,427	371	4,112

See footnotes at end of table.

TABLE CM-IV-5.--Total Claims by Type and Country, Mar. 31, 1995, Preliminary, con.

[Position at end of period in millions of dollars. Source: Office of International Financial Analysis]

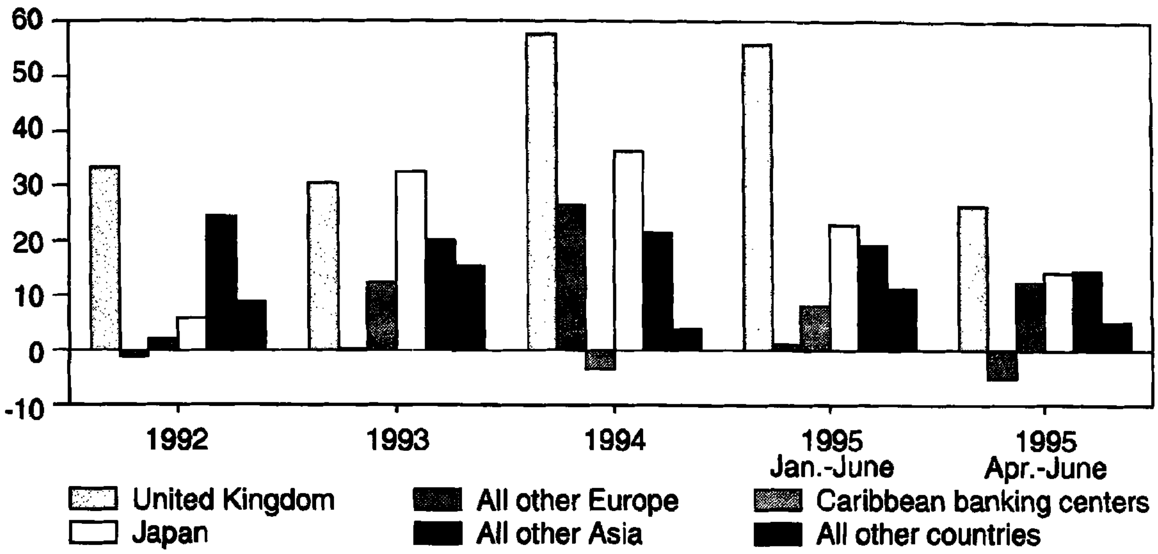
Country	Total claims (1)	Financial claims: Total (2)	Financial claims: Denominated in dollars (3)	Financial claims: Denominated in foreign currencies (4)	Commercial claims (5)
Asia:					
China:					
Mainland	462	51	50	1	411
Taiwan	487	21	-	21	466
Hong Kong	410	42	36	6	368
India	177	8	3	5	169
Indonesia	414	213	190	23	201
Israel	241	8	8	-	233
Japan	3,311	584	463	121	2,727
Korea	704	2	-	2	702
Lebanon	63	-	-	-	63
Malaysia	464	307	302	5	157
Pakistan	31	2	-	2	29
Philippines	117	11	10	1	106
Singapore	545	114	57	57	431
Syria	12	-	-	-	12
Thailand	191	39	35	4	152
Other Asia	788	55	52	3	733
Total Asia	8,417	1,457	1,206	251	6,960
Africa:					
Egypt	75	3	3	-	72
Ghana	6	-	-	-	6
Liberia	8	4	4	-	4
Morocco	12	-	-	-	12
South Africa	156	20	20	-	136
Zaire	21	-	-	-	21
Other Africa	273	50	50	-	223
Total Africa	551	77	77	-	474
Other countries:					
Australia	817	189	176	13	628
All other	267	87	87	-	180
Total other countries	1,084	276	263	13	808
Total foreign countries	51,345	27,920	26,159	1,761	23,425
International and regional:					
International	26	-	-	-	26
European regional	1	-	-	-	1
Latin American regional	-	-	-	-	-
Asian regional	-	-	-	-	-
African regional	-	-	-	-	-
Middle Eastern regional	-	-	-	-	-
Total international and regional	27	-	-	-	27
Grand total	51,372	27,920	26,159	1,761	23,452

[1] Beginning with series for December 1992 forward, data for all other republics of the former U.S.S.R. are reported under "Other Europe."

[2] Beginning with series for December 1992 forward, data for the former Yugoslav republics of Bosnia and Herzegovina, Croatia, and Slovenia are reported under "Other Europe."

CHART CM-C.--Net Foreign Purchases of Long-Term Domestic Securities by Selected Countries

(In billions of dollars)



[In millions of dollars]

Country	1992	1993	1994	Jan.-June 1995	Apr.-June 1995
United Kingdom	33,304	30,442	57,561	55,935	26,452
All other Europe	-1,171	430	26,472	1,205	-4,963
Caribbean banking centers [1]	2,112	12,345	-3,374	8,188	12,552
Japan	5,769	32,464	36,194	22,939	14,428
All other Asia	24,428	20,089	21,423	19,251	14,677
Subtotal	64,442	95,770	138,276	107,518	63,146
All other countries	8,790	15,360	3,994	11,182	5,225
Grand total	73,232	111,130	142,270	118,700	68,371

[1] Includes Bahamas, Bermuda, British West Indies, Netherlands Antilles, and Panama.

As reported by U.S. banks, brokers and other persons, foreigners' transactions in long-term domestic securities are conducted largely through international financial centers. The chart and table present aggregate net purchases on an annual basis for 1992 through 1994, and on a year-to-date and quarterly basis for 1995. The yearend figures show that there has been overall a steady increase in foreigners' net purchases, or gross purchases minus gross sales, of U.S. securities.

Of particular interest are the net purchases of U.S. securities by foreigners located in the United Kingdom and Japan. The historically strong net purchases opposite the United Kingdom slowed marginally in 1993, but increased sharply in 1994 by nearly 90 percent. Moreover, net purchases in the first half of 1995 amounted to 97 percent of 1994 totals, suggesting that this trend may be accelerating. Net purchases opposite Japan, which, of the areas shown, were among the lowest in 1992, exhibited a substantial surge in 1993 that continued into 1994. Figures through the first half of 1995 indicate continuing strong activity in that period, particularly in the second quarter. The other financial centers, principally in the Caribbean, Europe, and Asia displayed varying patterns of activity over the period shown.

SECTION V.--Transactions in Long-Term Securities by Foreigners Reported by Banks and Brokers in the United States

TABLE CM-V-1.--Foreign Purchases and Sales of Long-Term Domestic Securities by Type

[In millions of dollars, negative figures indicate net sales by foreigners or a net outflow of capital from the United States Source: Office of International Financial Analysis]

Calendar year or month	Marketable Treasury bonds and notes: Net foreign purchases: Total (1)	Net foreign purchases: Foreign countries: Official institutions (2)	Foreign countries: Other foreigners (3)	International and regional (4)	Gross foreign purchases (5)	Gross foreign sales (6)	U.S. Government corporations and federally sponsored agencies: Net foreign purchases (7)	Gross foreign purchases (8)	Gross foreign sales (9)	Corporate and other securities: Bonds [1]: Net foreign purchases (10)	Bonds: Gross foreign purchases (11)	Bonds: Gross foreign sales (12)	Stocks: Net foreign purchases (13)	Stocks: Gross foreign purchases (14)	Stocks: Gross foreign sales (15)
1991	19,865	1,190	18,496	178	2,017,815	1,997,951	10,244	67,161	56,917	16,915	85,935	69,020	11,091	211,207	200,116
1992	39,288	6,876	31,059	1,353	2,241,537	2,202,249	18,291	111,186	92,895	20,789	103,736	82,947	-5,136	221,367	226,503
1993	23,552	1,306	22,062	184	2,609,055	2,585,503	35,428	149,097	113,669	30,572	134,727	104,155	21,578	319,664	298,086
1994 r	78,796	41,822	36,810	164	2,709,605	2,630,809	22,962	160,552	137,590	38,602	130,532	91,930	1,910	350,558	348,648
1995 - Jan.-June p	76,389	20,217	55,906	266	1,527,291	1,450,902	12,886	57,775	44,889	27,117	78,252	51,135	2,308	204,031	201,723
1994 - June r	-4,046	3,362	-6,957	-451	221,933	225,979	3,009	15,712	12,703	7,793	15,500	7,707	-2,243	27,018	29,261
July r	1,008	5,063	-3,717	-338	165,125	164,117	3,363	15,445	12,082	2,900	9,846	6,946	-830	24,289	25,119
Aug. r	16,030	9,756	5,821	453	272,688	256,658	2,640	11,970	9,330	4,876	11,329	6,453	2,814	29,179	26,365
Sept.	11,941	4,671	7,358	-88	209,041	197,100	-798	9,116	9,914	3,056	10,142	7,086	-1,644	28,819	30,463
Oct. r	10,226	2,847	6,544	835	209,477	199,251	824	9,906	9,082	2,497	10,010	7,513	-2,041	27,811	29,852
Nov. r	13,118	2,760	10,308	50	242,159	229,041	2,986	10,390	7,404	3,930	11,957	8,027	1,043	28,696	27,653
Dec. r	11,752	608	11,356	-212	186,425	174,673	2,040	9,294	7,254	2,189	9,637	7,448	-1,633	28,094	29,727
1995 - Jan. r	9,578	1,829	8,423	-674	236,033	226,455	1,997	9,413	7,416	4,624	9,834	5,210	-894	24,999	25,893
Feb.	14,103	2,110	11,275	718	265,180	251,077	1,943	9,654	7,711	4,492	13,135	8,643	-242	29,443	29,685
Mar.	9,211	4,022	5,085	104	256,520	247,309	2,569	10,332	7,763	5,269	15,058	9,789	-2,321	35,332	37,653
Apr.	6,400	3,144	3,272	-16	181,310	174,910	2,086	7,470	5,384	1,966	10,693	8,727	876	30,082	29,206
May p	14,519	-1,810	16,378	-49	293,589	279,070	1,684	9,458	7,774	4,537	13,372	8,835	2,682	38,769	36,087
June p	22,578	10,922	11,473	183	294,659	272,081	2,607	11,448	8,841	6,229	16,160	9,931	2,207	45,406	43,199

[1] Data include transactions in directly placed issues abroad by U.S. corporations and issues of States and municipalities

TABLE CM-V-2.--Foreign Purchases and Sales of Long-Term Foreign Securities by Type

[In millions of dollars; negative figures indicate net sales by foreigners or a net outflow of capital from the United States. Source: Office of International Financial Analysis]

Calendar year or month	Net foreign purchases of foreign securities (1)	Foreign bonds: Net foreign purchases (2)	Foreign bonds: Gross foreign purchases (3)	Foreign bonds: Gross foreign sales (4)	Foreign stocks: Net foreign purchases (5)	Foreign stocks: Gross foreign purchases (6)	Foreign stocks: Gross foreign sales (7)
1991	-46,795	-14,828	330,311	345,139	-31,967	120,598	152,565
1992	-47,864	-15,605	513,589	529,194	-32,259	150,051	182,310
1993	-143,068	-80,377	745,952	826,329	-62,691	245,490	308,181
1994 r	-56,767	-9,535	848,131	857,666	-47,232	386,942	434,174
1995 - Jan.-June p	-29,982	-16,031	433,355	449,386	-13,951	165,428	179,379
1994 - June r	-4,185	2,045	66,949	64,904	-6,230	30,676	36,906
July r	-5,918	-2,778	54,456	57,234	-3,140	29,717	32,857
Aug. r	-4,118	258	60,265	60,007	-4,376	30,837	35,213
Sept. r	-114	-634	67,329	67,963	520	37,791	37,271
Oct. r	-9,766	-5,339	58,647	63,986	-4,427	29,867	34,294
Nov. r	-6,043	-3,496	62,540	66,036	-2,547	28,444	30,991
Dec. r	-2,069	290	66,451	66,161	-2,359	26,332	28,691
1995 - Jan. r	-961	-802	68,120	68,922	-159	26,303	26,462
Feb.	-2,937	-1,851	61,226	63,077	-1,086	27,154	28,240
Mar.	-4,033	-1,189	79,056	80,245	-2,844	28,995	31,839
Apr.	-2,947	-799	53,639	54,438	-2,148	24,485	26,633
May p	-7,926	-4,294	75,190	79,484	-3,632	29,213	32,845
June p	-11,178	-7,096	96,124	103,220	-4,082	29,278	33,360

TABLE CM-V-3.--Net Foreign Transactions in Long-Term Domestic Securities by Type and Country

[In millions of dollars; negative figures indicate net sales by foreigners or a net outflow of capital from the United States. Source: Office of International Financial Analysis]

Country	Marketable Treasury bonds and notes			U.S. Government corporations and Federal agency bonds			Corporate bonds			Corporate stocks		
		1995			1995			1995			1995	
	Calendar year 1994 r	Jan. through June	Apr. through June p	Calendar year 1994 r	Jan. through June	Apr. through June p	Calendar year 1994 r	Jan. through June	Apr. through June p	Calendar year 1994	Jan. through June	Apr. through June p
Europe:												
Austria	570	1,772	220	-14	-24	-24	4	-31	-22	179	-16	-57
Belgium-Luxembourg	1,098	-306	-598	669	135	12	-3,910	-950	-249	657	-1,029	-404
Bulgaria	220	10	10	-	-	-	-	-	-	1	-3	-
Czechoslovakia	-65	17	26	-	-	-	-	6	6	-	1	-
Denmark	256	642	-67	164	175	163	-71	-62	-49	171	33	17
Finland	37	26	15	116	-8	2	-18	21	-5	-27	3	2
France	-672	-1,047	-1,934	88	112	136	154	-547	-939	-201	-757	-225
Germany	5,709	-3,801	-4,779	83	64	-3	574	2,369	570	2,110	-1,468	-1,013
Greece	38	967	594	11	1	1	46	80	63	12	2	-16
Hungary	-109	179	215	-10	-3	7	13	8	8	6	2	2
Ireland	-255	-195	-214	213	43	-9	688	42	-117	133	54	55
Italy	-555	86	236	486	381	183	362	-283	-273	323	-157	-72
Netherlands	1,254	3,017	875	1,850	-280	-76	1,472	414	171	2,251	1,399	593
Norway	-74	424	220	74	-	-	-12	5	5	33	-31	11
Poland	1,862	924	903	-	-	-	16	-	-	-16	-22	-13
Portugal	-178	52	-78	42	8	8	65	-28	-12	-9	-2	-1
Romania	1	2	1	-	-	-	-	-	-	-	-	-
Russia [1]	103	2,070	1,933	21	19	14	2	1	1	14	21	-1
Spain	1,392	-3,690	-1,801	1,078	-51	-38	-70	171	106	-61	-41	-5
Sweden	794	296	204	71	172	149	-8	18	-2	324	279	175
Switzerland	481	77	189	25	101	57	1,030	-36	-150	-30	-2,292	-1,350
Turkey	-185	3	8	-3	-2	-	-3	4	-	24	9	-
United Kingdom	23,438	22,939	8,813	6,708	7,382	2,656	26,575	22,971	12,233	840	2,643	2,750
Yugoslavia [2]	-	-	-	-	-	-	-26	-	-	-	-	-
Other Europe	3,448	1,523	1,335	42	26	26	111	57	52	-17	44	54
Total Europe	38,608	25,987	6,326	11,714	8,251	3,264	26,994	24,230	11,397	6,717	-1,328	502
Canada	3,491	4,340	-757	1,966	482	306	992	847	314	-1,160	-1,039	-862
Latin America and Caribbean:												
Argentina	-58	1,264	1,245	444	15	9	52	30	-10	54	-44	-2
Bahamas	1,464	864	2,423	221	77	-41	327	107	57	-472	-227	61
Bermuda	-4,152	-5,137	-1,728	1,123	916	725	729	863	252	548	672	-272
Brazil	-111	628	600	5	-4	-5	-26	1	7	-11	-112	-17
British West Indies	-13,917	6,387	5,855	-527	-1,230	-387	2,407	760	614	1,228	100	421
Chile	-116	659	623	27	-1	7	16	34	37	94	-11	6
Colombia	-349	326	241	1	10	-	-1	2	-6	-49	-28	-10
Cuba	-	-	-	-	-	-	-	-	-	-	-	-
Ecuador	20	472	27	-17	2	1	-4	5	-3	-6	-19	-10
Guatemala	1	1	-1	10	-	-	3	3	1	-1	-10	-5
Jamaica	7	-25	-14	37	-5	-2	-10	2	1	6	1	-
Mexico	-3,024	895	514	158	17	45	103	35	111	101	-17	4
Netherlands Antilles	10,633	508	2,322	-46	-65	-34	784	-34	202	-3,226	3,585	2,104
Panama	100	-29	-48	-543	109	54	-7	46	23	-48	-84	-51
Peru	-245	2	-	1	1	1	-3	8	3	1	-6	1
Trinidad and Tobago	8	-1	-1	19	-4	-4	7	4	1	9	4	2
Uruguay	-44	47	11	18	-4	2	13	29	18	3	-40	-11
Venezuela	-319	794	289	-1	-22	-2	35	50	20	-401	-43	-2
Other Latin America and Caribbean	-77	-236	25	25	96	78	62	155	83	62	-12	-24
Total Latin America and Caribbean	-10,179	7,419	12,383	955	-92	447	4,487	2,100	1,411	-2,108	3,709	2,195

See footnotes at end of table.

TABLE CM-V-3.--Net Foreign Transactions in Long-Term Domestic Securities by Type and Country, con.

[In millions of dollars. negative figures indicate net sales by foreigners or a net outflow of capital from the United States. Source: Office of International Financial Analysis]

Country	Marketable Treasury bonds and notes			U.S. Government corporations and Federal agency bonds			Corporate bonds			Corporate stocks		
	Calendar year 1994 r	1995 Jan. through June	1995 Apr. through June p	Calendar year 1994 r	1995 Jan. through June	1995 Apr. through June p	Calendar year 1994 r	1995 Jan. through June	1995 Apr. through June p	Calendar year 1994	1995 Jan. through June	1995 Apr. through June p
Asia:												
China:												
Mainland	12,205	768	665	498	648	324	104	14	-4	-21	-3	-1
Taiwan	-2,068	629	551	1,043	-33	-14	10	11	15	-158	-96	-64
Hong Kong	1,372	3,109	704	334	-	-71	1,820	458	89	-	-113	128
India	265	-100	-31	3	-	-	-	2	1	5	-11	-7
Indonesia	289	-596	-247	-59	-3	-	57	-5	-5	-25	-10	-8
Israel	-351	1,868	791	-152	16	-13	315	66	32	-97	-144	-70
Japan	29,518	23,290	13,363	3,303	1,788	895	2,183	-43	544	1,190	-2,096	-374
Korea	420	1,299	597	225	1,157	814	92	7	3	30	-23	-20
Lebanon	-1	-2	-4	-4	-	-	-4	-3	1	-14	-1	9
Malaysia	1,632	-64	-269	-11	9	8	-24	-15	-21	-54	-55	-34
Pakistan	2	-43	1	1	2	2	-	2	1	-22	-4	-1
Philippines	196	-62	-29	405	27	7	31	-2	-2	1	3	13
Singapore	2,850	7,497	6,181	838	-53	78	1,372	-970	-1,063	-1,451	3,425	3,997
Syria	-	-	-	-	-	-	-3	-	-	8	-2	-
Thailand	268	-637	761	-10	-	-	-30	1	1	63	4	-4
Oil-exporting countries [3]	-38	188	485	512	825	325	259	45	39	-1,142	-355	-127
Other Asia	483	247	120	75	36	-4	-259	147	-51	-662	126	98
Total Asia	47,042	37,391	23,639	7,001	4,419	2,351	5,923	-265	-420	-2,349	645	3,535
Africa:												
Egypt	-6	1	1	2	5	7	31	17	11	8	-30	-18
Ghana	-5	-	-	-	-	-	-	-	-	-	-1	-1
Liberia	111	93	-2	66	-24	-19	8	39	26	-50	13	42
Morocco	-	-	-	-	-	-	-	-	-	1	-	-
South Africa	7	1	5	1	-	-	-96	3	2	61	4	2
Zaire	-	-	-	3	-	-	-	-	-	-1	-	-
Oil-exporting countries [4]	-	2	1	-	1	-	1	-	-	-21	-3	-1
Other Africa	133	179	240	-34	11	1	11	5	3	31	17	22
Total Africa	240	276	245	38	-7	-11	-45	64	42	29	-	46
Other countries:												
Australia	815	-216	784	28	124	73	50	126	8	630	729	699
All other	-1,385	926	759	532	-26	13	44	-9	-8	141	-350	-331
Total other countries	-570	710	1,543	560	98	86	94	117	-	771	379	368
Total foreign countries	78,632	76,123	43,379	22,234	13,151	6,443	38,445	27,093	12,744	1,900	2,366	5,784
International and regional:												
International	526	11	-347	343	-312	-93	171	3	-2	2	-6	-1
European regional	-220	-101	-101	-25	-	-	-	-	-	-	-	-
Latin American regional	-154	155	329	16	46	44	1	-4	-8	6	-52	-16
Asian regional	-88	108	115	54	11	10	-4	-	-1	2	-	-2
African regional	49	68	83	340	-10	-27	-11	30	4	-	-	-
Middle Eastern regional	51	25	39	-	-	-	-	-5	-5	-	-	-
Total international and regional	164	266	118	728	-265	-66	157	24	-12	10	-58	-19
Grand total	78,796	76,389	43,497	22,962	12,886	6,377	38,602	27,117	12,732	1,910	2,308	5,765

[1] Beginning with series for December 1992 forward, data for all other republics of the former U.S.S.R. are reported under "Other Europe."

[2] Beginning with series for December 1992 forward, data for the former Yugoslav republics of Bosnia and Herzegovina, Croatia, and Slovenia are reported under "Other Europe."

[3] Includes Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates (Trucial States).

[4] Includes Algeria, Gabon, Libya, and Nigeria.

TABLE CM-V-4.--Foreign Purchases and Sales of Long-Term Securities, by Type and Country, During Second Quarter 1995, Preliminary

[In millions of dollars. Source: Office of International Financial Analysis]

Country	Gross purchases by foreigners: Total purchases (1)	Gross purchases: Domestic securities: Marketable Treasury & Federal Financing Bank bonds & notes (2)	Gross purchases: Domestic securities: Bonds of U.S. Gov't. corp. and federally sponsored agencies (3)	Gross purchases: Domestic securities: Corporate and other: Bonds (4)	Gross purchases: Domestic securities: Corporate and other: Stocks (5)	Gross purchases: Foreign securities: Bonds (6)	Gross purchases: Foreign securities: Stocks (7)	Gross sales by foreigners: Total sales (8)	Gross sales: Domestic securities: Marketable Treasury & Federal Financing Bank bonds & notes (9)	Gross sales: Domestic securities: Bonds of U.S. Gov't. corp. and federally sponsored agencies (10)	Gross sales: Domestic securities: Corporate and other: Bonds (11)	Gross sales: Domestic securities: Corporate and other: Stocks (12)	Gross sales: Foreign securities: Bonds (13)	Gross sales: Foreign securities: Stocks (14)
Europe:														
Austria	3,937	3,369	2	24	317	115	110	3,884	3,149	26	46	374	124	165
Belgium-Luxembourg	8,901	3,092	401	826	2,220	1,877	485	10,234	3,690	389	1,075	2,624	2,018	438
Bulgaria	39	31	-	-	-	8	-	31	21	-	-	-	10	-
Czechoslovakia	828	815	-	7	-	4	2	790	789	-	1	-	-	-
Denmark	5,301	3,266	1,017	5	226	627	160	5,534	3,333	854	54	209	777	307
Finland	3,676	3,455	2	-	18	56	145	3,824	3,440	-	5	16	22	341
France	34,279	24,233	229	287	2,452	4,422	2,656	37,493	26,167	93	1,226	2,677	4,483	2,847
Germany	21,411	14,398	63	1,261	2,068	1,215	2,406	26,819	19,177	66	691	3,081	1,074	2,730
Greece	1,648	1,332	2	74	162	39	39	988	738	1	11	178	20	40
Hungary	514	417	7	68	5	17	-	271	202	-	60	3	-	6
Ireland	5,808	3,356	118	761	385	550	638	6,099	3,570	127	878	330	590	604
Italy	8,482	3,703	209	104	2,351	1,302	813	8,476	3,467	26	377	2,423	1,160	1,023
Netherlands	17,341	10,846	378	330	2,904	924	1,959	16,698	9,971	454	159	2,311	2,074	1,729
Norway	2,009	1,482	-	8	154	248	117	2,095	1,262	-	3	143	223	464
Poland	1,557	1,492	-	-	2	60	3	651	589	-	-	15	22	25
Portugal	321	229	8	7	24	12	41	512	307	-	19	25	5	156
Romania	1	1	-	-	-	-	-	-	-	-	-	-	-	-
Russia [1]	4,784	4,653	20	7	18	67	19	2,809	2,720	6	6	19	45	13
Spain	9,152	7,067	16	231	191	806	841	11,533	8,868	54	125	196	1,045	1,245
Sweden	5,489	1,216	164	36	762	2,497	814	4,887	1,012	15	38	587	2,108	1,127
Switzerland	16,126	5,086	143	1,010	7,230	1,126	1,531	18,000	4,897	86	1,160	8,580	1,242	2,035
Turkey	546	364	-	11	40	46	85	509	356	-	11	40	6	96
United Kingdom	493,783	297,951	7,753	23,926	31,361	100,521	32,271	478,817	289,138	5,097	11,693	28,611	109,594	34,684
Yugoslavia [2]	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Europe	6,810	6,102	77	86	399	127	19	5,304	4,767	51	34	345	83	24
Total Europe	652,743	397,956	10,609	29,069	53,289	116,666	45,154	646,258	391,630	7,345	17,672	52,787	126,725	50,099
Canada	132,588	57,698	517	1,821	12,327	54,684	5,541	136,019	58,455	211	1,507	13,189	57,418	5,239
Latin America and Caribbean:														
Argentina	4,579	1,506	25	58	132	2,501	357	3,857	261	16	68	134	2,860	518
Bahamas	15,190	7,624	1,025	967	2,883	2,068	623	12,612	5,201	1,066	910	2,822	2,236	377
Bermuda	51,511	23,605	3,559	1,727	9,654	10,597	2,369	51,918	25,333	2,834	1,475	9,926	10,366	1,984
Brazil	7,214	2,112	5	14	78	4,276	729	6,779	1,512	10	7	95	4,271	884
British West Indies	48,555	29,625	3,346	1,951	8,397	3,523	1,713	41,812	23,770	3,733	1,337	7,976	3,505	1,491
Chile	1,520	1,111	14	62	108	49	176	1,080	488	7	25	102	333	125
Colombia	960	874	11	4	34	26	11	793	633	11	10	44	37	58
Cuba	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ecuador	145	30	4	-	13	97	1	156	3	3	3	23	123	1
Guatemala	57	31	-	3	16	7	-	59	32	-	2	21	1	3
Jamaica	34	-	5	2	21	6	-	48	14	7	1	21	5	-
Mexico	4,534	1,177	65	156	327	1,330	1,479	3,798	663	20	45	323	1,292	1,455
Netherlands Antilles	38,348	21,567	745	770	10,223	2,421	2,622	32,914	19,245	779	568	8,119	1,847	2,356
Panama	1,362	129	217	121	567	250	78	1,381	177	163	98	618	244	81
Peru	114	1	1	3	19	2	88	169	1	-	-	18	2	148
Trinidad and Tobago	44	5	1	2	8	28	-	22	6	5	1	6	4	-
Uruguay	504	37	5	29	50	347	36	467	26	3	11	61	319	47
Venezuela	1,636	886	12	35	174	509	20	1,283	597	14	15	176	464	17
Other Latin America and Caribbean	1,911	324	169	165	173	1,064	16	1,847	299	91	82	197	1,170	8
Total Latin America and Caribbean	178,218	90,644	9,209	6,069	32,877	29,101	10,318	160,995	78,261	8,762	4,658	30,682	29,079	9,553

See footnotes at end of table.

TABLE CM-V-4.--Foreign Purchases and Sales of Long-Term Securities, by Type and Country, During Second Quarter 1995, Preliminary, con.

[In millions of dollars Source Office of International Financial Analysis]

Country	Gross purchases by foreigners: Total purchases (1)	Domestic securities: Marketable Treasury & Federal Financing Bank bonds & notes (2)	Domestic securities: Bonds of U.S. Gov't. corp. and federally sponsored agencies (3)	Corporate and other: Bonds (4)	Corporate and other: Stocks (5)	Foreign securities: Bonds (6)	Foreign securities: Stocks (7)	Gross sales by foreigners: Total sales (8)	Domestic securities: Marketable Treasury & Federal Financing Bank bonds & notes (9)	Domestic securities: Bonds of U.S. Gov't. corp. and federally sponsored agencies (10)	Corporate and other: Bonds (11)	Corporate and other: Stocks (12)	Foreign securities: Bonds (13)	Foreign securities: Stocks (14)
Asia:														
China:														
Mainland	8,853	8,076	421	45	43	241	27	7,898	7,411	97	49	44	171	126
Taiwan	2,582	1,680	74	23	350	354	101	1,886	1,129	88	8	414	146	101
Hong Kong	26,009	14,937	416	352	1,388	4,401	4,515	27,040	14,233	487	263	1,260	5,093	5,704
India	110	52	-	1	27	1	29	246	83	-	-	34	64	65
Indonesia	1,275	1,027	-	-	38	51	159	1,695	1,274	-	5	46	83	287
Israel	3,618	3,219	63	59	144	45	88	3,260	2,428	76	27	214	173	342
Japan	162,494	131,059	4,242	1,596	3,914	10,171	11,512	150,059	117,696	3,347	1,052	4,288	9,060	14,616
Korea	3,385	1,833	875	18	40	275	344	2,333	1,236	61	15	60	375	586
Lebanon	39	-	-	1	33	5	-	34	4	-	-	24	5	1
Malaysia	1,272	502	10	1	69	24	666	1,800	771	2	22	103	36	866
Pakistan	35	2	2	3	14	-	14	27	1	-	2	15	-	9
Philippines	420	192	33	2	68	59	66	621	221	26	4	55	41	274
Singapore	32,508	23,694	176	131	5,025	2,364	1,118	22,894	17,513	98	1,194	1,028	1,520	1,541
Syria	7	-	-	-	7	-	-	7	-	-	-	7	-	-
Thailand	1,982	1,590	-	5	14	28	345	1,329	829	-	4	18	74	404
Other Asia	15,508	10,980	1,062	809	2,308	163	186	14,710	10,375	741	821	2,337	192	244
Total Asia	260,097	198,843	7,374	3,046	13,482	18,182	19,170	235,839	175,204	5,023	3,466	9,947	17,033	25,166
Africa:														
Egypt	161	52	13	26	40	8	22	173	51	6	15	58	4	39
Ghana	5	-	-	-	-	-	5	1	-	-	-	1	-	-
Liberia	386	50	64	49	125	92	6	336	52	83	23	83	88	7
Morocco	1	-	-	-	1	-	-	1	-	-	-	1	-	-
South Africa	150	8	-	5	6	45	86	337	3	-	3	4	54	273
Zaire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Africa	610	372	25	10	118	34	51	292	131	24	7	97	21	12
Total Africa	1,313	482	102	90	290	179	170	1,140	237	113	48	244	167	331
Other countries:														
Australia	11,951	3,726	99	78	1,718	4,253	2,077	10,378	2,942	26	70	1,019	4,367	1,954
All other	4,950	3,254	330	26	269	623	448	4,781	2,495	317	34	600	906	429
Total other countries	16,901	6,980	429	104	1,987	4,876	2,525	15,159	5,437	343	104	1,619	5,273	2,383
Total foreign countries	1,241,860	752,603	28,240	40,199	114,252	223,688	82,878	1,195,410	709,224	21,797	27,455	108,468	235,695	92,771
International and regional:														
International	14,049	12,750	14	1	-	1,194	90	14,359	13,097	107	3	1	1,084	67
European regional	242	188	-	-	-	54	-	300	289	-	-	-	11	-
Latin American regional	3,667	3,550	89	10	3	15	-	3,654	3,221	45	18	19	351	-
Asian regional	261	217	21	11	2	2	8	130	102	11	12	4	1	-
African regional	120	104	12	4	-	-	-	60	21	39	-	-	-	-
Middle Eastern regional	146	146	-	-	-	-	-	112	107	-	5	-	-	-
Total international and regional	18,485	16,955	136	26	5	1,265	98	18,615	16,837	202	38	24	1,447	67
Grand total	1,260,345	769,558	28,376	40,225	114,257	224,953	82,976	1,214,025	726,061	21,999	27,493	108,492	237,142	92,838

[1] Beginning with series for December 1992 forward, data for all other republics of the former U.S.S.R. are reported under "Other Europe."

[2] Beginning with series for December 1992 forward, data for the former Yugoslav republics of Bosnia and Herzegovina, Croatia, and Slovenia are reported under "Other Europe."

TABLE CM-V-5.--Foreign Purchases and Sales of Long-Term Securities, by Type and Country, During Calendar Year 1994

[In millions of dollars. Source: Office of International Financial Analysis]

Country	Gross purchases by foreigners: Total purchases (1)	Gross purchases by foreigners: Domestic securities: Marketable Treasury & Federal Financing Bank bonds & notes (2)	Gross purchases: Domestic: Bonds of U.S. Gov't. corp. and federally sponsored agencies (3)	Gross purchases: Domestic: Corporate and other: Bonds (4)	Gross purchases: Domestic: Corporate and other: Stocks (5)	Gross purchases: Foreign securities: Bonds (6)	Gross purchases: Foreign securities: Stocks (7)	Gross sales by foreigners: Total sales (8)	Gross sales by foreigners: Domestic securities: Marketable Treasury & Federal Financing Bank bonds & notes (9)	Gross sales: Domestic: Bonds of U.S. Gov't. corp. and federally sponsored agencies (10)	Gross sales: Domestic: Corporate and other: Bonds (11)	Gross sales: Domestic: Corporate and other: Stocks (12)	Gross sales: Foreign securities: Bonds (13)	Gross sales: Foreign securities: Stocks (14)
Europe:														
Austria	7,379	4,768	23	145	1,009	905	529	6,617	4,198	37	141	830	808	603
Belgium-Luxembourg	39,450	17,201	3,733	2,670	8,509	4,699	2,638	42,331	16,103	3,064	6,580	7,852	6,228	2,504
Bulgaria	285	220	-	-	2	63	-	88	-	-	-	1	87	-
Czechoslovakia	2,440	2,435	-	-	-	1	4	2,528	2,500	-	-	-	16	12
Denmark	14,778	8,441	2,017	66	681	2,547	1,026	15,902	8,185	1,853	137	510	2,648	2,569
Finland	16,536	13,714	340	29	79	632	1,742	17,204	13,677	224	47	106	391	2,759
France	132,185	77,685	1,330	1,501	8,236	32,789	10,644	133,429	78,357	1,242	1,347	8,437	31,325	12,721
Germany	72,699	36,260	438	2,214	10,523	7,164	16,100	65,465	30,551	355	1,640	8,413	6,915	17,591
Greece	2,393	1,831	34	66	274	82	106	2,569	1,793	23	20	262	252	219
Hungary	3,571	3,362	-	53	9	72	75	3,635	3,471	10	40	3	-	111
Ireland	14,825	7,125	1,398	1,148	913	2,607	1,634	14,679	7,380	1,185	460	780	2,339	2,535
Italy	32,714	10,746	2,715	1,010	7,075	5,942	5,226	32,937	11,301	2,229	648	6,752	6,323	5,684
Netherlands	44,248	12,354	5,205	2,019	12,477	3,065	9,128	40,978	11,100	3,355	547	10,226	6,463	9,287
Norway	12,796	9,925	164	11	712	259	1,725	13,627	9,999	90	23	679	750	2,086
Poland	3,214	3,062	-	16	54	8	74	1,817	1,200	-	-	70	454	93
Portugal	1,225	782	62	83	36	66	196	1,454	960	20	18	45	85	326
Romania	1	1	-	-	-	-	-	-	-	-	-	-	-	-
Russia [1]	348	132	23	14	87	69	23	232	29	2	12	73	52	64
Spain	33,747	23,598	1,191	156	851	4,029	3,922	32,179	22,206	113	226	912	4,499	4,223
Sweden	24,936	12,654	81	82	2,200	4,016	5,903	27,148	11,860	10	90	1,876	4,373	8,939
Switzerland	72,436	27,016	293	3,454	25,182	4,929	11,562	69,528	26,535	268	2,424	25,212	4,273	10,816
Turkey	2,391	1,093	1	14	99	140	1,044	1,938	1,278	4	17	75	151	413
United Kingdom	1,913,885	1,083,666	46,528	66,411	98,055	479,105	140,120	1,844,328	1,060,228	39,820	39,836	97,215	460,941	146,288
Yugoslavia [2]	98	-	-	88	-	6	4	120	-	-	114	-	6	-
Other Europe	23,811	21,672	557	214	567	648	153	20,351	18,224	515	103	584	601	324
Total Europe	2,472,391	1,379,743	66,133	81,464	177,630	553,843	213,578	2,391,084	1,341,135	54,419	54,470	170,913	539,980	230,167
Canada	322,337	134,033	3,636	7,340	38,032	122,957	16,339	324,529	130,542	1,670	6,348	39,192	127,991	18,786
Latin America and Caribbean:														
Argentina	13,758	694	813	985	523	7,388	3,355	17,548	752	369	933	469	9,943	5,082
Bahamas	46,314	12,967	1,638	1,878	9,598	18,907	1,326	43,665	11,503	1,417	1,551	10,070	17,853	1,271
Bermuda	135,894	77,551	14,112	5,848	17,553	14,032	6,798	143,293	81,703	12,989	5,119	17,005	17,991	8,486
Brazil	12,542	1,330	103	72	730	5,852	4,455	19,165	1,441	98	98	741	11,488	5,299
British West Indies	239,761	142,608	30,361	8,414	31,879	17,932	8,567	249,993	156,525	30,888	6,007	30,651	16,865	9,057
Chile	2,598	797	51	70	415	551	714	3,797	913	24	54	321	568	1,917
Colombia	1,418	964	22	41	238	53	100	2,657	1,313	21	42	287	565	429
Cuba	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ecuador	166	40	41	9	61	13	2	234	20	58	13	67	70	6
Guatemala	104	6	11	6	64	14	3	85	5	1	3	65	5	6
Jamaica	118	21	41	-	28	28	-	183	14	4	10	22	132	1
Mexico	40,432	10,152	421	341	1,877	9,305	18,336	46,735	13,176	263	238	1,776	11,741	19,541
Netherlands Antilles	197,712	139,243	7,025	4,348	25,531	12,176	9,389	192,026	128,610	7,071	3,564	28,757	14,009	10,015
Panama	10,468	503	1,661	262	1,657	1,050	5,335	5,820	403	2,204	269	1,705	858	381
Peru	537	2	1	3	57	25	449	1,228	247	-	6	56	56	863
Trinidad and Tobago	180	8	19	7	33	7	106	111	-	-	-	24	2	85
Uruguay	3,264	132	24	44	398	2,232	434	3,142	176	6	31	395	1,864	670
Venezuela	3,644	854	192	161	684	1,379	374	4,399	1,173	193	126	1,085	1,337	485
Other Latin America and Caribbean	5,872	989	660	330	681	2,952	260	6,136	1,066	635	268	619	3,077	471
Total Latin America and Caribbean	714,782	388,861	57,196	22,819	92,007	93,896	60,003	740,217	399,040	56,241	18,332	94,115	108,424	64,065

See footnotes at end of table.

TABLE CM-V-5.--Foreign Purchases and Sales of Long-Term Securities, by Type and Country, During Calendar Year 1994, con.

[In millions of dollars. Source: Office of International Financial Analysis]

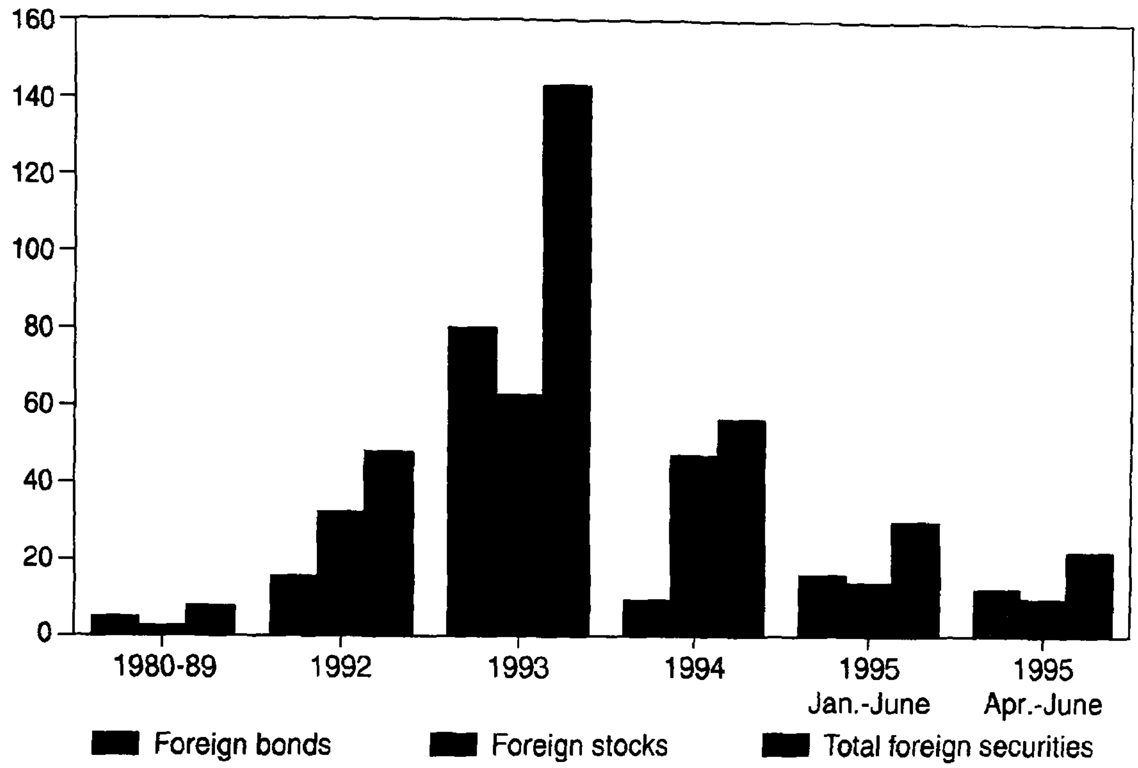
Country	Gross purchases by foreigners: Total purchases (1)	Domestic securities: Marketable Treasury & Federal Financing Bank bonds & notes (2)	Bonds of U.S. Gov't. corp. and federally sponsored agencies (3)	Corporate and other: Bonds (4)	Corporate and other: Stocks (5)	Foreign securities: Bonds (6)	Foreign securities: Stocks (7)	Gross sales by foreigners: Total sales (8)	Domestic securities: Marketable Treasury & Federal Financing Bank bonds & notes (9)	Bonds of U.S. Gov't. corp. and federally sponsored agencies (10)	Corporate and other: Bonds (11)	Corporate and other: Stocks (12)	Foreign securities: Bonds (13)	Foreign securities: Stocks (14)
Asia:														
China:														
Mainland	21,542	19,526	629	156	68	1,112	51	9,136	7,321	131	52	89	906	637
Taiwan	14,434	10,448	1,546	162	662	1,128	488	15,134	12,516	503	152	820	766	377
Hong Kong	114,288	72,204	1,960	2,800	4,408	9,524	23,392	111,008	70,832	1,626	980	4,408	7,368	25,794
India	970	759	3	1	74	32	101	1,116	494	-	1	69	29	523
Indonesia	2,710	1,802	1	60	154	175	518	4,061	1,513	60	3	179	821	1,485
Israel	11,696	9,531	240	455	582	294	594	14,224	9,882	392	140	679	2,104	1,027
Japan	523,160	395,085	17,411	7,974	18,870	36,233	47,587	504,394	365,567	14,108	5,791	17,680	38,946	62,302
Korea	7,218	3,702	479	159	128	1,060	1,690	8,592	3,282	254	67	98	1,521	3,370
Lebanon	189	9	-	11	87	82	-	144	10	4	15	101	13	1
Malaysia	32,301	27,260	6	251	532	119	4,133	31,327	25,628	17	275	586	662	4,159
Pakistan	125	2	1	-	27	1	94	258	-	-	-	49	90	119
Philippines	3,667	2,131	410	43	290	487	306	3,530	1,935	5	12	289	523	766
Singapore	133,220	111,982	1,566	2,299	3,513	7,855	6,005	128,396	109,132	728	927	4,964	6,631	6,014
Syria	18	-	-	-	17	1	-	12	-	-	3	9	-	-
Thailand	4,394	2,393	-	17	147	357	1,480	4,124	2,125	10	47	84	186	1,672
Other Asia	48,493	27,971	6,406	3,418	8,441	1,317	940	49,624	27,526	5,819	3,418	10,245	1,726	890
Total Asia	918,425	684,805	30,658	17,806	38,000	59,777	87,379	885,080	637,763	23,657	11,883	40,349	62,292	109,136
Africa:														
Egypt	192	26	2	41	83	18	22	149	32	-	10	75	12	20
Ghana	58	-	-	-	-	-	58	96	5	-	-	-	1	90
Liberia	1,914	876	290	129	325	258	36	1,743	765	224	121	375	209	49
Morocco	5	-	-	1	4	-	-	24	-	-	1	3	-	20
South Africa	884	28	1	47	156	320	332	1,636	21	-	143	95	881	496
Zaire	4	-	3	-	-	-	1	7	-	-	-	1	1	5
Other Africa	2,231	1,358	22	23	215	470	143	1,838	1,225	56	11	205	174	167
Total Africa	5,288	2,288	318	241	783	1,066	592	5,493	2,048	280	286	754	1,278	847
Other countries:														
Australia	54,866	34,694	79	427	3,031	9,023	7,612	55,704	33,879	51	377	2,401	9,926	9,070
All other	10,084	4,650	1,325	134	706	2,442	827	12,142	6,035	793	90	565	3,116	1,543
Total other countries	64,950	39,344	1,404	561	3,737	11,465	8,439	67,846	39,914	844	467	2,966	13,042	10,613
Total foreign countries	4,498,173	2,629,074	159,345	130,231	350,189	843,004	386,330	4,414,249	2,550,442	137,111	91,786	348,289	853,007	433,614
International and regional:														
International	83,525	77,524	478	187	322	4,402	612	82,304	76,998	135	16	320	4,278	557
European regional	1,021	651	-	-	-	370	-	978	871	25	-	-	82	-
Latin American regional	1,736	1,210	72	91	38	325	-	1,821	1,364	56	90	32	279	-
Asian regional	593	506	54	9	9	15	-	634	594	-	13	7	17	3
African regional	880	248	603	14	-	15	-	490	199	263	25	-	3	-
Middle Eastern regional	392	392	-	-	-	-	-	341	341	-	-	-	-	-
Total international and regional	88,147	80,531	1,207	301	369	5,127	612	86,568	80,367	479	144	359	4,659	560
Grand total	4,586,320	2,709,605	160,552	130,532	350,558	848,131	386,942	4,500,817	2,630,809	137,590	91,930	348,648	857,666	434,174

[1] Beginning with series for December 1992 forward, data for all other republics of the former U.S.S.R. are reported under "Other Europe."

[2] Beginning with series for December 1992 forward, data for former Yugoslav republics of Bosnia and Herzegovina, Croatia, and Slovenia are reported under "Other Europe."

CHART CM-D.--Net Purchases of Long-Term Foreign Securities by U.S. Investors *

(In billions of dollars)



[In millions of dollars]

Type	1980-89 [1]	1992	1993	1994	Jan.-June 1995	Apr.-June 1995
Foreign bonds.................	4,883	15,605	80,377	9,535	16,031	12,189
Foreign stocks.................	2,834	32,259	62,691	47,232	13,951	9,862
Total........................	7,717	47,864	143,068	56,767	29,982	22,051

* Net purchases by U.S. investors equal net sales by foreigners, or gross sales minus gross purchases of securities.
[1] Annual average.

Annual U.S. net purchases of foreign stocks and bonds in recent years stand in marked contrast to the comparatively low levels of average annual activity throughout the 1980's. The remarkable growth of U.S. net purchases of foreign securities is due largely to a trend toward international diversification among U.S. institutional investors.

The chart and table show that U.S. investors' net purchases of foreign securities have been substantial in recent years, particularly in 1993 when net purchases of both foreign bonds and foreign stocks reached record highs. In 1994, U.S. net purchases of foreign bonds plunged. As of the first half of 1995, however, net purchases of foreign bonds were already 68 percent greater than in all of 1994. U.S. net purchases of foreign stocks also declined in 1994 and were diminished further in the first quarter of 1995. The second quarter, however, showed renewed momentum in net purchases of foreign stocks.

INTRODUCTION: Foreign Currency Positions

The "Treasury Bulletin" publishes series on foreign currency holdings of large foreign exchange market participants. The series provide information on positions in derivative instruments, such as foreign exchange futures and options, that are increasingly used in establishing foreign exchange positions but were not covered in the old reports.

The information is based on reports of large foreign exchange market participants on holdings of five major foreign currencies (Canadian dollar, German mark, Japanese yen, Swiss franc, and pound sterling). U.S.-based businesses file a consolidated report for their domestic and foreign subsidiaries, branches, and agencies. U.S. subsidiaries of foreign entities file only for themselves, not for their foreign parents. Filing is required by law (31 U.S.C. 5315; 31 C.F.R. 128, Subpart C).

Weekly and monthly reports must be filed throughout the calendar year by major foreign exchange market participants, which are defined as market participants with more than $50 billion equivalent in foreign exchange contracts on the last business day of any calendar quarter during the previous year (end March, June, September, or December). Such contracts include the amounts of foreign exchange spot contracts bought and sold, foreign exchange forward contracts bought and sold, foreign exchange futures bought and sold, and one half the notional amount of foreign exchange options bought and sold. Exemptions from filing the monthly report are given to banking institutions that file the Federal Financial Institution Examination Council (FFIEC) 035 report ("Monthly Consolidated Foreign Currency Report").

A quarterly report must be filed throughout the calendar year by each foreign exchange market participant that had more than $1 billion equivalent in foreign exchange contracts on the last business day of any quarter the previous year (end March, June, September, or December). Exemptions from filing the quarterly report are given to major nonbank market participants that file weekly and monthly reports, and banking institutions that file FFIEC 035 reports.

This information is published in five sections corresponding to each of the major currencies covered by the reports. Tables I-1 through V-1 present the foreign currency data reported weekly by major market participants. Tables I-2 through V-2 present more detailed currency data of major market participants, based on monthly Treasury and FFIEC 035 reports. Tables I-3 through V-3 present quarterly consolidated foreign currency data reported by large market participants and FFIEC reporters which do not file weekly reports.

Principal exchanged under cross currency interest rate swaps is reported as part of purchases or sales of foreign exchange. Such principal is also separately noted on monthly and quarterly reports. The net options position, or the net delta-equivalent value of an options position, is an estimate of the relationship between an option's value and an equivalent currency hedge. The delta equivalent value is defined as the product of the first partial derivative of an option valuation formula (with respect to the price of the underlying currency) multiplied by the notional principal of the contract.

The substantial revisions in this issue's quarterly reports of large market participants correct for an error in the program that aggregates data for publication. This adjustment does not affect the underlying data series or other Foreign Currency Positions tables.

SECTION I.--Canadian Dollar Positions

TABLE FCP-I-1.--Weekly Report of Major Market Participants

[In millions of Canadian dollars. Source: Office of International Financial Analysis]

Report date	Spot, forward, and future contracts: Purchased (1)	Spot, forward, and future contracts: Sold (2)	Net options positions (3)	Exchange rate (Canadian dollars per U.S. dollar) (4)
01/04/95	176,484	173,795	-644	1.4025
01/11/95	185,286	181,860	-144	1.4111
01/18/95	199,537	195,805	-496	1.4215
01/25/95	207,584	204,006	-650	1.4120
02/01/95	206,116	202,998	-1,293	1.4079
02/08/95	211,843	209,040	-1,328	1.3961
02/15/95	215,965	211,891	-1,367	1.4035
02/22/95	222,754	218,145	-1,626	1.3966
03/01/95	217,871	212,871	-1,695	1.3983
03/08/95	222,885	218,651	-1,562	1.4125
03/15/95	212,326	207,645	-2,131	1.4122
03/22/95	208,656	204,961	-1,869	1.4027
03/29/95	204,873	200,174	-1,714	1.4040
04/05/95	202,656	197,900	-1,423	1.3920
04/12/95	209,770	205,731	-1,466	1.3780
04/19/95	204,783	200,021	-1,251	1.3722
04/26/95	200,454	196,239	-1,112	1.3618
05/03/95	201,936	197,702	-1,668	1.3626
05/10/95	202,172	198,785	-1,295	1.3550
05/17/95	205,096	200,987	-2,813	1.3556
05/24/95	202,500	196,130	-3,074	1.3650
05/31/95	196,762	189,388	-3,037	1.3708
06/07/95	192,850	184,054	-3,197	1.3800
06/14/95	196,775	188,026	-3,191	1.3799
06/21/95	193,048	183,956	-3,278	1.3815
06/28/95	193,211	184,743	-3,288	1.3750

TABLE FCP-I-2.--Monthly Report of Major Market Participants

[In millions of Canadian dollars. Source: Office of International Financial Analysis]

Report date	Spot, forward, and future contracts		Non-capital items		Options positions					Cross currency interest rate swaps	Exchange rate (Canadian dollars per U.S. dollar)
					Calls		Puts				
	Purchased (1)	Sold (2)	Assets (3)	Liabilities (4)	Bought (5)	Written (6)	Bought (7)	Written (8)	Net delta equivalent (9)	(10)	(11)
1994 - July	159,812	155,456	36,715	35,262	13,278	17,204	16,693	11,635	-2,398	65,017	1.3868
Aug.	168,735	163,639	39,718	39,575	14,582	17,969	15,796	12,279	-2,307	65,667	1.3674
Sept.	170,318	166,183	40,808	39,034	17,285	18,880	14,698	11,622	-823	66,423	1.3435
Oct.	170,112	164,972	38,971	39,091	14,846	16,222	14,375	11,686	-1,172	68,452	1.3536
Nov.	174,482	171,478	44,330	40,752	13,544	14,804	14,240	11,859	-1,518	67,298	1.3762
Dec.	170,552	168,063	41,737	43,351	11,489	11,681	11,521	9,574	-6	65,265	1.4030
1995 - Jan.	212,150	210,144	48,397	46,493	14,216	14,739	17,494	15,098	-1,244	66,361	1.4073
Feb.	215,922	212,306	46,337	45,374	14,961	16,874	19,393	16,375	-1,655	63,089	1.3905
Mar.	208,704	204,873	42,898	42,168	13,809	16,179	16,252	14,463	-1,319	66,446	1.3996
Apr.	194,797	192,023	42,378	42,176	15,600	15,935	15,653	13,051	-1,095	64,655	1.3565
May.	198,106	196,685	42,133	38,602	15,552	17,037	16,384	12,750	-2,985	61,111	1.3708
June	189,407	184,766	48,331	48,181	12,800	14,254	13,896	10,324	-2,990	67,809	1.3727

TABLE FCP-I-3.--Quarterly Report of Large Market Participants

[In millions of Canadian dollars. Source: Office of International Financial Analysis]

Report date	Spot, forward, and future contracts		Non-capital items		Options positions					Cross currency interest rate swaps	Exchange rate (Canadian dollars per U.S. dollar)
					Calls		Puts				
	Purchased (1)	Sold (2)	Assets (3)	Liabilities (4)	Bought (5)	Written (6)	Bought (7)	Written (8)	Net delta equivalent (9)	(10)	(11)
1994 - Mar. r	37,280	35,010	62,303	60,686	2,371	2,347	5,609	3,033	-990	13,653	1.3839
June r	39,719	38,431	62,047	63,051	5,167	4,156	2,971	3,032	231	13,784	1.3835
Sept. r	43,368	39,850	57,265	50,817	5,600	4,487	3,181	3,192	697	14,209	1.3435
Dec. r	38,506	36,984	46,557	43,591	3,501	2,873	3,632	3,054	-298	14,637	1.4030
1995 - Mar.	36,251	37,067	44,693	42,866	3,184	2,646	2,872	2,432	268	15,185	1.3996

SECTION II.--German Mark Positions

TABLE FCP-II-1.--Weekly Report of Major Market Participants

[In millions of German marks. Source: Office of International Financial Analysis]

Report date	Spot, forward, and future contracts: Purchased (1)	Spot, forward, and future contracts: Sold (2)	Net options positions (3)	Exchange rate (Deutsche marks per U.S. dollar) (4)
01/04/95	1,860,434	1,855,127	15,119	1.5595
01/11/95	2,077,583	2,070,782	13,396	1.5368
01/18/95	2,037,721	2,024,678	14,144	1.5351
01/25/95	2,017,175	1,997,851	14,346	1.5180
02/01/95	1,967,536	1,951,595	13,812	1.5195
02/08/95	1,960,839	1,944,079	14,258	1.5316
02/15/95	1,989,587	1,972,074	12,549	1.5103
02/22/95	2,083,266	2,069,243	14,089	1.4695
03/01/95	1,964,049	1,954,321	12,516	1.4627
03/08/95	2,163,475	2,149,854	12,598	1.3952
03/15/95	1,953,403	1,935,611	13,746	1.3905
03/22/95	1,986,131	1,963,878	12,562	1.4030
03/29/95	1,964,050	1,945,545	11,693	1.3825
04/05/95	1,920,087	1,908,907	13,084	1.3738
04/12/95	1,942,022	1,926,299	12,299	1.4000
04/19/95	1,912,677	1,895,312	12,558	1.3718
04/26/95	1,893,671	1,883,390	11,197	1.3685
05/03/95	1,784,693	1,775,234	12,304	1.3738
05/10/95	1,846,868	1,835,051	7,994	1.3882
05/17/95	1,891,781	1,877,942	7,819	1.4458
05/24/95	1,835,235	1,823,820	9,331	1.4398
05/31/95	1,797,256	1,781,997	7,380	1.4160
06/07/95	1,803,357	1,789,284	8,277	1.4085
06/14/95	1,845,058	1,827,467	7,975	1.4015
06/21/95	1,656,791	1,632,629	8,557	1.3845
06/28/95	1,750,727	1,728,977	7,942	1.3980

TABLE FCP-II-2.--Monthly Report of Major Market Participants

[In millions of German marks Source: Office of International Financial Analysis]

Report date	Spot, forward, and future contracts: Purchased (1)	Spot, forward, and future contracts: Sold (2)	Non-capital items: Assets (3)	Non-capital items: Liabilities (4)	Options positions: Calls: Bought (5)	Options positions: Calls: Written (6)	Options positions: Puts: Bought (7)	Options positions: Puts: Written (8)	Net delta equivalent (9)	Cross currency interest rate swaps (10)	Exchange rate (Deutsche marks per U.S. dollar) (11)
1994 - July	2,218,014	2,235,999	183,084	186,101	266,178	253,981	308,913	334,597	12,701	190,377	1.5840
Aug.	2,164,372	2,176,877	184,440	188,663	264,563	254,301	300,086	342,585	10,579	184,542	1.5820
Sept.	1,925,639	1,937,228	178,689	183,595	234,605	210,826	251,521	294,808	13,492	182,359	1.5520
Oct.	1,990,443	1,999,494	176,244	183,980	234,495	219,259	263,173	309,131	8,810	186,811	1.5039
Nov.	2,034,840	2,041,705	166,749	174,040	227,478	211,009	266,028	304,831	10,274	188,333	1.5697
Dec.	1,652,725	1,656,590	163,722	167,951	186,072	172,292	214,518	256,228	14,244	186,348	1.5495
1995 - Jan.	1,976,170	1,963,539	164,240	166,720	231,138	217,252	261,017	308,020	13,920	192,506	1.5257
Feb.	2,065,092	2,058,248	183,874	192,539	241,010	222,530	284,960	331,150	14,838	192,152	1.4625
Mar.	2,003,201	1,991,118	188,956	194,965	254,620	240,544	288,660	324,873	11,551	190,206	1.3746
Apr.	1,807,608	1,799,971	186,224	194,733	231,542	217,387	255,334	294,924	12,837	195,667	1.3872
May.	1,836,042	1,822,733	190,710	202,676	243,971	235,844	284,396	314,382	7,556	193,298	1.4160
June	1,700,891	1,678,404	186,562	200,306	215,632	200,825	252,084	272,505	9,362	203,901	1.3828

TABLE FCP-II-3.--Quarterly Report of Large Market Participants

[In millions of German marks. Source Office of International Financial Analysis]

Report date	Spot, forward, and future contracts: Purchased (1)	Spot, forward, and future contracts: Sold (2)	Non-capital items: Assets (3)	Non-capital items: Liabilities (4)	Options positions: Calls: Bought (5)	Options positions: Calls: Written (6)	Options positions: Puts: Bought (7)	Options positions: Puts: Written (8)	Net delta equivalent (9)	Cross currency interest rate swaps (10)	Exchange rate (Deutsche marks per U.S. dollar) (11)
1994 - Mar. r	323,746	312,311	82,432	93,477	33,603	31,980	46,847	42,939	-471	15,062	1.6735
June r	367,674	348,903	82,706	90,175	44,654	44,964	44,280	44,355	1,517	15,328	1.5874
Sept. r	343,563	328,882	82,522	89,683	33,661	32,350	34,487	36,306	786	16,932	1.5520
Dec. r	301,078	284,105	91,142	102,787	29,435	35,758	40,778	37,624	-2,952	20,179	1.5495
1995 - Mar.	291,084	265,042	94,002	102,769	31,933	34,743	41,609	32,619	-4,537	20,957	1.3746

SECTION III.--Japanese Yen Positions

TABLE FCP-III-1.--Weekly Report of Major Market Participants

[In billions of Japanese yen. Source: Office of International Financial Analysis]

Report date	Spot, forward, and future contracts: Purchased (1)	Spot, forward, and future contracts: Sold (2)	Net options positions (3)	Exchange rate (Yen per U.S. dollar) (4)
01/04/95	125,832	127,382	1,174	101.4000
01/11/95	127,883	130,120	1,226	99.9900
01/18/95	130,145	132,664	1,209	99.7500
01/25/95	129,361	131,414	999	99.5600
02/01/95	128,240	130,372	962	99.3100
02/08/95	126,219	128,239	1,092	99.0000
02/15/95	127,184	129,344	1,087	98.3800
02/22/95	127,088	129,441	1,047	96.9900
03/01/95	121,240	123,489	1,109	96.8000
03/08/95	132,232	134,121	919	91.4000
03/15/95	123,284	124,903	837	89.5000
03/22/95	125,925	127,727	845	89.0200
03/29/95	124,242	125,985	787	88.4200
04/05/95	120,206	122,262	626	86.1000
04/12/95	121,020	122,816	711	83.7000
04/19/95	119,530	121,362	702	81.4000
04/26/95	120,079	122,150	726	83.7300
05/03/95	113,939	116,218	829	83.7000
05/10/95	111,436	113,260	769	83.9200
05/17/95	112,640	114,615	708	86.9000
05/24/95	111,725	113,714	764	87.2500
05/31/95	113,230	115,041	910	84.6000
06/07/95	112,217	114,531	785	84.7100
06/14/95	112,950	114,809	909	84.4500
06/21/95	108,495	110,122	802	84.1000
06/28/95	109,642	111,756	755	85.7000

TABLE FCP-III-2.--Monthly Report of Major Market Participants

[In billions of Japanese yen. Source: Office of International Financial Analysis]

Report date	Spot, forward, and future contracts		Non-capital items		Options positions: Calls		Options positions: Puts		Net delta equivalent	Cross currency interest rate swaps	Exchange rate (Yen per U.S. dollar)
	Purchased (1)	Sold (2)	Assets (3)	Liabilities (4)	Bought (5)	Written (6)	Bought (7)	Written (8)	(9)	(10)	(11)
1994 - July	130,608	131,574	15,704	14,901	12,615	12,092	16,895	17,487	485	27,102	99.9500
Aug.	132,328	133,725	16,459	15,617	13,268	12,078	15,530	16,754	687	27,074	100.2500
Sept.	123,253	125,331	16,976	16,238	12,383	11,084	14,091	15,444	1,032	26,606	99.2000
Oct.	127,701	129,591	14,911	14,325	11,852	10,495	13,852	15,153	1,262	27,526	96.9000
Nov.	130,197	132,020	15,191	14,012	11,549	10,736	13,444	14,738	1,108	27,633	98.9500
Dec.	121,520	123,174	15,912	15,307	11,361	10,530	13,131	14,793	1,178	27,419	99.6000
1995 - Jan.	129,627	131,473	18,217	17,522	12,607	11,598	14,401	16,090	1,047	27,316	99.6900
Feb.	124,651	126,544	19,366	18,096	13,421	12,469	14,298	15,752	1,089	27,519	96.7600
Mar.	125,329	126,783	20,218	18,634	13,694	12,839	14,802	16,316	722	27,162	86.6000
Apr.	116,862	118,746	20,487	18,455	12,190	11,728	13,861	15,715	742	27,458	84.2000
May.	115,184	117,049	20,227	18,848	12,350	11,939	14,677	16,558	901	27,810	84.6000
June	111,418	114,282	20,471	18,549	11,345	10,849	25,152	26,543	797	30,962	84.7300

TABLE FCP-III-3.--Quarterly Report of Large Market Participants

[In billions of Japanese yen. Source: Office of International Financial Analysis]

Report date	Spot, forward, and future contracts		Non-capital items		Options positions: Calls		Options positions: Puts		Net delta equivalent	Cross currency interest rate swaps	Exchange rate (Yen per U.S. dollar)
	Purchased (1)	Sold (2)	Assets (3)	Liabilities (4)	Bought (5)	Written (6)	Bought (7)	Written (8)	(9)	(10)	(11)
1994 - Mar. r	14,509	15,749	5,676	4,461	1,951	2,074	2,619	2,221	-73	2,806	102.7000
June r	15,978	17,097	6,182	4,795	2,473	2,580	3,169	3,198	-65	3,239	98.6000
Sept. r	15,055	16,554	6,254	5,224	2,054	2,645	3,517	2,697	-341	3,529	99.2000
Dec. r	15,836	17,948	5,840	5,518	2,533	3,045	3,524	2,736	-302	3,758	99.6000
1995 - Mar.	19,001	19,554	4,312	4,418	1,573	1,562	3,431	2,244	24	4,385	86.6000

SECTION IV.--Swiss Franc Positions

TABLE FCP-IV-1.--Weekly Report of Major Market Participants

[In millions of Swiss francs. Source: Office of International Financial Analysis]

Report date	Spot, forward, and future contracts: Purchased (1)	Spot, forward, and future contracts: Sold (2)	Net options positions (3)	Exchange rate (Francs per U.S. dollar) (4)
01/04/95	342,386	348,718	2,749	1.3099
01/11/95	372,192	378,821	2,603	1.2887
01/18/95	365,034	371,692	2,872	1.2913
01/25/95	362,266	369,361	2,779	1.2775
02/01/95	370,548	375,886	2,110	1.2850
02/08/95	377,756	385,070	2,194	1.2962
02/15/95	366,776	372,695	3,047	1.2761
02/22/95	367,939	374,006	2,896	1.2475
03/01/95	365,344	371,724	2,896	1.2395
03/08/95	403,429	408,181	3,182	1.1643
03/15/95	339,992	345,334	3,153	1.1530
03/22/95	350,764	357,380	3,036	1.1647
03/29/95	349,105	354,091	2,451	1.1430
04/05/95	342,988	349,173	3,081	1.1238
04/12/95	350,524	357,445	3,271	1.1532
04/19/95	359,589	366,120	3,717	1.1335
04/26/95	353,222	358,934	3,827	1.1315
05/03/95	335,213	340,703	4,423	1.1345
05/10/95	343,699	348,335	4,143	1.1502
05/17/95	360,187	367,312	4,831	1.2065
05/24/95	351,744	359,430	5,814	1.2002
05/31/95	336,780	344,724	6,986	1.1675
06/07/95	335,509	342,848	7,346	1.1587
06/14/95	344,460	352,098	7,159	1.1560
06/21/95	316,990	323,282	7,108	1.1445
06/28/95	330,051	336,149	6,543	1.1605

TABLE FCP-IV-2.--Monthly Report of Major Market Participants

[In millions of Swiss francs. Source: Office of International Financial Analysis]

Report date	Spot, forward, and future contracts		Non-capital items		Options positions				Net delta equivalent (9)	Cross currency interest rate swaps (10)	Exchange rate (Francs per U.S. dollar) (11)
					Calls		Puts				
	Purchased (1)	Sold (2)	Assets (3)	Liabilities (4)	Bought (5)	Written (6)	Bought (7)	Written (8)			
1994 - July	397,287	402,309	25,462	24,496	57,179	55,415	51,813	55,700	1,161	125,822	1.3405
Aug.	391,287	396,231	26,348	26,107	58,894	55,754	52,372	55,606	2,237	123,091	1.3330
Sept.	362,209	367,408	25,930	26,837	48,345	44,432	36,975	39,533	3,204	122,951	1.2880
Oct.	370,556	375,757	27,347	30,202	47,875	43,664	38,189	42,048	4,525	124,695	1.2560
Nov.	390,435	395,161	28,808	31,495	57,309	52,246	45,690	48,013	3,287	125,925	1.3269
Dec.	322,798	328,968	24,897	26,297	35,863	31,307	30,497	30,940	2,332	125,617	1.3100
1995 - Jan.	372,700	376,525	23,666	27,508	40,225	36,897	36,285	37,774	2,211	123,124	1.2860
Feb.	380,467	385,030	24,951	28,515	42,348	39,548	40,811	40,947	2,739	124,864	1.2371
Mar.	353,641	357,848	23,433	27,038	39,075	35.441	32,780	35,539	2,206	121,471	1.1325
Apr.	348,978	352,199	22,555	27,073	39,123	34,725	34,338	37,925	3,317	121,252	1.1450
May	348,572	355,863	25,107	27,281	44,804	40.460	37,331	41,153	7,111	120,860	1.1675
June	325,683	329,617	24,512	27,675	29,792	23,838	27,562	29,257	5,372	125,660	1.1500

TABLE FCP-IV-3.--Quarterly Report of Large Market Participants

[In millions of Swiss francs. Source: Office of International Financial Analysis]

Report date	Spot, forward, and future contracts		Non-capital items		Options positions				Net delta equivalent (9)	Cross currency interest rate swaps (10)	Exchange rate (Francs per U.S. dollar) (11)
					Calls		Puts				
	Purchased (1)	Sold (2)	Assets (3)	Liabilities (4)	Bought (5)	Written (6)	Bought (7)	Written (8)			
1994 - Mar. r	44,708	40,264	13,900	15,039	3,621	2,650	4,272	4,087	355	15,478	1.4130
June r	52,194	45,618	13,510	15,632	4,690	3,937	4,896	5,120	514	15,624	1.3335
Sept. r	43,254	35,890	13,511	13,862	3,476	2,807	3,542	3,217	386	17,418	1.2880
Dec. r	37,811	32,063	14,604	14,807	2,413	2,473	2,766	2,089	-132	19,497	1.3100
1995 - Mar.	42,331	32,669	13,881	14,123	1,704	2,034	2,874	1,613	165	20,131	1.1325

SECTION V.--Sterling Positions

TABLE FCP-V-1.--Weekly Report of Major Market Participants

[In millions of pounds sterling. Source: Office of International Financial Analysis]

Report date	Spot, forward, and future contracts: Purchased (1)	Spot, forward, and future contracts: Sold (2)	Net options positions (3)	Exchange rate (U.S. dollars per pound) (4)
01/04/95	285,636	283,935	649	1.5603
01/11/95	298,886	296,652	770	1.5595
01/18/95	313,573	311,560	519	1.5700
01/25/95	327,847	324,552	843	1.5910
02/01/95	320,799	316,282	395	1.5820
02/08/95	340,071	336,506	398	1.5532
02/15/95	344,266	340,946	209	1.5597
02/22/95	344,142	341,158	-115	1.5890
03/01/95	346,793	343,992	-75	1.5861
03/08/95	369,590	365,971	-377	1.6088
03/15/95	340,619	338,458	182	1.5960
03/22/95	329,678	327,024	-175	1.5875
03/29/95	331,493	327,715	59	1.6112
04/05/95	339,496	333,804	-44	1.6105
04/12/95	340,259	336,376	397	1.5920
04/19/95	330,593	328,057	136	1.6082
04/26/95	346,315	341,937	70	1.6155
05/03/95	341,213	338,302	97	1.6165
05/10/95	357,316	355,931	211	1.5838
05/17/95	358,924	357,021	563	1.5695
05/24/95	356,385	354,764	237	1.5733
05/31/95	350,943	348,457	588	1.5860
06/07/95	353,996	350,052	686	1.5904
06/14/95	359,535	356,615	861	1.6118
06/21/95	336,609	334,026	672	1.6095
06/28/95	360,639	358,344	502	1.5750

TABLE FCP-V-2.--Monthly Report of Major Market Participants

[In millions of pounds sterling. Source: Office of International Financial Analysis]

Report date	Spot, forward, and future contracts: Purchased (1)	Spot, forward, and future contracts: Sold (2)	Non-capital items: Assets (3)	Non-capital items: Liabilities (4)	Options positions: Calls: Bought (5)	Options positions: Calls: Written (6)	Options positions: Puts: Bought (7)	Options positions: Puts: Written (8)	Net delta equivalent (9)	Cross currency interest rate swaps (10)	Exchange rate (U.S. dollars per pound) (11)
1994 - July	274,658	273,216	48,917	48,960	23,569	23,715	25,597	26,457	1,034	44,643	1.5435
Aug.	280,631	278,578	49,399	51,276	22,999	22,815	26,632	27,790	729	44,812	1.5342
Sept.	274,687	272,817	49,088	50,353	23,498	22,510	24,023	26,342	703	44,910	1.5760
Oct.	284,202	281,544	49,828	52,375	25,564	25,586	25,023	27,747	-305	43,989	1.6354
Nov.	306,541	303,262	48,917	51,156	24,288	24,113	24,552	26,171	-54	44,392	1.5647
Dec.	266,836	264,375	48,219	51,367	19,335	19,627	16,695	18,416	640	44,967	1.5665
1995 - Jan.	327,173	323,278	50,516	52,731	21,310	22,329	19,997	21,595	431	45,968	1.5785
Feb.	359,721	356,547	47,947	50,779	23,000	23,844	22,117	21,974	84	46,598	1.5820
Mar.	332,402	329,090	47,989	51,060	24,361	25,761	23,466	24,216	62	47,416	1.6215
Apr.	335,343	332,627	50,122	51,794	21,095	22,189	20,757	21,894	99	49,091	1.6115
May.	360,887	357,320	56,513	57,357	22,611	23,849	21,943	22,326	576	46,803	1.5860
June	351,477	349,277	51,744	50,882	21,297	21,674	20,101	21,759	665	51,253	1.5945

TABLE FCP-V-3.--Quarterly Report of Large Market Participants

[In millions of pounds sterling. Source: Office of International Financial Analysis]

Report date	Spot, forward, and future contracts: Purchased (1)	Spot, forward, and future contracts: Sold (2)	Non-capital items: Assets (3)	Non-capital items: Liabilities (4)	Options positions: Calls: Bought (5)	Options positions: Calls: Written (6)	Options positions: Puts: Bought (7)	Options positions: Puts: Written (8)	Net delta equivalent (9)	Cross currency interest rate swaps (10)	Exchange rate (U.S. dollars per pound) (11)
1994 - Mar. r	46,689	55,218	37,240	33,225	3,517	3,747	5,030	4,134	-550	4,236	1.4830
June r	44,392	45,063	37,104	32,622	3,505	3,581	4,671	3,841	-360	4,798	1.5435
Sept. r	46,895	46,846	34,743	30,775	3,725	3,937	5,338	4,308	-575	4,934	1.5760
Dec. r	42,970	41,942	35,882	32,443	3,369	3,317	3,846	2,765	-495	6,530	1.5665
1995 - Mar.	35,314	34,601	34,889	31,079	3,372	3,755	4,544	2,801	-235	6,389	1.6215

INTRODUCTION: Exchange Stabilization Fund

To stabilize the exchange value of the dollar, the Exchange Stabilization Fund (ESF) was established under the Gold Reserve Act of January 30, 1934 (31 U.S.C. 822a), which authorized establishment of a Treasury Department fund to be operated under the exclusive control of the Secretary, with approval of the President.

Subsequent amendment of the Gold Reserve Act modified the original purpose somewhat to reflect termination of the fixed exchange rate system.

Resources of the fund include dollar balances, partially invested in U.S. Government securities, *Special drawing rights (SDRs)*, and balances of foreign currencies. Principal sources of income (losses) for the fund are profits (losses) on SDRs and foreign exchange, as well as interest earned on assets.

- Table **ESF-1** presents the assets, liabilities, and *capital* of the fund. The figures are in U.S. dollars or their equivalents based on current exchange rates computed according to the accrual method of accounting. The capital account represents the original capital appropriated to the fund by Congress of $2 billion, minus a subsequent transfer of $1.8 billion to pay for the initial U.S. quota subscription to the *IMF*. Gains and losses are reflected in the cumulative net income (loss) account.

- Table **ESF-2** shows the results of operations by quarter. Figures are in U.S. dollars or their equivalents computed according to the accrual method. "Profit (loss) on foreign exchange" includes realized profits or losses on currencies held. "Adjustment for change in valuation of *SDR holdings and allocations*" reflects net gain or loss on revaluation of SDR holdings and allocations for the quarter.

TABLE ESF-1.--Balances as of Dec. 31, 1994, and Mar. 31, 1995

[In thousands of dollars. Source: Office of the Secretary of the Treasury]

Assets, liabilities, and capital	Dec. 31, 1994	Dec. 31, 1994, through Mar. 31, 1995	Mar. 31, 1995
Assets			
U.S. dollars:			
Held at Federal Reserve Bank of New York	8,227,606	-4,003,320	4,224,286
Held with Treasury:			
U.S. Government securities	399,699	5,471	405,170
Special drawing rights [1]	10,038,539	1,612,826	11,651,365
Foreign exchange and securities: [2]			
German marks	7,500,609	648,221	8,148,830
Japanese yen	11,801,019	1,395,330	13,196,349
Mexican pesos	-	4,000,000	4,000,000
Accounts receivable	184,761	24,199	208,960
Total assets	38,152,233	3,682,727	41,834,960
Liabilities and capital			
Current liabilities:			
Accounts payable	58,005	4,715	62,720
Total current liabilities	58,005	4,715	62,720
Other liabilities:			
Special drawing rights certificates	8,018,000	-	8,018,000
Special drawing rights allocations	7,152,567	493,141	7,645,708
Total other liabilities	15,170,567	493,141	15,663,708
Capital:			
Capital account	200,000	-	200,000
Net income (loss) (see table ESF-2)	22,723,661	3,184,871	25,908,532
Total capital	22,923,661	3,184,871	26,108,532
Total liabilities and capital	38,152,233	3,682,727	41,834,960

See footnotes on the following page

TABLE ESF-2.--Income and Expense

[In thousands of dollars. Source: Office of the Secretary of the Treasury]

Income and expense	Current quarter Jan. 1, 1995, through Mar. 31, 1995	Fiscal year to date Oct. 1, 1994, through Mar. 31, 1995
Profit (loss) on:		
Foreign exchange	2,623,303	2,585,458
Adjustment for change in valuation of SDR holdings and allocations [1]	254,005	237,948
Interest (net charges) on:		
Special drawing rights	43,120	77,189
U.S. Government securities	94,560	197,521
Foreign exchange	169,883	350,426
Income from operations	3,184,871	3,448,542
Net income (loss)	3,184,871	3,448,542

[1] Beginning July 1974, the International Monetary Fund (IMF) adopted a technique for valuing the special drawing rights (SDRs) based on a weighted average of exchange rates for the currencies of selected member countries. The U.S. SDR holdings and allocations are valued on this basis beginning July 1974.
[2] Excludes foreign exchange transactions for future and spot delivery.

Note.--Annual balance sheets for fiscal years 1934 through 1940 appeared in the 1940 "Annual Report of the Secretary of the Treasury" and those for succeeding years appeared in subsequent reports through 1980. Quarterly balance sheets beginning with Dec. 31, 1938, have been published in the "Treasury Bulletin." Data from inception to Sept. 30, 1978, may be found on the statements published in the January 1979 "Treasury Bulletin."

SPECIAL REPORTS

Trust Funds

TABLE TF-15A.--Highway Trust Fund, Highway Account

The following information is released according to the provisions of the Byrd Amendment to the Intermodal Surface Transportation Efficiency Act of 1991 and represents data concerning only the highway account of the Highway Trust Fund. The figure described as "unfunded authorizations" is the latest estimate received from the Department of Transportation for fiscal 1995. The "24-month revenue estimate" includes the latest estimate received from the Department of Treasury's Office of Tax Analysis for excise taxes, net of refunds. It represents net highway receipts for the 24-month period beginning at the close of fiscal 1995.

[In millions of dollars. Source: Financial Management Service]

Unfunded authorizations (EOY)	37,473
24-month revenue estimate	41,333

Glossary

With References to Applicable Sections and Tables

Accrued discount (SBN-1, -2, -3)—Interest that accumulates on savings bonds from the date of purchase until the date of redemption or final maturity, whichever comes first. Series A, B, C, D, E, EE, F, and J are discount or accrual type bonds—meaning principal and interest are paid when bonds are redeemed. Series G, H, HH, and K are current-income bonds, and the semiannual interest paid to their holders is not included in accrued discount.

Amounts outstanding and in circulation (USCC)—Includes all issues by the Bureau of the Mint purposely intended as a medium of exchange. Coins sold by the Bureau of the Mint at premium prices are excluded; however, uncirculated coin sets sold at face value plus handling charge are included.

Average discount rate (PDO-2, -3)—In Treasury bill auctions, purchasers tender competitive bids on a discount rate basis. The average discount rate is the weighted, or adjusted, average of all bids accepted in the auction.

Budget authority ("Federal Fiscal Operations")—Congress passes laws giving budget authority to Government entities, which gives the agencies the power to spend Federal funds. Congress can stipulate various criteria for the spending of these funds. For example, Congress can stipulate that a given agency must spend within a specific year, number of years, or any time in the future.

The basic forms of budget authority are appropriations, authority to borrow, and contract authority. The period of time during which Congress makes funds available may be specified as 1-year, multiple-year, or no-year. The available amount may be classified as either definite or indefinite; a specific amount or an unspecified amount can be made available. Authority may also be classified as current or permanent. Permanent authority requires no current action by Congress.

Budget deficit—The total, cumulative amount by which budget outlays (spending) exceed budget receipts (income).

Capital ("Federal Obligations")—Assets, such as land, equipment, and financial reserves.

Cash management bills (PDO-2)—Marketable Treasury bills of irregular maturity lengths, sold periodically to fund short-term cash needs of Treasury. Their sale, having higher minimum and multiple purchase requirements than those of other issues, is generally restricted to competitive bidders.

Competitive tenders ("Treasury Financing Operations")—A bid to purchase a stated amount of one issue of Treasury securities at a specified yield or discount. The bid is accepted if it is within the range accepted in the auction. (See Noncompetitive tenders.)

Coupon issue—The issue of bonds or notes (public debt).

Currency no longer issued (USCC)—Old and new series gold and silver certificates, Federal Reserve notes, national bank notes, and 1890 Series Treasury notes.

Current income bonds ("U.S. Savings Bonds and Notes")—Bonds paying semiannual interest to holders. Interest is not included in accrued discount.

Debt outstanding subject to limitation (FD-6)—The debt incurred by the Treasury subject to the statutory limit set by Congress. Until World War I, a specific amount of debt was authorized to each separate security issue. Beginning with the Second Liberty Loan Act of 1917, the nature of the limitation was modified until, in 1941, it developed into an overall limit on the outstanding Federal debt. As of June 1995, the debt limit was $4,900,000 million; the limit may change from year to year.

The debt subject to limitation includes most of Treasury's public debt except securities issued to the Federal Financing Bank, upon which there is a limitation of $15 billion, and certain categories of older debt (totaling approximately $595 million as of February 1991).

Discount—The interest deducted in advance when purchasing notes or bonds. (See Accrued discount.)

Discount rate (PDO-2)—The difference between par value and the actual purchase price paid, annualized over a 360-day year. Because this rate is less than the actual yield (coupon-equivalent rate), the yield should be used in any comparison with coupon issue securities.

Dollar coins (USCC)—Include standard silver and nonsilver coins.

Domestic series (FD-2)—Nonmarketable, interest and non-interest-bearing securities issued periodically by Treasury to the Resolution Funding Corporation (RFC) for investment of funds authorized under section 21B of the Federal Home Loan Bank Act (12 U.S.C. 1441b).

Federal intrafund transactions ("Federal Fiscal Operations")—Intrabudgetary transactions in which payments and receipts both occur within the same Federal fund group (Federal funds or trust funds).

Federal Reserve notes (USCC)—Issues by the U.S. Government to the public through the Federal Reserve banks and their member banks. They represent money owed by the Government to the public. Currently, the item "Federal Reserve notes—amounts outstanding" consists of new series issues. The Federal Reserve note is the only class of currency currently issued.

Foreign ("Foreign Currency Positions," IFS-2, -3)—(international) Locations other than those included under the definition of the United States. (See United States.)

Foreigner ("Capital Movements," IFS-2)—All institutions and individuals living outside the United States, including U.S. citizens living abroad, and branches, subsidiaries, and other affiliates abroad of U.S. banks and business concerns; central governments, central banks, and other official institutions of countries other than the United States, and international and regional organizations, wherever located. Also, refers to persons in the United States to the extent that they are known by reporting institutions to be acting for foreigners.

Foreign official institutions ("Capital Movements")—Includes central governments of foreign countries, including all departments and agencies of national governments; central

Glossary

banks, exchange authorities, and all fiscal agents of foreign national governments that undertake activities similar to those of a treasury, central bank, or stabilization fund; diplomatic and consular establishments of foreign national governments; and any international or regional organization, including subordinate and affiliate agencies, created by treaty or convention between sovereign states.

Foreign public borrower ("Capital Movements")—Includes foreign official institutions, as defined above, the corporations and agencies of foreign central governments, including development banks and institutions, and other agencies that are majority-owned by the central government or its departments; and state provincial and local governments of foreign countries and their departments and agencies.

Foreign-targeted issue (PDO-1, -3)—Foreign-targeted issues were notes sold between October 1984 and February 1986 to foreign institutions, foreign branches of U.S. institutions, foreign central banks or monetary authorities, or to international organizations in which the United States held membership. Sold as companion issues, they could be converted to domestic (normal) Treasury notes with the same maturity and interest rates. Interest was paid annually.

Fractional coins (USCC)—Coins minted in denominations of 50, 25, and 10 cents, and minor coins (5 cents and 1 cent).

Government account series (FD-2)—Certain trust fund statutes require the Secretary of the Treasury to apply monies held by these funds toward the issuance of nonmarketable special securities. These securities are sold directly by Treasury to a specific Government agency, trust fund, or account. Their rate is based on an average of market yields on outstanding Treasury obligations, and they may be redeemed at the option of the holder. Roughly 80 percent of these are issued to five holders: the Federal Old-age and Survivors Insurance Trust Fund; the civil service retirement and disability fund; the Federal Hospital Insurance Trust Fund; the military retirement fund; and the Unemployment Trust Fund.

Interfund transactions ("Federal Fiscal Operations")—Transactions in which payments are made from one fund group (either Federal funds or trust funds) to a receipt account in another group.

International Monetary Fund ("Exchange Stabilization Fund," IFS-1)—(IMF) Established by the United Nations, the IMF promotes international trade, stability of exchange, and monetary cooperation. Members are allowed to draw from the fund.

Intrabudgetary transactions ("Federal Fiscal Operations")—These occur when payment and receipt both occur within the budget, or when payment is made from off-budget Federal entities whose budget authority and outlays are excluded from the budget totals.

Matured non-interest-bearing debt (SBN-1, -2, -3)—The value of outstanding savings bonds and notes that have reached final maturity and no longer earn interest. Includes all Series A-D, F, G, J, and K bonds. Series E bonds (issued between May 1941 and November 1965), Series EE (issued since January 1980), Series H (issued from June 1952 through December 1979), and savings notes issued between May 1967 and October 1970 have a final maturity of 30 years. Series HH bonds (issued since January 1980) mature after 20 years.

Noncompetitive tenders ("Treasury Financing Operations")—Offers by an investor to purchase Treasury securities at the price equivalent to the weighted average discount rate or yield of accepted competitive tenders in a Treasury auction. Noncompetitive tenders are always accepted in full.

Obligation ("Federal Obligations")—An unpaid commitment to acquire goods or services.

Off-budget Federal entities ("Federal Fiscal Operations")—Federally owned and controlled entities whose transactions are excluded from the budget totals under provisions of law. Their receipts, outlays, and surplus or deficit are not included in budget receipts, outlays, or deficits. Their budget authority is not included in totals of the budget.

Outlays ("Federal Fiscal Operations")—(expenditures, net disbursements) Payments on obligations in the form of cash, checks, the issuance of bonds or notes, or the maturing of interest coupons.

Own foreign offices ("Capital Movements")—Refers to U.S. reporting institutions' parent organizations, branches and/or majority-owned subsidiaries located outside the United States.

Par value—The face value of bonds or notes, including interest.

Quarterly financing ("Treasury Financing Operations")—Treasury has historically offered packages of several "coupon" security issues on the 15th of February, May, August, and November, or on the next working day. These issues currently consist of a 3-year note, a 10-year note, and a 30-year bond. Treasury sometimes offers additional amounts of outstanding long-term notes or bonds, rather than selling new security issues. (See Reopening.)

Receipts ("Federal Fiscal Operations")—Funds collected from selling land, capital, or services, as well as collections from the public (budget receipts), such as taxes, fines, duties, and fees.

Reopening (PDO-3, -4)—The offer for sale of additional amounts of outstanding issues, rather than an entirely new issue. A reopened issue will always have the same maturity date, CUSIP-number, and interest rate as the original issue.

Special drawing rights ("Exchange Stabilization Fund," IFS-1)—International assets created by IMF that serve to increase international liquidity and provide additional international reserves. SDRs may be purchased and sold among eligible holders through IMF. (See IMF.)

SDR allocations are the counterpart to SDRs issued by IMF based on members' quotas in IMF. Although shown in exchange stabilization fund (ESF) statements as liabilities, they must be redeemed by ESF only in the event of liquidation of, or U.S. withdrawal from, the SDR department of IMF or cancellation of SDRs.

SDR certificates are issued to the Federal Reserve System against SDRs when SDRs are legalized as money. Proceeds of monetization are deposited into an ESF account at the Federal Reserve Bank of New York.

Glossary

Spot ("Foreign Currency Positions")—Due for receipt or delivery within 2 workdays.

State and local government series (FD-2)—(SLUGs) Special nonmarketable certificates, notes, and bonds offered to State and local governments as a means to invest proceeds from their own tax-exempt financing. Interest rates and maturities comply with IRS arbitrage provisions. SLUGs are offered in both time deposit and demand deposit forms. Time deposit certificates have maturities of up to 1 year. Notes mature in 1 to 10 years and bonds mature in more than 10 years. Demand deposit securities are 1-day certificates rolled over with a rate adjustment daily.

Statutory debt limit (FD-6)—By Act of Congress there is a limit, either temporary or permanent, on the amount of public debt that may be outstanding. When this limit is reached, Treasury may not sell new debt issues until Congress increases or extends the limit. For a detailed listing of changes in the limit since 1941, see the Budget of the United States Government. (See Debt outstanding subject to limitation.)

STRIPS (PDO-1, -3)—Separate Trading of Registered Interest and Principal Securities. Long-term notes and bonds may be divided into principal and interest-paying components, which may be transferred and sold in amounts as small as $1,000. STRIPS are sold at auction at a minimum par amount, varying for each issue. The amount is an arithmetic function of the issue's interest rate.

Treasury bills—The shortest term Federal security (maturity dates normally varying from 3 to 12 months), they are sold at a discount.

Trust fund transaction ("Federal Fiscal Operations")—An intra-budgetary transaction in which both payments and receipts occur within the same trust fund group.

United States—Includes the 50 States, District of Columbia, Commonwealth of Puerto Rico, American Samoa, Midway Island, Virgin Islands, Wake Island, and all other territories and possessions.

U.S. notes (USCC)—Legal tender notes of five different issues: 1862 ($5-$1,000 notes); 1862 ($1-$2 notes); 1863 ($5-$1,000 notes); 1863 ($1-$10,000 notes); and 1901 ($10 notes).

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AUCTION RESULTS
PUBLIC DEBT NEWS
Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR IMMEDIATE RELEASE
September 25, 1995

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Tenders for $11,440 million of 26-week bills to be issued September 28, 1995 and to mature March 28, 1996 were accepted today (CUSIP: 912794X82).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	5.25%	5.48%	97.346
High	5.27%	5.50%	97.336
Average	5.27%	5.50%	97.336

Tenders at the high discount rate were allotted 92%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$47,730,560	$11,440,005
Type		
Competitive	$41,298,875	$5,008,320
Noncompetitive	1,381,402	1,381,402
Subtotal Public	$42,680,277	$6,389,722
Federal Reserve	2,950,000	2,950,000
Foreign Official Institutions	2,100,283	2,100,283
TOTALS	$47,730,560	$11,440,005

An additional $223,917 thousand of bills will be issued to foreign official institutions for new cash.

5.26 - 97.341

RR-584

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
September 25, 1995

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Tenders for $11,426 million of 13-week bills to be issued September 28, 1995 and to mature December 28, 1995 were accepted today (CUSIP: 912794W34).

RANGE OF ACCEPTED
COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	5.12%	5.27%	98.706
High	5.15%	5.31%	98.698
Average	5.14%	5.29%	98.701

Tenders at the high discount rate were allotted 4%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$43,618,281	$11,426,111
Type		
Competitive	$38,069,052	$5,876,882
Noncompetitive	1,286,127	1,286,127
Subtotal, Public	$39,355,179	$7,163,009
Federal Reserve	3,257,835	3,257,835
Foreign Official Institutions	1,005,267	1,005,267
TOTALS	$43,618,281	$11,426,111

An additional $107,133 thousand of bills will be issued to foreign official institutions for new cash.

5.13 - 98.703

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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Jeffrey Shafer
Assistant Secretary for
International Affairs
Remarks to the
Federacion Iberoamericana de Bolsas de Valores
(Federation of Iberoamerican Stock Exchanges)
September 25, 1995

Introduction

Thank you very much. I am delighted to be here this afternoon.

As representatives of stock exchanges and capital markets throughout Latin America, all of you have been central to the remarkable economic transformation that has swept this region over the past ten years.

The lesson that all economic growth must rest on a foundation of stable fiscal and monetary policies has been internalized. Hemorrhaging government budgets have been stanched, and debt levels slashed. Inflation rates which are today in the single or low double digits, where they were once in the hundreds, have been the fortunate result.

Countries which for decades kept their markets sealed and protected have today signed what by my count are nearly two dozen trade agreements, part and parcel of a quadrupling of inter-regional trade over 10 years, to some $26 billion. Some 2,000 privatizations from Mexico to Chile testify to the extent to which the heavy-hand of the state has been withdrawn from your economies, allowing competition and private initiative to flourish. The Summit of the Americas last December gave us a vision of an integrated and prosperous economic region encompassing all of the Americas, to be achieved by the year 2005.

Private Capital

Financial development and integration are at the center of this vision. Indeed, a hallmark of Latin America's economic transformation has been the extent to which your countries have embraced the idea that private capital -- both domestic and foreign -- must provide the fuel for economic growth. Capital flowing to Latin America has mushroomed in

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recent years, drawn both by the radically transformed economic climate, as well the removal of restrictions that once served to keep private -- particularly foreign -- capital waiting at the gate.

Average net capital flows to the region have soared from a net outflow of some $17 billion from 1983-1989 to an average annual net inflow of $40 billion from 1990-94. Gross capital flows have risen just as strongly, from less than $10 billion per year in the mid-1980s to over $80 billion last year.

The exchanges that you represent have seen their own fortunes blossom with the mushrooming worldwide interest in your economies. The dollar value of market capitalization soared more than 3,000 percent in Colombia, Chile, and Mexico from 1985 to 1994, to cite the most spectacular examples. Latin America's aggregate stock market capitalization has grown some eight fold, from $54 billion in 1985 and $78 billion in 1990 to a level approaching $1/2 trillion at the end of July of this year.

With the new activity has come a whole crop of market-linked industries, and just as important, a radical change in economic and entrepreneurial culture. Teams of new local investment banks have emerged, bringing jobs and fueling economic growth in their wake. Thousands of analysts worldwide now track Latin American trends and equities that once drew only local interest. Almost every day I seem to read about a new alliance between regional securities firms and American or other international players, providing a hopeful mix of local knowledge, global expertise, and both regional and international capital.

The Importance of Equity Markets

When I stress to this audience the importance of developments like this for Latin America's future prosperity, I know I am talking to believers. But it is important for us to make this case. Former U.S. Secretary of the Treasury Lloyd Bentsen said that capital markets are the nervous system for a nation's economic muscle -- directing investments and resources to their most productive and effective uses. I agree fully with that thought. But I would add that I believe that equity markets, as opposed to debt, bank, or other forms of financial intermediation, have a particularly essential role to play in economic expansion.

The numbers testify to the fact that equity has become the main cross-border financing vehicle for emerging markets worldwide. Direct and portfolio equity flows to emerging markets now account for almost 50 percent of global cross-border equity flows, compared to barely 12 percent in the 1980s. Portfolio equity, which made up an almost non-existent portion of capital flows to Latin America from 1977 to 1982, accounted for some 30 percent of flows from 1988 to 1994.

Your exchanges have reaped enormous benefits from this development, and are poised to keep growing as your countries' transformation into market-oriented, globally-integrated economies continues. I'd like to spend the next few minutes discussing why I believe that portfolio equity can remain a dominant financing vehicle for Latin America. I would also like to discuss some of the regulatory and other steps which remain to be taken if your securities markets are to reach their full potential, both in terms of their own size, as well as the benefits they can offer for your countries' economies.

Economic Benefits

What are the benefits which liquid and transparent stock exchanges can bring to countries like your own?

The first and most obvious set of benefits stems from what I have already discussed -- equity markets' role in providing capital efficiently, as the fuel for economic growth. The days in which a small group of bankers could gather in a room with a minister or industrialist over a glass of brandy and meet the financing needs of a country are long-gone -- whether for United States industries, or your own. Today's modern, efficient economies require teams of equity-oriented analysts and investment bankers, all dedicated to understanding specific sectors and their growth potential. Mobilizing and making available such expertise is the chief role of a stock market. And it is the way a stock market accomplishes its most important task: providing finance at the lowest possible cost, while directing funds to their most productive uses.

A second benefit which markets can bring to the people who invest in them is their ability to allow investors to diversify risk, and by doing so, reduce it. When I was studying economics years ago, the important role of diversification in investment theory was just beginning to be understood. Today, the first-thing a finance student learns is the extent to which efficient, liquid stock markets can help an average investor maintain the rate of return he or she enjoys, while reducing risk. This is very important in countries which are continuing to develop, and in which a newly-emerging middle class is beginning to seek investment outlets for further prosperity and advancement.

A third role of equity markets is as an outlet for institutionalized savings. In this way, they can play a role in boosting national saving and reducing reliance on capital inflows to finance investment. Chile is a good example in that regard. The Chilean savings rate has soared from 9.4 percent of GDP in 1982 to 25 percent last year. Much of the credit for that growth must go to Chile's mandatory private pension system, which encouraged such savings by allowing individuals to channel savings through private pension funds providing solid annual returns. But pension growth coincided with the development of a burgeoning domestic stock market that left Chile with a market capitalization that is 125 percent of GDP -- by far the deepest and best developed in Latin America, by a factor of three. Chile's is also one of the few markets in which the number of companies listed has increased in recent years, meaning that the market is channelling funds to small and medium-sized firms, not merely giant industries. The payoff has been sustained growth.

A fourth function of stock markets is social -- the role they play in broadening the base of investors with ownership claims in industry, and therefore a stake in an economy under transformation. This too can be very important in countries undergoing sometimes painful economic transformation, and in which it is important to develop a broader class with a stake in the system. Developing such a shareholders' democracy can be one of the surest ways to bolster support for economic transformation and reform.

Tapping Latin America's Potential

Directing capital most efficiently to spur growth, monitoring corporate management, providing high returns that mobilize savings, and creating a new ownership class -- all of these are essential functions which stock exchanges have played in Latin America's transformation. The question, of course, is whether Latin American exchanges have reached their fullest potential.

I would argue that despite the great growth that you have enjoyed, most exchanges have a reservoir of potential that remains untapped. With the exception of Chile, most stock markets in the region are still undersized, both in terms of capitalization as a proportion of economic activity, as well as the number of listed companies. For example, capitalization as a proportion of GDP is about 94 percent in the United States and 130 percent in Great Britain. In contrast, market capitalization to GDP remains well below 20 percent in almost all Latin American countries. That suggests that regional exchanges enjoy an enormous opportunity for expansion and growth.

Similarly, even in countries with larger equity markets, such as Mexico, the number of companies listed remains limited -- only 204 last year for Mexico. That placed Mexico behind almost all industrialized nations, and even behind developing nations such as Malaysia, which had 478, Thailand, which had 389, and Pakistan and Egypt, both of which had over 700. Most Latin American countries, with the exception of Brazil, similarly lie at the bottom of the listings league. More must be done to ensure that markets exist for small and mid-sized countries -- those that can best tap venture capital and local talents.

Steps for the Future

What must your exchanges do to meet their full potential, and continue to be a force for economic growth in the years ahead? Two broad sets of measures must be taken. First, stock exchanges must continue to work in tandem with governments to set up the kind of regulatory environments and institutional infrastructure that will bolster investor confidence. The payoff will be additional investment -- both domestic and foreign.

Second, I believe that all exchanges in our hemisphere must focus on harmonizing our regulatory structures and integrating our markets. That was one of the key decisions reached at the Summit of the Americas. Stock exchange integration is critical, if the vision of an economically integrated and prosperous hemisphere is to become a reality.

The Regulatory Environment

Why is the regulatory environment so important? The key to market efficiency and integrity is the free flow of information -- about prices, about corporate performance, and about the relative risk and returns of investments. To be able to provide that kind of information a market requires reliability, consistency, and transparency. Consistency in the kind of accounting and reporting standards that companies follow makes possible the sorts of useful analyses and comparisons that are the essence of a markets' information-generating ability. Transparency -- both on the corporate side and in terms of trading price -- is essential, to ensure that information generated is accurate. Without reliability, of course, investors have no confidence in the information the market is giving them.

This lesson has not been lost on Latin American exchanges. Previously underdeveloped exchanges, such as Panama's, have moved in recent years to draft new securities market laws that cover the full gamut of activities, from initial public offerings to secondary market transactions, exchange regulations, brokers, clearance, and settlement organizations. More developed exchanges are bolstering self-regulation mechanisms to combat market manipulation, and ensure greater transparency, as Chile's three exchanges did recently.

Facilities and Trading Systems

In addition to the proper regulatory environment, transparency -- particularly for trading prices -- requires state of the art exchange facilities. Ecuador, Peru, and Venezuela have all introduced electronic order systems since 1994 -- Peru's as part of a major technological modernization and merger project for the country's two largest exchanges, supported by the Inter-American Development Bank. The Bolsa Electronica Ibero Americana, which consists of the principal stock markets in Latin America, Spain and Portugal, began operations in September, and will also include the stock markets of Brazil, Argentina, Uruguay, Colombia, Ecuador, and Venezuela. Also worth noting is the recent harmonization of trading and settlement practices between Argentina's two largest exchanges, which will help promote greater consistency of information.

Settlement Practices

The speed and reliability of clearance and settlement systems can be a critical factor in a foreign investor's decisions regarding which of many emerging markets to invest in. Uncertanties and delays in the delivery of securities and settlements can harm local liquidity enormously. Brazil's Comissao de Valores Mobiliarios introduced a three business day settlement system last year, bringing the country up to international standards. Venezuela has established a central securities depository. Both are important steps that many exchanges should follow.

Some argue that too much transparency, particularly relating to trading prices, is dangerous. The theory is that news of a large transaction or movement can cause wild trading swings and halt orderly trading.

Not only is that argument incorrect, but I believe the precise opposite is true. In a market where there is little other information, reporting of a major purchase or sale may start a bandwagon. On the other hand, informed investors will quickly learn how to measure true value on the market. As long as such skilled investors receive transparent and reliable information quickly, they will buy or sell in the face of a stampede by others, restoring orderly trading and pricing.

Consumer Protection

Regulations that protect consumers against fraud must go hand in hand with those on accounting standards and transparency. While we may argue about the relative need for consumer protection laws -- and the extent to which *caveat emptor* should prevail -- I believe the growing complexity of financial products and transactions requires some effort to help average consumers. That is particularly the case in countries in which an emerging middle class is just beginning to learn how to invest, and whose confidence must be won if increased capital is to become available.

Government v. Self-Regulation

In designing the regulatory environment, there is a balance to be struck between self-regulation by exchanges and other securities organizations, and government-imposed regulation. Experience in the United States and other developed financial markets suggests that a mix of both self-regulation and government regulation is necessary. Those who experimented with radical forms of self-regulation are now restoring some measure of government-backed oversight. Of course, enforcement measures are crucial to ensuring that violations of the rules are quickly and appropriately punished.

Integration

Let me turn to a second important set of measures which Latin American exchanges should take to reach their full potential. Exchanges in this hemisphere need to become increasingly integrated, both with one another, and with world capital markets. Barriers to investors placing their funds in both domestic and foreign exchanges should be eliminated. Hurdles to companies listing in several markets should be removed. And accounting and regulatory standards across all our markets should be standardized to the greatest extent possible, so that investors and analysts can make useful cross comparisons, and have a full panoply of investment and trading options available to them.

Why is integration necessary to increase the depth and liquidity of Latin markets? Why can't your exchanges go it alone?

First, even if domestic savings rates rise, most Latin economies will still not have a sufficiently large pool of savings at home to fuel their full growth potential. Your economies will have to continue to look outside to foreign investors for some time to come.

A second and critical reason for harmonization is the diversification of risk that becomes possible. National exchanges will never be large enough to afford domestic savers the full benefits of portfolio diversification. Integration, by making it easier both for foreign funds to enter and domestic savings to be placed overseas, can further that useful diversification function. This lowers the cost of capital to firms while reducing risks to savers.

Third, cross-listing of shares on many markets makes vast new amounts of liquidity available. That allows smaller Latin American markets to draw on larger markets' efficiency in selling equities to a wider range of global investors, with listings on local markets continuing to provide domestic expertise and price information. Greater liquidity can also help prevent volatility and sudden crises.

I have heard fears raised in Latin America, as well as in other parts of the developing world, that allowing greater cross-listing of shares while removing barriers to placing investments overseas could place developing exchanges at a competitive disadvantage with larger, more established American and foreign exchanges. For example, when Brazil enacted its enabling legislation to allow ADRs a few years ago, one heard it said that activity would be drawn away from Brazilian exchanges, leaving them to wither and die.

Experience since then has proven the exact opposite to be the case. Brazil and other Latin American countries have soared to the top of the league for ADR issues -- in fact Brazil was second among emerging markets in 1994, with 28. And yet that activity has coincided with enormous increases in market capitalization in Brazil and other countries, such as Mexico, which have forged full speed ahead with cross-listing.

The lesson is clear. Listings are not a fixed pie. ADRs and cross-listings increase activity in all markets, by raising liquidity and bolstering investor interest. Bankers in New York and other major money centers tell me all the time that nothing stokes investor interest more both in a company, and in an emerging market economy generally, than a new ADR listing in New York. That is good for your exchanges. And it is good for your economies.

Conclusion

In conclusion, let me say that all of you here today are in an exceptionally enviable situation. Your economies have undergone and are continuing to undergo powerful and far-reaching transformations. The exchanges that you represent are uniquely well-suited to fostering those transformations, and to taking advantage of the opportunities opened up by competition and change. To do that requires that all securities markets in Latin America, and in the Ibero American Federation, continue to implement the sorts of regulatory and enforcement changes that will foster liquidity and depth. Moreover, just as is the case with your economies at large, I believe that you should look outward as you seek to expand. Integration is the key to your continued growth and success. An outward orientation is the best way to assure that our hemisphere forms an integrated, prosperous region over the coming ten years. Thank you.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
September 26, 1995

CONTACT: Calvin Mitchell
(202) 622-2920

Tax Increases on Working Families:

The Senate Republican Proposal to Reduce the Earned Income Tax Credit (EITC)

On September 22, 1995 the Republican members of the Senate Finance Committee released their plan to increase taxes on millions of lower-income working families by slashing the EITC. The Finance Committee will be considering this plan September 26-28.

The Republican proposal would reduce the EITC, and thereby increase taxes, by $41.5 billion over the next 7 years. (See attached "Earned Income Tax Credit Cuts" graph and "Revenue Estimate" table.) This will subject 17 million low-income working Americans to an immediate tax increase averaging $281, which will grow to $457 per year by the year 2005.

Low-income, working families would be especially hard hit.

- The final phase of the 1993 EITC increase currently scheduled to become effective in 1996 would be eliminated for families with 2 or more qualifying children. At the same time, the Republican plan would **increase** the so-called phaseout rates that reduce the EITC as the taxpayer's income rises, thereby effectively raising their marginal tax rates.

- In 1996 alone, the Republican's proposal would result in a tax increase, on average, of $372 for each of the 7.4 million working families -- including their 18.5 million children -- that are raising 2 or more children. (See attached "Numbers of Taxpayers and Children Affected by EITC Proposal" table.)

- The 5.3 million families with only 1 child would suffer an average tax increase of $240 in 1996.

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- By the year 2005, 21 percent of all families with children eligible for the EITC under current law would lose that eligibility under the Republican proposal.

Creeping Tax Increases. All EITC recipients with annual income currently in excess of roughly $11,650 will be subject to creeping tax increases every year as the so-called phaseout rates are increased. (See attached "Earned Income Tax Credit Parameters" table.) Thus, recipients will see their EITC reduced simply because of inflationary increases in their income.

Taxing Social Security Benefits of Low-Income Workers. Included in this package is a proposal to tax social security payments received by approximately 1 million widowed, retired and disabled taxpayers who care for about 2 million of their own children, grandchildren, or other children. These social security recipients, whose average adjusted gross income is $9,580, will be subject to an average tax increase of $859.

Workers Not Residing with Qualifying Children. The modest EITC that was first made available last year to very low-income workers who do not reside with qualifying children would be eliminated. This component alone will subject 4.3 million taxpayers to an average tax increase of $173.

Double Taxation of Child Support Payments. Working parents who receive child support payments will, for the first time ever, suffer a tax increase simply because they are fortunate to actually collect those payments. These payments are intended solely for the benefit of their children.

- This proposal would impose an unfair form of double taxation, as amounts paid as child support (unlike alimony, for example) are generally taxable to the parent paying the child support, and not to the parent receiving it. Under the Republican plan, however, the parent paying child support will be taxed on income out of which nondeductible child support payments are made and the parent receiving child support who also claims the EITC will also be taxed on the receipt of child support.

- Among EITC recipients who collect child support, annual payments average around $3,000. Under this aspect of the proposal alone, about 700,000 custodial parents will be subject to an average tax increase of $549 in 1996.

- These custodial parents should be encouraged to seek and collect child support, rather than being penalized for obtaining it.

Example. The effects of the Republican proposal can be illustrated by the example of a married worker whose income of $16,500 is near the poverty level and who has 2 children. Under current law, in 1996 that family would receive an EITC of $2,532, or $8 more than the social security taxes paid with respect to their earnings. The Republican proposal would reduce their 1996 EITC, and thereby increase their taxes, by $299. Moreover, because of the annual increases in the phaseout rates, by the year 2000 this family's taxes will be $489 higher under the Republican proposal than under current law. In 2005, the difference will total $807. (See attached "Effect of Senate Finance Committee Mark on Married Worker" table.)

* * * * *

The Republican package includes the EITC compliance initiatives proposed by the Clinton Administration earlier this year. We continue to support those initiatives. However, the Administration vigorously opposes the balance of the Republican proposal that increases taxes on low-income working Americans, including the components that tax social security benefits received by widowed, retired and disabled taxpayers and that subject child support payments to double taxation.

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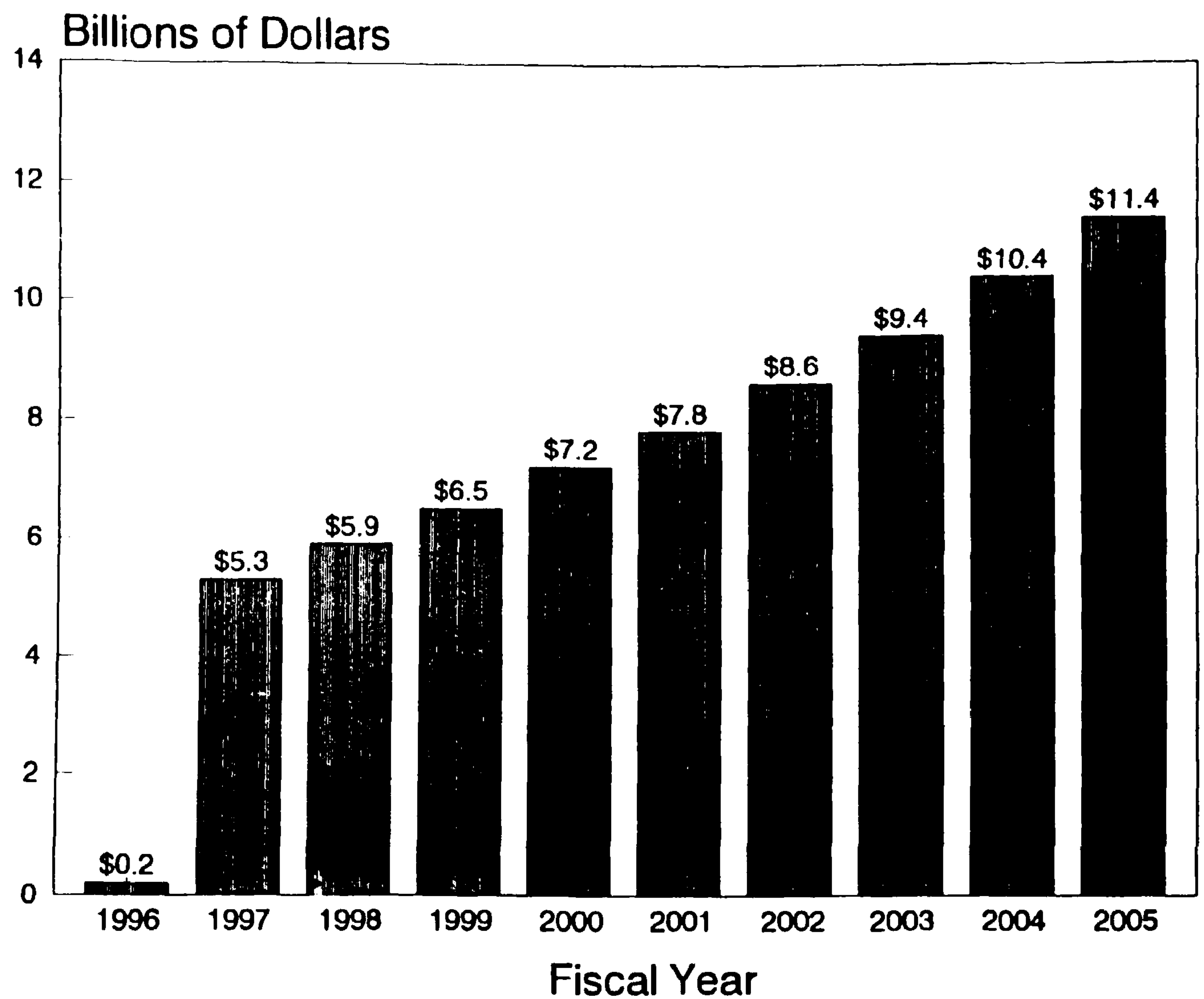
Earned Income Tax Credit Cuts Under the Senate Finance Proposal



Revenue Estimate: Effect of EITC Proposals in Finance Committee Mark

Fiscal Years; $ Millions

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	5-Year Total	7-Year Total	10-Year Total
Outlays	199	4,243	4,655	5,096	5,499	5,907	6,393	6,926	7,508	8,217	19,692	31,992	54,64[illegible]
Receipts	40	1,012	1,225	1,437	1,674	1,940	2,202	2,503	2,852	3,180	5,388	9,530	18,06[illegible]
Total	239	5,255	5,880	6,533	7,173	7,847	8,595	9,429	10,360	11,397	25,080	41,522	72,70[illegible]

Department of the Treasury
Office of Tax Analysis

September 22, 1995

Numbers of Taxpayers and Children Affected by EITC Proposals in Senate Finance Committee Mark
and Size of Average Tax Increase

1996 Law and Levels; Millions

	Total Taxpayers	Average Tax Increase	Number of Children
Combined Effect of Proposals to Change Credit Rates, Repeal Childless EITC, and Add Other Income to Investment Cap and AGI for EITC*			
Taxpayers with One Child	5.3	$240	5.3
Taxpayers with Two or More Children	7.4	$372	18.5
Taxpayers without Children	4.3	$173	n.a.
Total Affected Taxpayers	17.0	$281	23.8

Department of the Treasury
Office of Tax Analysis

September 22, 1995

* The combined estimates take into account the interactions between the three proposals.

Earned Income Tax Credit Parameters: Current Law and Senate Finance Committee Mark

	Credit Rate	Plateau Beginning Point	Plateau End Point	Maximum Credit	Phase-out Rate	Income Cut-off
		Current Law				
1995						
Families with one child	34.0%	$6,160	$11,290	$2,094	15.98%	$24,396
Families with two or more children	36.0%	$8,640	$11,290	$3,110	20.22%	$26,673
Workers without children	7.65%	$4,100	$5,130	$314	7.65%	$9,230
1996						
Families with one child	34.0%	$6,340	$11,620	$2,156	15.98%	$25,109
Families with two or more children	40.0%	$8,900	$11,620	$3,560	21.06%	$28,524
Workers without children	7.65%	$4,230	5,280	$324	7.65%	$9,510
1997						
Families with one child	34.0%	$6,540	$12,000	$2,224	15.98%	$25,915
Families with two or more children	40.0%	$9,190	$12,000	$3,676	21.06%	$29,455
Workers without children	7.65%	$4,360	$5,450	$334	7.65%	$9,810
1998						
Families with one child	34.0%	$6,750	$12,380	$2,295	15.98%	$26,742
Families with two or more children	40.0%	$9,480	$12,380	$3,792	21.06%	$30,386
Workers without children	7.65%	$4,500	$5,630	$344	7.65%	$10,130
1999						
Families with one child	34.0%	$6,970	$12,780	$2,370	15.98%	$27,610
Families with two or more children	40.0%	$9,790	$12,780	$3,916	21.06%	$31,374
Workers without children	7.65%	$4,650	$5,810	$356	7.65%	$10,460
2000						
Families with one child	34.0%	$7,190	$13,180	$2,445	15.98%	$28,478
Families with two or more children	40.0%	$10,100	$13,180	$4,040	21.06%	$32,363
Workers without children	7.65%	$4,790	$5,990	$366	7.65%	$10,780
		Senate Finance Committee Mark				
1996						
Families with one child	34.0%	$6,340	$11,620	$2,156	17.8%	$23,720
Families with two or more children	36.0%	$8,900	$11,620	$3,204	19.9%	$27,720
1997						
Families with one child	34.0%	$6,540	$12,000	$2,224	18.4%	$24,100
Families with two or more children	36.0%	$9,190	$12,000	$3,308	20.5%	$28,100
1998						
Families with one child	34.0%	$6,750	$12,380	$2,295	19.0%	$24,480
Families with two or more children	36.0%	$9,480	$12,380	$3,413	21.2%	$28,480
1999						
Families with one child	34.0%	$6,970	$12,780	$2,370	19.6%	$24,880
Families with two or more children	36.0%	$9,790	$12,780	$3,524	21.9%	$28,880
2000						
Families with one child	34.0%	$7,190	$13,180	$2,445	20.2%	$25,280
Families with two or more children	36.0%	$10,100	$13,180	$3,636	22.6%	$29,280

Department of the Treasury
Office of Tax Analysis

September 22, 1995

Effect of Senate Finance Committee Mark
On Married Worker with Two Children near Poverty Threshold

	Current Law	Senate Finance Mark	Difference
		1996 Levels	
Pre-Tax Income			
Earnings	16500	16500	
Other Sources	0	0	
Total	16500	16500	
Individual Income Taxes			
Pre-Credit Tax Liability	0	0	0
EITC	-2532	-2233	299
OASDHI Taxes			
Employee Share	1262	1262	0
Employer Share	1262	1262	0
Total Federal Individual Income and OASDHI Taxes 1/	-8	292	299
		2000 Levels	
Pre-Tax Income			
Earnings	18679	18679	
Other Sources	0	0	
Total	18679	18679	
Individual Income Taxes			
Pre-Credit Tax Liability	0	0	0
EITC	-2882	-2393	489
OASDHI Taxes			
Employee Share	1429	1429	0
Employer Share	1429	1429	0
Total Federal Individual Income and OASDHI Taxes 1/	-24	465	489
		2005 Levels	
Pre-Tax Income			
Earnings	21760	21760	
Other Sources	0	0	
Total	21760	21760	
Individual Income Taxes			
Pre-Credit Tax Liability	0	0	0
EITC	-3360	-2553	807
OASDHI Taxes			
Employee Share	1665	1665	0
Employer Share	1665	1665	0
Total Federal Individual Income and OASDHI Taxes 1/	-31	776	807

Department of the Treasury
Office of Tax Analysis

September 22, 1995

1/ Does not include excise taxes and other Federal and State taxes borne by family

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
September 26, 1995

Contact: Jon Murchinson or Becky Lowenthal
(202) 622-2960

MEDIA ADVISORY

RUBIN AND GREENSPAN TO PREVIEW NEW U.S. CURRENCY

Treasury Secretary Robert E. Rubin, Federal Reserve Board Chairman Alan Greenspan and U.S. Treasurer Mary Ellen Withrow will announce changes in U.S. currency tomorrow, Wednesday, September 27.

The announcement will take place at 11 a.m. in the Cash Room of the Treasury Department, 1500 Pennsylvania Avenue NW.

Secretary Rubin and Chairman Greenspan will discuss security features incorporated in the new notes in order to stay ahead of advances in reprographic technologies and explain the introduction process and timetable. The new $100 notes will enter circulation in early 1996. Existing U.S. currency will continue to be valid as long as it is in circulation.

Cameras should be in place by 10 a.m. Media without Treasury, White House, State, Defense or Congressional credentials wishing to attend should contact the Office of Public Affairs at (202) 622-2960, with the following information: name, Social Security or foreign passport number and date of birth, by 6 p.m. today. This information may be faxed to (202) 622-1999.

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AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
September 26, 1995

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 2-YEAR NOTES

Tenders for $17,752 million of 2-year notes, Series AJ-1997, to be issued October 2, 1995 and to mature September 30, 1997 were accepted today (CUSIP: 912827V33).

The interest rate on the notes will be 5 3/4%. All competitive tenders at yields lower than 5.860% were accepted in full. Tenders at 5.860% were allotted 3%. All noncompetitive and successful competitive bidders were allotted securities at the yield of 5.860%, with an equivalent price of 99.796. The median yield was 5.820%; that is, 50% of the amount of accepted competitive bids were tendered at or below that yield. The low yield was 5.790%; that is, 5% of the amount of accepted competitive bids were tendered at or below that yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$36,254,700	$17,751,925

The $17,752 million of accepted tenders includes $862 million of noncompetitive tenders and $16,890 million of competitive tenders from the public.

In addition, $818 million of tenders was awarded at the high yield to Federal Reserve Banks as agents for foreign and international monetary authorities. An additional $511 millio 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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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR RELEASE AT 2:30 P.M.
September 26, 1995

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 October 5, 1995. This offering will result in a paydown for the Treasury of about $1,025 million, as the maturing weekly bills are outstanding in the amount of $26,218 million.

Federal Reserve Banks hold $6,664 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 $2,009 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) 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

RR-590

HIGHLIGHTS OF TREASURY OFFERINGS OF WEEKLY BILLS TO BE ISSUED OCTOBER 5, 1995

September 26, 1995

Offering Amount	$12,600 million	$12,600 million
Description of Offering:		
Term and type of security	91-day bill	182-day bill
CUSIP number	912794 W4 2	912794 X9 0
Auction date	October 2, 1995	October 2, 1995
Issue date	October 5, 1995	October 5, 1995
Maturity date	January 4, 1996	April 4, 1996
Original issue date	July 6, 1995	April 6, 1995
Currently outstanding	$14,853 million	$17,574 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 Daylight Saving time on auction day

Competitive tenders . . . . Prior to 1:00 p.m. Eastern Daylight Saving 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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September 27, 1995

ADVISORY

INFORMATION PACKET ON NEW U.S. CURRENCY AVAILABLE BY FAX
B-ROLL AVAILABLE TO TELEVISION STATIONS

An informative package of background materials on the redesign of the U.S. currency is available from the Treasury Department through its interactive fax system.

To access these materials by fax, call (202) 622-2040 and follow the directions. The following materials are available:

Document name	**Document number**
Advisory: Information Packet on New U.S. Currency Available by Fax , B-Roll Available to Television Stations(1 page)	591
Fact Sheet: Advanced Copier and Printer Technology (2 pages)	592
Press Release and Background, including graphic (6 pages) Dated September 27, 1995	593
Remarks by Treasury Secretary Robert E. Rubin Dated September 27, 1995(3 pages)	594
Remarks by Federal Reserve Board Chairman Alan Greenspan Dated September 27, 1995(3 pages)	595
Fact Sheet: Technical Background and Description of Features (2 pages)	596
Remarks by U.S. Treasurer Mary Ellen Withrow(2 pages)	597
Fact Sheet: List of Studies on Currency Security Features(2 pages)	598
Fact Sheet: The History of Paper Money(2 pages)	599
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Television stations may request B-roll (Beta format) of the new currency in production at the Bureau of Engraving and Printing (BEP) by contacting the BEP at (202) 874-3019 or by calling your nearest Federal Reserve Bank branch.

RR-591

YOUR MONEY MATTERS

Advanced Copier and Printer Technology

Advanced reprographic technology improved dramatically during the 1990s. The technology is expected to continue to improve into the next century. Some of this equipment is capable of accurately reproducing the colors and fine-line detail of security documents and is seen as a threat to currency.

Market surveys indicate that as quality, affordability, and availability increase, advanced equipment will become the standard in offices, copy centers and printing facilities. The color copier/printer of the 90s has been compared with the color television of the '70s, when color became the standard, rather than the exception.

Of the new technologies, advanced copiers, printers, electronic digital scanners, color workstations and computer software can present threats to currency. During the early 90s, the new technologies used in advanced copiers and printers merged and interfaced with each other. They do not require extensive expertise to operate, and they are becoming widely accessible through copy centers and corporate offices.

Advanced Full Color Copiers

Advanced full-color copiers have evolved into a digital electrophotographic process utilizing digital scanners and computer technology to produce high quality plain paper copies. Many of these copiers interface with personal computers. The scanner portion of the copier can be used to scan an image into the computer or as the computer's output device. As the quality continues to increase, providing greater dots per inch (dpi), the high-end digital copiers will have the ability to reproduce much of the fine detail of currency.

Digital Electronic Scanners

Scanner equipment electronically scans an image or text from an original document and digitizes it into a computer-readable form. Through the use of computer graphics software, the image may be displayed on a screen, changed or combined with other images. The edited image then can be stored in an electronic format, printed on a color output device or used to make offset or gravure printing plates.

Scanner equipment is no longer confined to large printing, graphic design, or advertising firms. Low-and medium- quality scanners are readily available to the individual. High-quality scanners are readily available in copy centers and corporate offices. The scanners incorporated in advanced color copiers can, in some pieces of equipment, be interfaced with personal computers and graphics programs.

Advanced color copiers and printing equipment using this technology can be a security threat because of the flexible editing capabilities and fine detail reproductions. As the price of this technology continues to drop, the availability of high quality scanners will increase.

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Color Ink Jet - Copiers and Printers

Color ink jet copiers utilize scanner technology to digitize an image, which is then reproduced using ink jet printer technology. These machines are capable of producing good quality reproductions on plain paper. These machines are widely available and inexpensive. Some of these ink jet copier machines can be interfaced with personal computers and graphics software. The machines then can be used to scan an image into the computer or as the computer output device.

Personal Computers and Graphics Software

Personal computers and graphics software combine the latest personal computer, graphics software, printer/copier, video and scanner technologies. The images can be stored indefinitely, copied electronically or transmitted to another location for printing. Output quality depends on the dpi resolution of the scanner and printer capabilities. Printer resolution is of greater importance because scanner input can be edited to enhance image quality. As the price of personal computer technology continues to drop, the availability and use of this technology to counterfeit currency and other security documents will increase.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

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Contact: Hamilton Dix or
Rebecca Lowenthal
(202) 622-2960

TREASURY AND FEDERAL RESERVE ANNOUNCE NEW CURRENCY DESIGN

Treasury Secretary Robert E. Rubin and Federal Reserve Board Chairman Alan Greenspan announced today that the U.S. will issue a new $100 note that has been redesigned to incorporate numerous new and modified security features. The new note, which will be released in early 1996, is the first of the U.S currency series to be redesigned to stay ahead of advances in reprographic technology.

Secretary Rubin and Chairman Greenspan stressed the United States will not recall or devalue any of the existing currency. Over $380 billion in U.S. currency is in circulation, two-thirds of it overseas.

The introduction of the new design represents an important step in an on-going process to maintain the security of the nation's currency by staying ahead as technologies such as color copiers, scanners and printers become more sophisticated and accessible.

"What we are doing with the introduction of the 1996 series note is similar to what other administrations have done throughout our history: we are improving the security of the currency, and maintaining its integrity and global reputation," Secretary Rubin said. "It is being modernized to stay ahead of printing technology, and the possibilities that technology will create for counterfeiting," he said.

"I want to assure you that the United States has never recalled its currency and will not do so now," Chairman Greenspan said. "Old notes will not be recalled or devalued. The United States always honors its currency at its full face value, no matter how old."

New currency will be issued at the rate of one denomination per year, starting in early 1996 with the $100 bill. As older notes reach the Federal Reserve from depository institutions, they will be replaced by the newer notes.

In order to make room for the new security features, the overall architecture of the design has been changed somewhat and the borders simplified. Microprinting and security

(more)

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threads, which first appeared in the 1991 series currency, have been effective deterrents and will appear in the new notes. The new and modified features are:

- A larger portrait, moved off-center to create more space to incorporate a watermark.

- The watermark to the right of the portrait depicting the same historical figure as the portrait. The watermark can be seen only when held up to the light.

- A security thread that will glow red when exposed to ultraviolet light in a dark environment. The thread will be in a unique position on each denomination.

- Color-shifting ink that changes from green to black when viewed from different angles. This feature appears in the numeral on the lower right-hand corner of the bill front.

- Microprinting in the numeral in the note's lower left-hand corner and on Benjamin Franklin's coat.

- Concentric fine-line printing in the background of the portrait and on the back of the note. This type of printing is difficult to copy well.

- Other features for machine authentication and processing of the currency.

The protection of each note derives from the use of these individual features and their accumulated effectiveness.

A worldwide education campaign will educate users of U.S. currency about the design changes.

The new features were developed by the New Currency Design Task Force, comprised of representatives from the Treasury Department, Federal Reserve System, U.S. Secret Service and the Bureau of Engraving and Printing (BEP). A separate but complementary report by the National Academy of Sciences, solicited by the BEP, was released in December 1993.

The announcement was held in the Cash Room of the U.S. Treasury Department. Rubin and Greenspan were joined by U.S. Treasurer Mary Ellen Withrow, U.S. Secret Service Director Eljay B. Bowron, Federal Reserve Board Governor Edward W. Kelley, Jr., and Bureau of Engraving and Printing Director Larry Rolufs, and Treasury Under Secretary John D. Hawke, Jr.

Remarks by Secretary Rubin and Chairman Greenspan and fact sheets on the currency are available on Treasury's interactive fax system at (202) 622-2040.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBARGOED UNTIL 11 A.M. EDT
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September 27, 1995

REMARKS OF TREASURY SECRETARY ROBERT E. RUBIN
INTRODUCTION OF THE 1996 SERIES CURRENCY
DEPARTMENT OF THE TREASURY CASH ROOM
WASHINGTON, D.C.

The United States has the strongest economy in the world. We are the most productive and competitive nation in the world. Our currency is a symbol of our economic strength, and as such, it is respected, recognized and accepted around the world. No other nation's currency has that degree of respect or acceptance. The steps we are announcing this morning will protect that position by protecting the integrity and security of our currency.

We are making our currency secure against the threat of advancing counterfeiting technology, so it will continue to be respected throughout the world as a store of value and the symbol of security it has been for so long. Today we do have a secure currency, but we must stay ahead of the rush of technology. We're starting the process with the $100 bill -- the most widely circulated bill in the world and the bill most often the focus of global counterfeiting. There are more $100s circulating abroad than here in the United States.

This is an example of government doing what it should, staying head of the curve. The 1996 currency series is the result of nearly a decade of work by the professionals at Secret Service, the Bureau of Engraving and Printing, the Treasury Department, the Federal Reserve, and experts at the National Academy of Sciences. It has involved consultations with central bankers throughout the world.

Looking beyond today's event, the Bureau of Engraving and Printing has set up a research facility with the Johns Hopkins Applied Physics Laboratory -- the Securities Technology Institute -- to asses emerging technology, evaluate features developed by industry, and develop additional protections for currency and other security documents.

RR-594 (more)

Before we show you the changes that will take U.S. currency into a new century, I want to recognize a few individuals for their contributions to this project. As I call your name please stand, and please hold the applause until I've called the last name. The enhanced security features would not have been possible without the work of very talented designers, some of the world's most skilled artisans and craftsmen, and a top-notch technical team. I want to recognize designer Jack Ruther, Thomas Hipchen, who is among the world's pre-eminent portrait engravers, photo-engraver William Baechler, photo-etcher Marion Keeler, and Tom Ferguson, head of our technical team. To all, thank you for your contribution.

What we are doing with the introduction of the 1996 series note is similar to what other administrations have done throughout our history; and that is, we are improving the security of the currency, maintaining its integrity and global reputation. The existing currency will be accepted as long as it is in circulation. It is not, let me repeat that, not being withdrawn. It is being modernized to stay ahead of printer, copier, scanner and computer technology, and the possibilities that technology will create for counterfeiting.

The last time our currency underwent a truly substantial change was three generations ago. A major reason then was to protect the security of our currency. In those days, the Secret Service only had to worry about engravers trying to copy genuine U.S. bills. But times have changed, and our currency must be adjusted.

Even though we are issuing new notes, I want to assure you that the security features in the existing U.S. currency are effective.

However, the time to improve our currency is while we're ahead, and that's what we're doing -- staying ahead of the curve. The changes in the 1996 series currency are driven by the need to stay ahead of advancing technology. These upgrades were strongly recommended by the law enforcement community and various scientific experts, including the National Academy of Sciences. The combined effect of all the changes -- some of which I will not discuss for security reasons -- is substantial.

While the security improvements are more visible than others added in recent years, the 1996 Series bills retain the basic American look and feel of the bills we're all used to carrying. The size is the same. The faces are the same. The monuments are the same. It still says "In God We Trust." And the color is still the same. The greenback will still be green. We thought about adding colors but decided not to because multiple colors are not themselves a security feature. There is one area on the bill -- the lower right corner -- where a special ink will shift color from green to black when held at a particular angle.

Now, as to some of the more obvious security features:

The portrait of Benjamin Franklin is enlarged and shifted somewhat to the left. The portrait has several security features within it to trip up counterfeiters. And there is a watermark to the portrait's right duplicating the individual in the portrait -- Franklin on the $100, Grant on the $50, and so on. There is a special security thread running vertically in the paper at different locations depending upon the denomination. The borders are simplified to make room for these features.

Ten days ago our presses at the Bureau of Engraving and Printing began production with the new plates. They're running right now. We already have about 200,000 32-bill sheets of $100 bills awaiting final processing, and another 500,000 sheets ready to have the second side printed. That's a start, and we'll keep building our inventory until we have enough to satisfy both normal demand, and the curiosity factor. We'll also be conducting a public education campaign about the new features, here and abroad.

So to recap, the existing currency is secure, all old currency will remain legal tender, whether you want to use it here or overseas, and there will be no recall of currency now in circulation. We're introducing a new series of bills to stay ahead of the curve on the counterfeiting technology of the future. And finally, the new bills and their security features will be instantly identifiable as U.S. currency.

Thank you.

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Remarks

Alan Greenspan

Chairman
Board of Governors of the Federal Reserve System
Washington, D.C.

Announcement of
New Currency Design

U.S. Treasury
Washington, D.C.
September 27, 1995

Thank you, very much, Mr. Secretary. I needn't tell you that the Federal Reserve is quite pleased to be part of this event.

As many of you know, the Federal Reserve has the responsibility of putting currency into circulation through the banking system.

These newly designed Notes will be handled in the same way as older currency.

Depository institutions obtain the currency they need for their customers from their district Federal Reserve Banks, and they dispose of surplus currency by depositing it in their Reserve bank accounts.

In this process of receiving and paying out currency in response to the needs of depository institutions, Federal Reserve Banks -- as they count incoming deposits -- also have the opportunity to determine whether each Note is in good enough condition to be recirculated and to verify each Note for genuineness.

Approximately two thirds of all Notes received by the Reserve Banks in incoming deposits are fit enough to be recirculated.

The remaining third -- which are worn out or soiled -- are destroyed and replaced by new Notes obtained from the Bureau of Engraving and Printing.

On average only nine Notes in every million are found to be counterfeit.

The introduction of the new currency will work this way:

The new $100 Notes -- the first in the series -- will be ready for circulation in early 1996.

As banks deposit Notes in the regular course of business, the Federal Reserve Banks will replace any older design Notes with Notes of the new design.

All existing Notes will continue to be legal tender.

The new designs of $50s, $20s, $10s and $5s will be introduced individually over the next several years.

The 12 Federal Reserve Banks and their 25 branches around the country provide currency to the depository institutions in their territories as the depository institutions need it.

Consequently, not all depository institutions and not all depository institution customers will be seeing the new $100 Notes immediately.

I want to assure you that the United States has never recalled its currency and will not do so now.

Old Notes will not be recalled or devalued.

The United States has always honored its currency at its full face value, no matter how old.

Our currency is trusted and accepted by people throughout the world. Because of this special status, the protection of our currency from counterfeiting has long been a priority.

... So, rest assured that the Department of the Treasury and the Federal Reserve System remain firmly committed to that goal.

And now, Mr. Secretary, I believe we are ready to introduce the redesigned currency.

Technical Background
Security Features

The Department of the Treasury's Bureau of Engraving and Printing (BEP) is responsible for producing the new series currency. The Federal Reserve System will introduce the new currency beginning with Series 1996 $100 notes. The new features — including enlarged off-center portrait, watermark, concentric fine-line patterns, and color-shifting ink — were selected after extensive testing and evaluation of approximately 120 numerous banknote security devices, many of which are used successfully by other countries with lower production and circulation demands.

Other pre-existing security features (security thread and microprinting) are included in the new notes and have changed only slightly.

Evaluation Criteria

Effectiveness

Counterfeit deterrent effectiveness was tested by reprographic equipment manufacturers and government scientists. They also considered the ease of public and cash handler recognition.

Durability

Durability was tested under the rigors of normal circulation. Tests included crumpling, folding, laundering, and soaking in a variety of solvents such as gasoline, acids, and laundry products.

Developmental

The total cost was $765,000: $265,376 to fund the National Academy of Sciences studies, and approximately $500,000 to purchase test quantities of features and carry out internal BEP evaluations.

Production Costs

Research and production expenses will increase the cost of each note by a fraction of a cent. The Federal Reserve is funding the development and introduction of the new currency through earnings the Federal Reserve receives from interest on its holdings of U.S. government securities and on fees that are charged to depository institutions for providing services such as the processing and clearing of checks.

Appearance

The currency still looks very American. The size of the notes, basic colors, historical figures and national symbols are not changing. New features were evaluated for their compatibility with the traditional design of United States currency.

RR-596

The New Features

Watermark

A watermark is formed by varying paper density in a small area during the papermaking process. The image is visible as darker and lighter areas when held up to the light. The watermark does not copy on color copiers. It depicts the same historical figure as the engraved portrait. This similarity provides an easy way to verify the note and makes it harder to use lower denomination paper to print counterfeit higher denominations.

Color Shifting Inks

These inks change color when viewed on the new note from different angles. The ink appears black when viewed directly and changes to green when the note is tilted.

Concentric Fine-Line Patterns

This type of line structure appears normal to the human eye but is difficult for current scanning equipment to properly resolve.

Enlarged Off-Center Portrait

A larger portrait can incorporate more detail, making it easier to recognize and more difficult to counterfeit. It also provides an easy way for the public to distinguish the new design from the old. The portrait is shifted off center to provide room for a watermark and unique "lanes" for the security thread in each denomination. The slight relocation also reduces wear on the portrait by removing it from the center, which is frequently folded.

Pre-Existing Security Features

Security Thread

A security thread is a thin thread or ribbon running through a banknote substrate. It is a versatile feature, with many types currently available, including microprinted, metallic, magnetic, windowed and embedded. The thread will glow red when held under an ultraviolet light. This characteristic makes it impossible to copy with a color copier that uses reflected light to generate an image. Using a unique thread position for each denomination guards against certain counterfeit techniques, such as bleaching ink off a lower denomination and using the paper to "reprint" the bill as a higher value note. The unique position also can be used by currency-accepting equipment to determine the value of the note, especially if the threads are machine-detectable. This security feature, which first appeared in Series 1990 currency, is included in the new design; however, its position will shift according to the currency denomination for the reasons mentioned previously.

Microprinting

This print appears as a thin line to the naked eye, but the lettering can easily be read using a low-power magnifier. The resolution of most current copiers is not sufficient to copy such fine print. On the newly designed $100 bills, microprinting appears in the lower left corner and on Benjamin Franklin's lapel.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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Sept. 27, 1996

TREASURER OF THE UNITED STATES MARY ELLEN WITHROW
INTRODUCTION OF 1996 SERIES CURRENCY
THE TREASURY DEPARTMENT CASH ROOM
WASHINGTON, D.C.

Good morning, and welcome to a very historic day here at the Treasury Department. I never thought that in my career I'd follow Ben Franklin. We're both on the money -- his picture, and my signature. I thought he had the better of the deal until I found out you had to be dead to have your picture on the currency. Thanks, but I'm not going to trade.

Before I go any further, I want to thank the National Portrait Gallery for lending us the historic portrait of Benjamin Franklin, the one from which the engraving for our $100 bill was made. I also want to acknowledge the important contribution of the National Academy of Sciences which conducted a counterfieting study for the Treasury Department.

In addition, I want to thank Federal Reserve Chairman Alan Greenspan for the Federal Reserve's assistance. The Federal Reserve ultimately underwrote the costs of the extensive research by the National Academy of Sciences and the testing that went into development of the 1996 series of currency. The costs of developing, testing and getting to the production stage of these bills totalled over three-quarters of a million dollars.

Today we are doing what administrations through two centuries have done -- acting to protect the stability and soundness of our financial system by further strengthing the security of our currency. That's what Secretary Mellon and Treasurers H.T. Tate and W.O. Wood were doing the last time a project of this scope was underaken -- protecting our currency.

RR-597 (more)

The production of the 1996 series of bills has been a major undertaking, conducted in cooperation with some of the top experts in the field of printing and counterfieting deterrence. The staff at the Bureau of Engraving and Printing have been working, I must say, under very heavy security and secrecy to protect the integrity of this undertaking.

To give you an idea of the scope of this project, we have been ordering 1.2 million sheets of paper a week since the middle of August in anticipation of starting production of $100 bills. We will be printing and stockpiling these notes until well into the new year to make certain there are sufficient supplies to meet the demand when they are introduced. In 1929, when the 1928 design was introduced into circulation, the announcement spoke of the curiousity factor -- the need to produce enough to meet the extra demand caused because people wanted a bill just to see what it looks like. Because of the world-wide acceptance of our currency, we will stockpile enough to meet both the regular demands of commerce and the curiosity factor.

By way of comparison, there was $5 billion of U.S. currency in circulation back in 1929. Today, there is more than $380 billion in paper currency circulating, about two-thirds of it overseas. Initially, we are printing the 1996 series $100 bills here at the facility in Washington, and as time goes by and as we start introducing notes of lower denominations, we will also begin printing the bills at our facility in Fort Worth, Texas.

In closing, I want to underscore a point: none of the money now in circulation will be recalled as a result of the introduction of the new bills, none. Both the currencies will be in circulation and both will be good.

Thank you.

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YOUR MONEY MATTERS

Studies
United States Currency Security Features

Security Thread and Microprinting

Reactions to the New U.S. Currency: Analysis of Focus Group Discussions, November 3, 1986. Market Facts Inc., funded by the Federal Reserve Board.

To determine public reaction to currency with security thread and microprinting. Focus group participants were satisfied with their currency but would accept the addition of a security thread and microprinting for well communicated counterfeit deterrent reasons.

Counterfeit Threat

Advanced Reprographic Systems: Counterfeiting Threat Assessment and Deterrent Measures, June, 1986. National Academy of Sciences, funded by the Bureau of Engraving and Printing.

To assess counterfeit threats from specific advanced reprographic equipment and recommend counterfeit deterrents. Confirmed threat and recommended action. For near term, suggested combination of conventional deterrent devices, including a security thread.

Counterfeit Deterrent Features for the Next-Generation Currency Design, December, 1993. National Research Council, funded by the Department of the Treasury.

To analyze and recommend overt counterfeit deterrent features that could be incorporated into a redesign of U.S. banknotes. Beginning in 1996, U.S. paper currency will be redesigned to incorporate anti-counterfeiting features. Features recommended included color shifting ink, a watermark, microprinting, concentric fine lines and a security thread.

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Visual Deterants	*Currency Features for Visually Impaired People*, 1995. National Research Council, funded by the Bureau of Engraving and Printing. To analyze and recommend overt counterfeit deterrence features that could be incorporated into a redesign of U.S. banknotes for use by the visually impaired. Recommended long range systematic planning as a regular part of the mission within the Department of the Treasury,
Design Change Reactions	*Reactions to U.S. Currency Redesign: Analysis of Focus Group Discussion*, September 21, 1983. Market Facts Inc., funded by the Federal Reserve Board. To obtain further data on public opinion regarding currency design. Found public willing to accept design changes for counterfeit protection.
Advanced Imaging Technologies	*The Impact of Emerging Imaging Technologies on Counterfeiting of U.S. Currency*, August 16, 1983. Batelle Columbus Laboratory, funded by Federal Reserve Board. To evaluate counterfeit threat from advanced copier and printer technology. Found question not whether color copies will present a threat but when.
U.S. Currency Acceptance	*Final Report: Stage Two, Public Acceptance Acceptance of Proposed Changes in U.S. Currency Project*, February 23, 1981. University of Michigan Graduate School of Business, Division of Research, funded by the Federal Reserve Board. To determine public opinion on currency redesign. Found the public satisfied with currency design but supportive of a design change to deter counterfeiting.

YOUR MONEY MATTERS

The History of Paper Money

In the early days of this nation, before and just after the American Revolution, Americans used English, Spanish, and French currencies.

Colonial Notes
1690

The Massachusetts Bay Colony issued the first paper money in the colonies, which would later form the United States.

Continental Currency
1775

American colonists issued paper currency for the Continental Congress to finance the Revolutionary War. The notes were backed by the "anticipation" of tax revenues. Without solid backing and easily counterfeited, the notes quickly became devalued, giving rise to the phrase "not worth a Continental."

Nation's First Bank
1781

The Continental Congress chartered the Bank of North America in Philadelphia as the nation's first "real" bank to give further support to the Revolutionary War.

The Dollar
1785

The Continental Congress adopted the dollar as the unit for national currency. At that time, private bank note companies printed a variety of notes.

First U.S. Bank
1791

After adoption of the Constitution in 1789, Congress chartered the First Bank of the United States until 1811 and authorized it to issue paper bank notes to eliminate confusion and simplify trade. The bank served as the U.S. Treasury's fiscal agent, thus performing the first central bank functions.

Monetary System
1792

The federal monetary system was established with the creation of the U.S. Mint in Philadelphia. The first American coins were struck in 1793.

Second U.S. Bank
1816

The Second Bank of the United States was chartered for 20 years until 1836.

State Bank Notes
1836

With minimum regulation, a proliferation of 1,600 local state-chartered, private banks issued paper money. State bank notes, with over 30,000 varieties of color and design, were easily counterfeited. That, along with bank failures, caused confusion and circulation problems.

Civil War
1861

On the brink of bankruptcy and pressed to finance the Civil War, Congress authorized the United States Treasurv to issue paper money for the first time in the form of non-interest bearing Treasury Notes called Demand Notes.

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Greenbacks
1862

Demand Notes were replaced by United States Notes. Commonly called "greenbacks," they were last issued in 1971. The Secretary of the Treasury was empowered by Congress to have notes engraved and printed, which was done by private banknote companies. The notes were signed and affixed with seals by six Treasury Department employees.

The Design
1863

The design of U.S. currency incorporated a Treasury seal, the fine line engraving necessary for the difficult-to-counterfeit intaglio printing, intricate geometric lathe work patterns, and distinctive cotton and linen paper with embedded red and blue fibers.

Gold Certificates
1865

Gold Certificates were issued by the Department of the Treasury against gold coin and bullion deposits and were circulated until 1933.

Secret Service
1865

The Department of the Treasury established the United States Secret Service to control counterfeiting. At that time, counterfeits amounted to one-third of all circulating currency.

National Bank Notes
1866

National Bank Notes, backed by U.S. government securities, became predominant. By this time 75 percent of bank deposits were held by nationally-chartered banks. As State Bank Notes were replaced, the value of currency stabilized for a time.

Bureau of Engraving and Printing
1877

The Department of the Treasury's Bureau of Engraving and Printing started printing all U.S. currency.

Silver Certificates
1878

The Department of the Treasury was authorized to issue Silver Certificates in exchange for silver dollars. The last issue was in the Series of 1957.

Federal Reserve Act
1913

After 1893 and 1907 financial panics, the Federal Reserve Act of 1913 was passed. It created the Federal Reserve System as the nation's central bank to regulate the flow of money and credit for economic stability and growth. The system was authorized to issue Federal Reserve Notes, now the only U.S. currency produced and 99 percent of all currency in circulation.

Standardized Design
1929

Currency was reduced in size by 25 percent and standardized with uniform portraits on the faces and emblems and monuments on the back.

In God We Trust
1957

Paper currency was first issued with "In God We Trust" in 1957. The inscription appears on all currency Series 1963 and later.

Security Thread and Microprinting
1990

A security thread and microprinting were introduced to deter counterfeiting by advanced copiers and printers. The features first appeared in Series 1990 \$100 and \$50 notes. By Series 1993, the features appeared in all denominations except \$1 notes.

Currency Redesign
1994

The Secretary of the Treasury announced that U.S. currency would be redesigned to incorporate a new series of counterfeit deterrents. The new notes will be issued in 1996.

YOUR MONEY MATTERS

Department of the Treasury
Bureau of Engraving and Printing: The U.S. Government's Security Printer

- Since October 1, 1877, all United States currency has been printed by the Bureau of Engraving and Printing, which started out as a six-person operation using steam powered presses in the Department of Treasury's basement.

- Now 1,800 Bureau employees occupy 25 acres of floor space in two Washington, D.C. buildings flanking 14th Street. Currency and stamps are designed, engraved, and printed 24 hours a day on 30 high-speed presses. An additional 700 Bureau employees are at the Western Currency Facility in Fort Worth, Texas, where currency is printed 16 hours a day, 5 days a week on 10 high-speed presses.

- In 1995, at a cost of 3.8 cents each, over 9 billion notes worth about $129 billion will be produced for circulation by the Federal Reserve System. Ninety-five percent will replace unfit notes and five percent will support economic growth. At any one time, $200 million in notes may be in production.

- Notes currently produced are the $1 (45 percent of production time), $5 and $10 (12 percent each), $20 (26 percent), $50 (2 percent), and $100 (3 percent).

- The Bureau also prints White House invitations and some 500 engraved items, such as visa counterfoils, naturalization documents, commissions, and certificates for almost 75 Federal departments and agencies.

Tours

- The Bureau of Engraving and Printing is one of the most popular tourist stops in Washington—over 700,000 visit the printing facility each year.

- Free 20-minute guided tours are offered Monday through Friday, 9 a.m. - 2 p.m., except for Federal holidays and the week between Christmas and New Year's. Tours start on Raoul Wallenberg Place (formerly 15th Street). During the summer months (June-August) afternoon tours are given from 4 p.m. - 7:30 p.m.

- Visitors can see press runs of 32-note currency sheets, examiners overseeing production to ensure high-quality notes, the application of Federal Reserve and Treasury seals and 4,000 note "bricks" being readied for distribution to Federal Reserve Banks.

- Beginning in the fall of 1995, tours of postage stamp production also can be taken.

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Visitors Center

- At the Visitors Center, history, production, and counterfeit exhibits showcase interesting information about United States currency.

- Many unique items can be purchased at the sales counter. Items include uncut currency sheets of 32, 16, or 4 $1 notes; $150 worth of shredded currency in plastic bags that are sold for $1; engraved collectors' prints; souvenir cards; and Department of the Interior Duck Stamps.

Mail Order Sales

- Persons wishing to receive notes on new Bureau products or to order by mail can write: Mail Order Sales, Bureau of Engraving and Printing, 14th and C Streets, S.W., Room 513-M, Washington, D.C. 20228. Credit card purchases of Bureau products are available by calling (202) 874-3316, Monday through Friday, 8 a.m. - 3:30 p.m.

YOUR MONEY MATTERS

The U.S. Secret Service and Counterfeiting

- The United States issued its first national currency notes in 1861.
- By the end of the Civil War, one third of all U.S. paper currency in circulation was counterfeit.
- On July 5, 1865, the Secret Service was created within the U.S. Department of the Treasury with the sole mission of suppressing counterfeit currency. In less than a decade, counterfeiting was sharply reduced.
- To stem counterfeiting, the Secret Service works in conjunction with local, state, federal and foreign law enforcement agencies.
- The Secret Service also maintains close working relationships with the Federal Reserve Banks and domestic as well as international commercial banking institutions.
- Thanks to such cooperation, approximately 90 percent of all known counterfeit U.S. currency is seized before it reaches the public.
- At present, the amount of counterfeit U.S. currency found in circulation represents approximately 1 1/100th of 1% of the U.S. currency in circulation.
- The most passed counterfeit denomination is the $20 note, followed, respectively, by the $100 note, the $10 note, the $50 note, the $5 note, and the $1 note. The $100 note is the most common foreign-produced counterfeit note.
- To aid in counterfeit investigations, agents use the Service's modern, well-equipped Forensic Services Laboratory that includes:
  - — A complete library of specimen notes dating back to 1865;
  - — The largest watermark file in existence;
  - — The largest ink library in existence;
  - — Equipment to examine and analyze notes counterfeited by various types of printing methods as well as by office machine copiers.
- In 1994, the disposition of prosecuted arrests showed a 99.5 percent conviction rate.

For further information, please contact:

United States Secret Service
Office of Government Liaison and Public Affairs
1800 G Street, N.W., Room 805
Washington, D.C. 20223
Phone 202/435-5708

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The Federal Reserve: Central Bank of the United States

Federal Reserve System

The Federal Reserve System was created by the Federal Reserve Act, which was passed by Congress in 1913, in order to provide a safer and more flexible banking and monetary system. For approximately 100 years before the creation of the Federal Reserve, periodic financial panics had led to failures of a large number of banks, with associated business bankruptcies and general economic contractions. Following the studies of the National Monetary Commission, established by Congress a year after the particularly severe panic of 1907, several proposals were put forward for the creation of an institution designed to counter such financial disruptions. Following considerable debate, the Federal Reserve System was established. Its original purposes were to give the country an elastic currency, provide facilities for discounting commercial credits, and improve the supervision of the banking system.

Ecomomic Stability and Growth

From the inception of the Federal Reserve System, it was clear that these original purposes were aspects of broader national economic and financial objectives. Over the years, stability and growth of the economy, a high level of employment, stability in the purchasing power of the dollar, and a reasonable balance in transactions with foreign countries have come to be recognized as primary objectives of governmental economic policy.

Currency Circulation

An important function of the Federal Reserve System is to ensure that the economy has enough currency and coin to meet the public's demand. Currency and coin are put into or retired from circulation by the Federal Reserve Banks, which use depository institutions as the channel of distribution. When banks and other depository institutions need to replenish their supply of currency and coin—for example, when the public's need for cash increases around holiday shopping periods—depository institutions order the cash from the Federal Reserve Bank or Branch in their area, and the face value of that cash is charged to their accounts at the Federal Reserve. When the public's need for currency and coin declines, depository institutions return excess cash to a Federal Reserve Bank, which in turn credits their accounts.

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Unfit and Counterfeit Notes

The Federal Reserve Banks and the U.S. Department of the Treasury share responsibility for maintaining the physical quality of United States paper currency in circulation. Each day, millions of dollars of deposits to Reserve Banks by depository institutions are carefully scrutinized. The Reserve Banks are responsible for receiving, verifying, authenticating, and storing currency and shipping it as needed. Currency in good condition is stored for later distribution. Worn or mutilated notes are removed from circulation and destroyed. Counterfeit notes are forwarded to the U.S. Secret Service, an agency of the Treasury Department.

Federal Reserve Notes

Virtually all currency in circulation is in the form of Federal Reserve notes, which are printed by the Bureau of Engraving and Printing of the U.S. Treasury. The Reserve Banks are currently authorized to issue notes in denominations of $1, $2, $5, $10, $20, $50, and $100. Coins are produced by the Treasury's United States Mint.

Cash Transfers

Currency and coin are used primarily for small transactions. In the aggregate, such transactions probably account for only a small proportion of the value of all transfers of funds.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

September 27, 1995

PRESS PACKAGE: THE INTRODUCTION OF THE 1996 SERIES CURRENCY REDESIGN

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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September 27, 1995

ADVISORY

INFORMATION PACKET ON NEW U.S. CURRENCY AVAILABLE BY FAX B-ROLL AVAILABLE TO TELEVISION STATIONS

An informative package of background materials on the redesign of the U.S. currency is available from the Treasury Department through its interactive fax system.

To access these materials by fax, call (202) 622-2040 and follow the directions. The following materials are available:

Document name	Document number
Advisory: Information Packet on New U.S. Currency Available by Fax , B-Roll Available to Television Stations(1 page)	591
Fact Sheet: Advanced Copier and Printer Technology (2 pages)	592
Press Release and Background, including graphic (6 pages) Dated September 27, 1995	593
Remarks by Treasury Secretary Robert E. Rubin Dated September 27, 1995(3 pages)	594
Remarks by Federal Reserve Board Chairman Alan Greenspan Dated September 27, 1995(3 pages)	595
Fact Sheet: Technical Background and Description of Features (2 pages)	596
Remarks by U.S. Treasurer Mary Ellen Withrow(2 pages)	597
Fact Sheet: List of Studies on Currency Security Features(2 pages)	598
Fact Sheet: The History of Paper Money(2 pages)	599
Fact Sheet: Bureau of Engraving and Printing(2 pages)	600
Fact Sheet: The U.S. Secret Service and Counterfeiting(1 page)	601
Fact Sheet: The Federal Reserve: Central Bank of the U.S.(2 pages)	602
All materials listed above (28 pages)	603

Television stations may request B-roll (Beta format) of the new currency in production at the Bureau of Engraving and Printing (BEP) by contacting the BEP at (202) 874-3019 or by calling your nearest Federal Reserve Bank branch.

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Advanced Copier and Printer Technology

Advanced reprographic technology improved dramatically during the 1990s. The technology is expected to continue to improve into the next century. Some of this equipment is capable of accurately reproducing the colors and fine-line detail of security documents and is seen as a threat to currency.

Market surveys indicate that as quality, affordability, and availability increase, advanced equipment will become the standard in offices, copy centers and printing facilities. The color copier/printer of the 90s has been compared with the color television of the '70s, when color became the standard, rather than the exception.

Of the new technologies, advanced copiers, printers, electronic digital scanners, color workstations and computer software can present threats to currency. During the early 90s, the new technologies used in advanced copiers and printers merged and interfaced with each other. They do not require extensive expertise to operate, and they are becoming widely accessible through copy centers and corporate offices.

Advanced Full Color Copiers

Advanced full-color copiers have evolved into a digital electrophotographic process utilizing digital scanners and computer technology to produce high quality plain paper copies. Many of these copiers interface with personal computers. The scanner portion of the copier can be used to scan an image into the computer or as the computer's output device. As the quality continues to increase, providing greater dots per inch (dpi), the high-end digital copiers will have the ability to reproduce much of the fine detail of currency.

Digital Electronic Scanners

Scanner equipment electronically scans an image or text from an original document and digitizes it into a computer-readable form. Through the use of computer graphics software, the image may be displayed on a screen, changed or combined with other images. The edited image then can be stored in an electronic format, printed on a color output device or used to make offset or gravure printing plates.

Scanner equipment is no longer confined to large printing, graphic design, or advertising firms. Low-and medium- quality scanners are readily available to the individual. High-quality scanners are readily available in copy centers and corporate offices. The scanners incorporated in advanced color copiers can, in some pieces of equipment, be interfaced with personal computers and graphics programs.

Advanced color copiers and printing equipment using this technology can be a security threat because of the flexible editing capabilities and fine detail reproductions. As the price of this technology continues to drop, the availability of high quality scanners will increase.

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Color Ink Jet - Copiers and Printers

Color ink jet copiers utilize scanner technology to digitize an image, which is then reproduced using ink jet printer technology. These machines are capable of producing good quality reproductions on plain paper. These machines are widely available and inexpensive. Some of these ink jet copier machines can be interfaced with personal computers and graphics software. The machines then can be used to scan an image into the computer or as the computer output device.

Personal Computers and Graphics Software

Personal computers and graphics software combine the latest personal computer, graphics software, printer/copier, video and scanner technologies. The images can be stored indefinitely, copied electronically or transmitted to another location for printing. Output quality depends on the dpi resolution of the scanner and printer capabilities. Printer resolution is of greater importance because scanner input can be edited to enhance image quality. As the price of personal computer technology continues to drop, the availability and use of this technology to counterfeit currency and other security documents will increase.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

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Contact: Office of Public Affairs
(202) 622-2960

TREASURY AND FEDERAL RESERVE ANNOUNCE NEW CURRENCY DESIGN

Treasury Secretary Robert E. Rubin and Federal Reserve Board Chairman Alan Greenspan announced today that the U.S. will issue a new $100 note that has been redesigned to incorporate numerous new and modified security features. The new note, which will be released in early 1996, is the first of the U.S currency series to be redesigned to stay ahead of advances in reprographic technology.

Secretary Rubin and Chairman Greenspan stressed the United States will not recall or devalue any of the existing currency. Over $380 billion in U.S. currency is in circulation, two-thirds of it overseas.

The introduction of the new design represents an important step in an on-going process to maintain the security of the nation's currency by staying ahead as technologies such as color copiers, scanners and printers become more sophisticated and accessible.

"What we are doing with the introduction of the 1996 series note is similar to what other administrations have done throughout our history: we are improving the security of the currency, and maintaining its integrity and global reputation," Secretary Rubin said. "It is being modernized to stay ahead of printing technology, and the possibilities that technology will create for counterfeiting," he said.

"I want to assure you that the United States has never recalled its currency and will not do so now," Chairman Greenspan said. "Old notes will not be recalled or devalued. The United States always honors its currency at its full face value, no matter how old."

New currency will be issued at the rate of one denomination per year, starting in early 1996 with the $100 bill. As older notes reach the Federal Reserve from depository institutions, they will be replaced by the newer notes.

In order to make room for the new security features, the overall architecture of the design has been changed somewhat and the borders simplified. Microprinting and security

(more)

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threads, which first appeared in the 1991 series currency, have been effective deterrents and will appear in the new notes. The new and modified features are:

- A larger portrait, moved off-center to create more space to incorporate a watermark.
- The watermark to the right of the portrait depicting the same historical figure as the portrait. The watermark can be seen only when held up to the light.
- A security thread that will glow red when exposed to ultraviolet light in a dark environment. The thread will be in a unique position on each denomination.
- Color-shifting ink that changes from green to black when viewed from different angles. This feature appears in the numeral on the lower right-hand corner of the bill front.
- Microprinting in the numeral in the note's lower left-hand corner and on Benjamin Franklin's coat.
- Concentric fine-line printing in the background of the portrait and on the back of the note. This type of printing is difficult to copy well.
- Other features for machine authentication and processing of the currency.

The protection of each note derives from the use of these individual features and their accumulated effectiveness.

A worldwide education campaign will educate users of U.S. currency about the design changes.

The new features were developed by the New Currency Design Task Force, comprised of representatives from the Treasury Department, Federal Reserve System, U.S. Secret Service and the Bureau of Engraving and Printing (BEP). A separate but complementary report by the National Academy of Sciences, solicited by the BEP, was released in December 1993.

The announcement was held in the Cash Room of the U.S. Treasury Department. Rubin and Greenspan were joined by U.S. Treasurer Mary Ellen Withrow, U.S. Secret Service Director Eljay B. Bowron, Federal Reserve Board Governor Edward W. Kelley, Jr., and Bureau of Engraving and Printing Director Larry Rolufs, and Treasury Under Secretary John D. Hawke, Jr.

Remarks by Secretary Rubin and Chairman Greenspan and fact sheets on the currency are available on Treasury's interactive fax system at (202) 622-2040.

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YOUR MONEY MATTERS

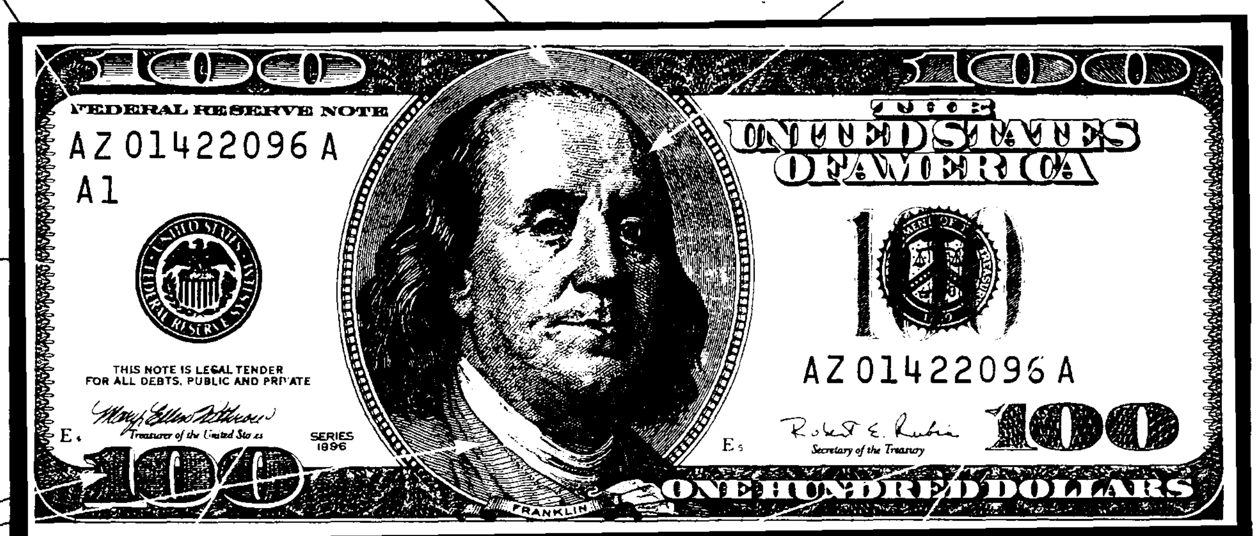
Beginning with the $100 note in 1996, the United States is issuing currency with new security features. These enhancements make U.S. currency easier to recognize as genuine and more secure against advancing technologies which could be used for counterfeiting.
As the redesigned currency is phased in, the old notes will be retired by the Federal Reserve when they are returned.
***All* U.S. currency will continue to be honored at full face value.**
There will be no recall or devaluation of any U.S. currency.
The following is a brief review of the features being incorporated into the redesign of U.S. currency.

Serial Numbers: The serial number is a combination of eleven numbers and letters on the front of the note in the upper left and lower right. An additional letter has been added so that no two bank notes of the same denomination have the same 11-character serial number.

Federal Reserve Seal: Instead of designating the Federal Reserve district from which a note was issued, the new universal seal now represents the entire Federal Reserve System. A letter and number near the serial number identify the issuing Federal Reserve Bank.

Concentric Fine-Line Printing: This series of fine lines is very difficult to reproduce with color copiers, computer scanners and other traditional printing technologies. It is used on both sides, for the background behind both Benjamin Franklin's portrait on the front and Independence Hall on the reverse.

Portrait: Since most people focus on the portrait to verify a note's authenticity, the enlargement of the portrait of Benjamin Franklin makes it easier to recognize, while the added detail in the design makes it harder to duplicate. The portrait is now off-center, providing room for the watermark and security thread. Also, this modification reduces the wear and tear on the portrait caused by folding bank notes in half.



Microprinting: Because they're so small, microprinted words are extremely hard to replicate without blurring. Originally located around the portrait of 1990 Series Notes, microprinting has been modified for the new design. Examples of microprinting, which can be read under magnification, now can be found in two places on the front. "USA 100" is microprinted within the number in the lower left hand corner, while "United States of America" appears on Benjamin Franklin's lapel.

Security Thread: This polymer thread is embedded vertically in the paper and indicates each bill's denomination. The words on the thread can be seen only when held up to a bright light but cannot be duplicated by photocopiers or computer scanners. In the 1990 Series Notes, the security thread appeared only on the left side of a bank note. Now, to improve authentication, the thread is in a unique position in each denomination in which it is used. As an additional enhancement to currency authentication, the new security thread will glow red when held under an ultraviolet light.

Color Shifting Ink: Color shifting ink changes color when viewed from different angles. This ink is used to print the number in the lower right-hand corner on the front of the currency. The ink looks green when viewed straight on, but changes to black when the paper is held at an angle.

Watermark: A watermark has been added on the right front side of the note depicting the same historical figure as the portrait. This watermark portrait is only visible when held up to a light source and does not reproduce on color copiers or computer scanners.

September 27, 1995

Introduction of the 1996 Series Currency

There will be no recall or devaluation of U.S. currency already in circulation. The United States always honors its currency at full face value, no matter how old.

The new $100 notes, the first in the series, will be ready for circulation in early 1996. The new designs of lower denominations will be introduced later, one at a time, at intervals of approximately six to twelve months. As older notes reach the Federal Reserve from depository institutions, they will be replaced by the newer notes.

This multi-year introduction of the new currency is necessary because of the time-intensive processes involved in engraving and producing the new designs. Sufficient inventory will be produced to ensure worldwide availability of the new series.

The Bureau of Engraving and Printing will provide machine manufacturers with new notes so they can prepare vending machines, ATMs and other cash-handling equipment. While machine manufacturers will have to make modifications to accommodate the new bills, they will have a broader field of machine-readable features from which to choose to authenticate currency.

In conjunction with the Federal Reserve, the Treasury Department will conduct a worldwide public education campaign with two primary objectives: communicate to the general public that there will be no recall or devaluation; and provide information about authenticating the new series to the public as well as central banks, depository financial institutions, other cash handlers and law enforcement agencies.

The New Design

The new currency will be the same size and color as the old notes, with the same historical figures and national symbols. "In God We Trust" and the legal tender wording also will remain on the new bills. This continuity will facilitate public education and universal recognition of the design as genuine U.S. currency—an important consideration since there will be dual circulation of the old and new currencies around the world.

- **A larger, slightly off-center portrait is the most noticeable visual change.** The larger portrait will incorporate more detail, making it easier to recognize and more difficult to counterfeit. Moving the portrait away from the center, the area of highest wear, will reduce wear on the portrait.

- **Shifting the portrait off center will provide room for a watermark, making it harder for counterfeiters to print.** The watermark will depict the same historical figure as the portrait.

- **Serial numbers on the new currency will differ slightly from old currency.** The new serial numbers will consist of two prefix letters, eight numerals, and a one-letter suffix. The first letter of the prefix will designate the series (for example, Series 1996 will be designated by the letter A). The second letter of the prefix will designate the Federal Reserve Bank to which the note was issued. In addition, a universal Federal Reserve seal will be used, rather than individual seals for each Reserve Bank.

- **The use of a unique thread position for each denomination will guard against counterfeiting.**

Among the other counterfeit deterrent features are color shifting ink, microprinting and concentric fine-line printing:

- ***Color shifting ink*** changes from green to black when viewed from different angles. This feature will be used in the numeral in the lower right-hand corner.

- The numeral in the lower left-hand corner will incorporate ***microprinting***, a printing technique using lettering that can be read with a low-powered magnifier. Extremely small print ("USA 100" on the $100 bill) appears as a thin line to the naked eye and yields a blurred image when copied. On the $100 bill, similar microprinting will also be used on the lapel of Benjamin Franklin's coat.

- The background of the Franklin portrait on the $100 note will incorporate the technique of ***concentric fine-line printing***, as will the background of the picture of Independence Hall on the reverse side. This type of fine line printing is difficult to properly resolve on scanning equipment and to accurately replicate by other means of printing.

Although all denominations of currency will have security features, the number of features will vary according to denomination. The $100 note will have a full package of features, while the $1 note will have fewer and less sophisticated features. The basic appearance of all denominations will not vary.

History of the Redesign

Until the late 1920s, U.S. currency was redesigned frequently. There also were several types of notes in circulation: United States Notes, National Bank Notes, and Silver Certificates. Since the introduction of the Series 1928 Federal Reserve Notes, changes in the design, including the use of microprinting and a security thread in Series 1990, have not affected the overall architecture of U.S. currency.

The counterfeit-deterrent features added in Series 1990 were the first step in responding to advances in reprographic technologies. Although these features have proven effective and will be retained, additional measures are necessary to protect against future threats posed by continued improvements in copy machines and scanners. The new design, beginning with Series 1996, is the culmination of a five-year study aimed at staying ahead of the counterfeiting threat and is part of a continuing process to protect U.S. currency.

Authority to change currency design and security features rests with the Secretary of the Treasury, but Congress has been informed throughout the redesign process. The New Currency Design Task Force, comprised of representatives from the U.S. Treasury Department, Federal Reserve System, U.S. Secret Service and the Bureau of Engraving and Printing (BEP) made its recommendations to the Advanced Currency Deterrence Steering Committee which then made recommendations for the new design and security features to the Secretary of the Treasury. A National Academy of Science (NAS) Committee on Counterfeit Deterrence Features conducted complementary but separate studies.

More than 120 security features were examined and tested, including those submitted in response to a BEP solicitation, those used in other world currencies, and those suggested by the NAS. Evaluation criteria included impact on security, proven reliability, ability to be manufactured in large quantities, and durability over time. Among the features evaluated were holograms, color shifting films, thread variations, color patterns, and machine-readable enhancements.

The strategy of the Design Task Force is to incorporate as many features as are justifiable. The new features have proven successful in other countries as well as in test environments at BEP and the Federal Reserve. The Design Task Force will continue to see and test new security features as technology further evolves.

Cost

The total cost of developing the new design was approximately $765,000. Included in this cost was funding for the National Academy of Science Study — $265,376. Another $500,000 was spent to purchase test quantities of features and carry out internal evaluations.

Current notes cost 3.7 cents each, and BEP produces about nine billion notes each year. Security enhancements will increase the cost by a fraction of a cent. The Federal Reserve System is funding the development and introduction of the new currency through earnings the Federal Reserve receives from interest on its holdings of U.S. government securities and on fees charged to depository institutions for providing services such as the processing and clearing of checks.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBARGOED UNTIL 11 A.M. EDT
Remarks as Prepared for Delivery
September 27, 1995

REMARKS OF TREASURY SECRETARY ROBERT E. RUBIN
INTRODUCTION OF THE 1996 SERIES CURRENCY
DEPARTMENT OF THE TREASURY CASH ROOM
WASHINGTON, D.C.

The United States has the strongest economy in the world. We are the most productive and competitive nation in the world. Our currency is a symbol of our economic strength, and as such, it is respected, recognized and accepted around the world. No other nation's currency has that degree of respect or acceptance. The steps we are announcing this morning will protect that position by protecting the integrity and security of our currency.

We are making our currency secure against the threat of advancing counterfeiting technology, so it will continue to be respected throughout the world as a store of value and the symbol of security it has been for so long. Today we do have a secure currency, but we must stay ahead of the rush of technology. We're starting the process with the $100 bill -- the most widely circulated bill in the world and the bill most often the focus of global counterfeiting. There are more $100s circulating abroad than here in the United States.

This is an example of government doing what it should, staying head of the curve. The 1996 currency series is the result of nearly a decade of work by the professionals at Secret Service, the Bureau of Engraving and Printing, the Treasury Department, the Federal Reserve, and experts at the National Academy of Sciences. It has involved consultations with central bankers throughout the world.

Looking beyond today's event, the Bureau of Engraving and Printing has set up a research facility with the Johns Hopkins Applied Physics Laboratory -- the Securities Technology Institute -- to asses emerging technology, evaluate features developed by industry, and develop additional protections for currency and other security documents.

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Before we show you the changes that will take U.S. currency into a new century, I want to recognize a few individuals for their contributions to this project. As I call your name please stand, and please hold the applause until I've called the last name. The enhanced security features would not have been possible without the work of very talented designers, some of the world's most skilled artisans and craftsmen, and a top-notch technical team. I want to recognize designer Jack Ruther, Thomas Hipchen, who is among the world's pre-eminent portrait engravers, photo-engraver William Baechler, photo-etcher Marion Keeler, and Tom Ferguson, head of our technical team. To all, thank you for your contribution.

What we are doing with the introduction of the 1996 series note is similar to what other administrations have done throughout our history; and that is, we are improving the security of the currency, maintaining its integrity and global reputation. The existing currency will be accepted as long as it is in circulation. It is not, let me repeat that, not being withdrawn. It is being modernized to stay ahead of printer, copier, scanner and computer technology, and the possibilities that technology will create for counterfeiting.

The last time our currency underwent a truly substantial change was three generations ago. A major reason then was to protect the security of our currency. In those days, the Secret Service only had to worry about engravers trying to copy genuine U.S. bills. But times have changed, and our currency must be adjusted.

Even though we are issuing new notes, I want to assure you that the security features in the existing U.S. currency are effective.

However, the time to improve our currency is while we're ahead, and that's what we're doing -- staying ahead of the curve. The changes in the 1996 series currency are driven by the need to stay ahead of advancing technology. These upgrades were strongly recommended by the law enforcement community and various scientific experts, including the National Academy of Sciences. The combined effect of all the changes -- some of which I will not discuss for security reasons -- is substantial.

While the security improvements are more visible than others added in recent years, the 1996 Series bills retain the basic American look and feel of the bills we're all used to carrying. The size is the same. The faces are the same. The monuments are the same. It still says "In God We Trust." And the color is still the same. The greenback will still be green. We thought about adding colors but decided not to because multiple colors are not themselves a security feature. There is one area on the bill -- the lower right corner -- where a special ink will shift color from green to black when held at a particular angle.

Now, as to some of the more obvious security features:

The portrait of Benjamin Franklin is enlarged and shifted somewhat to the left. The portrait has several security features within it to trip up counterfeiters. And there is a watermark to the portrait's right duplicating the individual in the portrait -- Franklin on the $100, Grant on the $50, and so on. There is a special security thread running vertically in the paper at different locations depending upon the denomination. The borders are simplified to make room for these features.

Ten days ago our presses at the Bureau of Engraving and Printing began production with the new plates. They're running right now. We already have about 200,000 32-bill sheets of $100 bills awaiting final processing, and another 500,000 sheets ready to have the second side printed. That's a start, and we'll keep building our inventory until we have enough to satisfy both normal demand, and the curiosity factor. We'll also be conducting a public education campaign about the new features, here and abroad.

So to recap, the existing currency is secure, all old currency will remain legal tender, whether you want to use it here or overseas, and there will be no recall of currency now in circulation. We're introducing a new series of bills to stay ahead of the curve on the counterfeiting technology of the future. And finally, the new bills and their security features will be instantly identifiable as U.S. currency.

Thank you.

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Remarks

Alan Greenspan

Chairman
Board of Governors of the Federal Reserve System
Washington, D.C.

Announcement of
New Currency Design

U.S. Treasury
Washington, D.C.
September 27, 1995

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Thank you, very much, Mr. Secretary. I needn't tell you that the Federal Reserve is quite pleased to be part of this event.

As many of you know, the Federal Reserve has the responsibility of putting currency into circulation through the banking system.

These newly designed Notes will be handled in the same way as older currency.

Depository institutions obtain the currency they need for their customers from their district Federal Reserve Banks, and they dispose of surplus currency by depositing it in their Reserve bank accounts.

In this process of receiving and paying out currency in response to the needs of depository institutions, Federal Reserve Banks -- as they count incoming deposits -- also have the opportunity to determine whether each Note is in good enough condition to be recirculated and to verify each Note for genuineness.

Approximately two thirds of all Notes received by the Reserve Banks in incoming deposits are fit enough to be recirculated.

The remaining third -- which are worn out or soiled -- are destroyed and replaced by new Notes obtained from the Bureau of Engraving and Printing.

On average only nine Notes in every million are found to be counterfeit.

The introduction of the new currency will work this way:

The new $100 Notes -- the first in the series -- will be ready for circulation in early 1996.

As banks deposit Notes in the regular course of business, the Federal Reserve Banks will replace any older design Notes with Notes of the new design.

All existing Notes will continue to be legal tender.

The new designs of $50s, $20s, $10s and $5s will be introduced individually over the next several years.

The 12 Federal Reserve Banks and their 25 branches around the country provide currency to the depository institutions in their territories as the depository institutions need it.

Consequently, not all depository institutions and not all depository institution customers will be seeing the new $100 Notes immediately.

I want to assure you that the United States has never recalled its currency and will not do so now.

Old Notes will not be recalled or devalued.

The United States has always honored its currency at its full face value, no matter how old.

Our currency is trusted and accepted by people throughout the world. Because of this special status, the protection of our currency from counterfeiting has long been a priority.

... So, rest assured that the Department of the Treasury and the Federal Reserve System remain firmly committed to that goal.

And now, Mr. Secretary, I believe we are ready to introduce the redesigned currency.

DEPARTMENT OF THE TREASURY

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Remarks as Prepared for Delivery
Sept. 27, 1996

TREASURER OF THE UNITED STATES MARY ELLEN WITHROW INTRODUCTION OF 1996 SERIES CURRENCY THE TREASURY DEPARTMENT CASH ROOM WASHINGTON, D.C.

Good morning, and welcome to a very historic day here at the Treasury Department. I never thought that in my career I'd follow Ben Franklin. We're both on the money -- his picture, and my signature. I thought he had the better of the deal until I found out you had to be dead to have your picture on the currency. Thanks, but I'm not going to trade.

Before I go any further, I want to thank the National Portrait Gallery for lending us the historic portrait of Benjamin Franklin, the one from which the engraving for our $100 bill was made. I also want to acknowledge the important contribution of the National Academy of Sciences which conducted a counterfieting study for the Treasury Department.

In addition, I want to thank Federal Reserve Chairman Alan Greenspan for the Federal Reserve's assistance. The Federal Reserve ultimately underwrote the costs of the extensive research by the National Academy of Sciences and the testing that went into development of the 1996 series of currency. The costs of developing, testing and getting to the production stage of these bills totalled over three-quarters of a million dollars.

Today we are doing what administrations through two centuries have done -- acting to protect the stability and soundness of our financial system by further strengthing the security of our currency. That's what Secretary Mellon and Treasurers H.T. Tate and W.O. Wood were doing the last time a project of this scope was underaken -- protecting our currency.

RR-597 (more)

The production of the 1996 series of bills has been a major undertaking, conducted in cooperation with some of the top experts in the field of printing and counterfieting deterrence. The staff at the Bureau of Engraving and Printing have been working, I must say, under very heavy security and secrecy to protect the integrity of this undertaking.

To give you an idea of the scope of this project, we have been ordering 1.2 million sheets of paper a week since the middle of August in anticipation of starting production of $100 bills. We will be printing and stockpiling these notes until well into the new year to make certain there are sufficient supplies to meet the demand when they are introduced. In 1929, when the 1928 design was introduced into circulation, the announcement spoke of the curiousity factor -- the need to produce enough to meet the extra demand caused because people wanted a bill just to see what it looks like. Because of the world-wide acceptance of our currency, we will stockpile enough to meet both the regular demands of commerce and the curiosity factor.

By way of comparison, there was $5 billion of U.S. currency in circulation back in 1929. Today, there is more than $380 billion in paper currency circulating, about two-thirds of it overseas. Initially, we are printing the 1996 series $100 bills here at the facility in Washington, and as time goes by and as we start introducing notes of lower denominations, we will also begin printing the bills at our facility in Fort Worth, Texas.

In closing, I want to underscore a point: none of the money now in circulation will be recalled as a result of the introduction of the new bills, none. Both the currencies will be in circulation and both will be good.

Thank you.

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YOUR MONEY MATTERS

Technical Background
Security Features

The Department of the Treasury's Bureau of Engraving and Printing (BEP) is responsible for producing the new series currency. The Federal Reserve System will introduce the new currency beginning with Series 1996 $100 notes. The new features — including enlarged off-center portrait, watermark, concentric fine-line patterns, and color-shifting ink — were selected after extensive testing and evaluation of approximately 120 numerous banknote security devices, many of which are used successfully by other countries with lower production and circulation demands.

Other pre-existing security features (security thread and microprinting) are included in the new notes and have changed only slightly.

Evaluation Criteria

Effectiveness

Counterfeit deterrent effectiveness was tested by reprographic equipment manufacturers and government scientists. They also considered the ease of public and cash handler recognition.

Durability

Durability was tested under the rigors of normal circulation. Tests included crumpling, folding, laundering, and soaking in a variety of solvents such as gasoline, acids, and laundry products.

Developmental

The total cost was $765,000: $265,376 to fund the National Academy of Sciences studies, and approximately $500,000 to purchase test quantities of features and carry out internal BEP evaluations.

Production Costs

Research and production expenses will increase the cost of each note by a fraction of a cent. The Federal Reserve is funding the development and introduction of the new currency through earnings the Federal Reserve receives from interest on its holdings of U.S. government securities and on fees that are charged to depository institutions for providing services such as the processing and clearing of checks.

Appearance

The currency still looks very American. The size of the notes, basic colors, historical figures and national symbols are not changing. New features were evaluated for their compatibility with the traditional design of United States currency.

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DEPARTMENT OF THE TREASURY 1500 PENNSYLVANIA AVENUE N.W. WASHINGTON, DC 20220

The New Features

Watermark

A watermark is formed by varying paper density in a small area during the papermaking process. The image is visible as darker and lighter areas when held up to the light. The watermark does not copy on color copiers. It depicts the same historical figure as the engraved portrait. This similarity provides an easy way to verify the note and makes it harder to use lower denomination paper to print counterfeit higher denominations.

Color Shifting Inks

These inks change color when viewed on the new note from different angles. The ink appears black when viewed directly and changes to green when the note is tilted.

Concentric Fine-Line Patterns

This type of line structure appears normal to the human eye but is difficult for current scanning equipment to properly resolve.

Enlarged Off-Center Portrait

A larger portrait can incorporate more detail, making it easier to recognize and more difficult to counterfeit. It also provides an easy way for the public to distinguish the new design from the old. The portrait is shifted off center to provide room for a watermark and unique "lanes" for the security thread in each denomination. The slight relocation also reduces wear on the portrait by removing it from the center, which is frequently folded.

Pre-Existing Security Features

Security Thread

A security thread is a thin thread or ribbon running through a banknote substrate. It is a versatile feature, with many types currently available, including microprinted, metallic, magnetic, windowed and embedded. The thread will glow red when held under an ultraviolet light. This characteristic makes it impossible to copy with a color copier that uses reflected light to generate an image. Using a unique thread position for each denomination guards against certain counterfeit techniques, such as bleaching ink off a lower denomination and using the paper to "reprint" the bill as a higher value note. The unique position also can be used by currency-accepting equipment to determine the value of the note, especially if the threads are machine-detectable. This security feature, which first appeared in Series 1990 currency, is included in the new design; however, its position will shift according to the currency denomination for the reasons mentioned previously.

Microprinting

This print appears as a thin line to the naked eye, but the lettering can easily be read using a low-power magnifier. The resolution of most current copiers is not sufficient to copy such fine print. On the newly designed $100 bills, microprinting appears in the lower left corner and on Benjamin Franklin's lapel.

YOUR MONEY MATTERS

Studies
United States Currency Security Features

Security Thread and Microprinting

Reactions to the New U.S. Currency: Analysis of Focus Group Discussions, November 3, 1986. Market Facts Inc., funded by the Federal Reserve Board.

To determine public reaction to currency with security thread and microprinting. Focus group participants were satisfied with their currency but would accept the addition of a security thread and microprinting for well communicated counterfeit deterrent reasons.

Counterfeit Threat

Advanced Reprographic Systems: Counterfeiting Threat Assessment and Deterrent Measures, June, 1986. National Academy of Sciences, funded by the Bureau of Engraving and Printing.

To assess counterfeit threats from specific advanced reprographic equipment and recommend counterfeit deterrents. Confirmed threat and recommended action. For near term, suggested combination of conventional deterrent devices, including a security thread.

Counterfeit Deterrent Features for the Next-Generation Currency Design, December, 1993. National Research Council, funded by the Department of the Treasury.

To analyze and recommend overt counterfeit deterrent features that could be incorporated into a redesign of U.S. banknotes. Beginning in 1996, U.S. paper currency will be redesigned to incorporate anti-counterfeiting features. Features recommended included color shifting ink, a watermark, microprinting, concentric fine lines and a security thread.

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Visual Deterants

Currency Features for Visually Impaired People, 1995. National Research Council, funded by the Bureau of Engraving and Printing.

To analyze and recommend overt counterfeit deterrence features that could be incorporated into a redesign of U.S. banknotes for use by the visually impaired. Recommended long range systematic planning as a regular part of the mission within the Department of the Treasury,

Design Change Reactions

Reactions to U.S. Currency Redesign: Analysis of Focus Group Discussion, September 21, 1983. Market Facts Inc., funded by the Federal Reserve Board.

To obtain further data on public opinion regarding currency design. Found public willing to accept design changes for counterfeit protection.

Advanced Imaging Technologies

The Impact of Emerging Imaging Technologies on Counterfeiting of U.S. Currency, August 16, 1983. Batelle Columbus Laboratory, funded by Federal Reserve Board.

To evaluate counterfeit threat from advanced copier and printer technology. Found question not whether color copies will present a threat but when.

U.S. Currency Acceptance

Final Report: Stage Two, Public Acceptance Acceptance of Proposed Changes in U.S. Currency Project, February 23, 1981. University of Michigan Graduate School of Business, Division of Research, funded by the Federal Reserve Board.

To determine public opinion on currency redesign. Found the public satisfied with currency design but supportive of a design change to deter counterfeiting.

YOUR MONEY MATTERS

The History of Paper Money

In the early days of this nation, before and just after the American Revolution, Americans used English, Spanish, and French currencies.

Colonial Notes
1690

The Massachusetts Bay Colony issued the first paper money in the colonies, which would later form the United States.

Continental Currency
1775

American colonists issued paper currency for the Continental Congress to finance the Revolutionary War. The notes were backed by the "anticipation" of tax revenues. Without solid backing and easily counterfeited, the notes quickly became devalued, giving rise to the phrase "not worth a Continental."

Nation's First Bank
1781

The Continental Congress chartered the Bank of North America in Philadelphia as the nation's first "real" bank to give further support to the Revolutionary War.

The Dollar
1785

The Continental Congress adopted the dollar as the unit for national currency. At that time, private bank note companies printed a variety of notes.

First U.S. Bank
1791

After adoption of the Constitution in 1789, Congress chartered the First Bank of the United States until 1811 and authorized it to issue paper bank notes to eliminate confusion and simplify trade. The bank served as the U.S. Treasury's fiscal agent, thus performing the first central bank functions.

Monetary System
1792

The federal monetary system was established with the creation of the U.S. Mint in Philadelphia. The first American coins were struck in 1793.

Second U.S. Bank
1816

The Second Bank of the United States was chartered for 20 years until 1836.

State Bank Notes
1836

With minimum regulation, a proliferation of 1,600 local state-chartered, private banks issued paper money. State bank notes, with over 30,000 varieties of color and design, were easily counterfeited. That, along with bank failures, caused confusion and circulation problems.

Civil War
1861

On the brink of bankruptcy and pressed to finance the Civil War, Congress authorized the United States Treasury to issue paper money for the first time in the form of non-interest bearing Treasury Notes called Demand Notes.

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Greenbacks 1862	Demand Notes were replaced by United States Notes. Commonly called "greenbacks," they were last issued in 1971. The Secretary of the Treasury was empowered by Congress to have notes engraved and printed, which was done by private banknote companies. The notes were signed and affixed with seals by six Treasury Department employees.
The Design 1863	The design of U.S. currency incorporated a Treasury seal, the fine line engraving necessary for the difficult-to-counterfeit intaglio printing, intricate geometric lathe work patterns, and distinctive cotton and linen paper with embedded red and blue fibers.
Gold Certificates 1865	Gold Certificates were issued by the Department of the Treasury against gold coin and bullion deposits and were circulated until 1933.
Secret Service 1865	The Department of the Treasury established the United States Secret Service to control counterfeiting. At that time, counterfeits amounted to one-third of all circulating currency.
National Bank Notes 1866	National Bank Notes, backed by U.S. government securities, became predominant. By this time 75 percent of bank deposits were held by nationally-chartered banks. As State Bank Notes were replaced, the value of currency stabilized for a time.
Bureau of Engraving and Printing 1877	The Department of the Treasury's Bureau of Engraving and Printing started printing all U.S. currency.
Silver Certificates 1878	The Department of the Treasury was authorized to issue Silver Certificates in exchange for silver dollars. The last issue was in the Series of 1957.
Federal Reserve Act 1913	After 1893 and 1907 financial panics, the Federal Reserve Act of 1913 was passed. It created the Federal Reserve System as the nation's central bank to regulate the flow of money and credit for economic stability and growth. The system was authorized to issue Federal Reserve Notes, now the only U.S. currency produced and 99 percent of all currency in circulation.
Standardized Design 1929	Currency was reduced in size by 25 percent and standardized with uniform portraits on the faces and emblems and monuments on the back.
In God We Trust 1957	Paper currency was first issued with "In God We Trust" in 1957. The inscription appears on all currency Series 1963 and later.
Security Thread and Microprinting 1990	A security thread and microprinting were introduced to deter counterfeiting by advanced copiers and printers. The features first appeared in Series 1990 \$100 and \$50 notes. By Series 1993, the features appeared in all denominations except \$1 notes.
Currency Redesign 1994	The Secretary of the Treasury announced that U.S. currency would be redesigned to incorporate a new series of counterfeit deterrents. The new notes will be issued in 1996.

Department of the Treasury
Bureau of Engraving and Printing:
The U.S. Government's Security Printer

- Since October 1, 1877, all United States currency has been printed by the Bureau of Engraving and Printing, which started out as a six-person operation using steam powered presses in the Department of Treasury's basement.

- Now 1,800 Bureau employees occupy 25 acres of floor space in two Washington, D.C. buildings flanking 14th Street. Currency and stamps are designed, engraved, and printed 24 hours a day on 30 high-speed presses. An additional 700 Bureau employees are at the Western Currency Facility in Fort Worth, Texas, where currency is printed 16 hours a day, 5 days a week on 10 high-speed presses.

- In 1995, at a cost of 3.8 cents each, over 9 billion notes worth about $129 billion will be produced for circulation by the Federal Reserve System. Ninety-five percent will replace unfit notes and five percent will support economic growth. At any one time, $200 million in notes may be in production.

- Notes currently produced are the $1 (45 percent of production time), $5 and $10 (12 percent each), $20 (26 percent), $50 (2 percent), and $100 (3 percent).

- The Bureau also prints White House invitations and some 500 engraved items, such as visa counterfoils, naturalization documents, commissions, and certificates for almost 75 Federal departments and agencies.

Tours

- The Bureau of Engraving and Printing is one of the most popular tourist stops in Washington— over 700,000 visit the printing facility each year.

- Free 20-minute guided tours are offered Monday through Friday, 9 a.m. - 2 p.m., except for Federal holidays and the week between Christmas and New Year's. Tours start on Raoul Wallenberg Place (formerly 15th Street). During the summer months (June-August) afternoon tours are given from 4 p.m. - 7:30 p.m.

- Visitors can see press runs of 32-note currency sheets, examiners overseeing production to ensure high-quality notes, the application of Federal Reserve and Treasury seals and 4,000 note "bricks" being readied for distribution to Federal Reserve Banks.

- Beginning in the fall of 1995, tours of postage stamp production also can be taken.

Visitors Center

- At the Visitors Center, history, production, and counterfeit exhibits showcase interesting information about United States currency.

- Many unique items can be purchased at the sales counter. Items include uncut currency sheets of 32, 16, or 4 $1 notes; $150 worth of shredded currency in plastic bags that are sold for $1; engraved collectors' prints; souvenir cards; and Department of the Interior Duck Stamps.

Mail Order Sales

- Persons wishing to receive notes on new Bureau products or to order by mail can write: Mail Order Sales, Bureau of Engraving and Printing, 14th and C Streets, S.W., Room 513-M, Washington, D.C. 20228. Credit card purchases of Bureau products are available by calling (202) 874-3316, Monday through Friday, 8 a.m. - 3:30 p.m.

YOUR MONEY MATTERS

The U.S. Secret Service and Counterfeiting

- The United States issued its first national currency notes in 1861.
- By the end of the Civil War, one third of all U.S. paper currency in circulation was counterfeit.
- On July 5, 1865, the Secret Service was created within the U.S. Department of the Treasury with the sole mission of suppressing counterfeit currency. In less than a decade, counterfeiting was sharply reduced.
- To stem counterfeiting, the Secret Service works in conjunction with local, state, federal and foreign law enforcement agencies.
- The Secret Service also maintains close working relationships with the Federal Reserve Banks and domestic as well as international commercial banking institutions.
- Thanks to such cooperation, approximately 90 percent of all known counterfeit U.S. currency is seized before it reaches the public.
- At present, the amount of counterfeit U.S. currency found in circulation represents approximately 1 1/100th of 1% of the U.S. currency in circulation.
- The most passed counterfeit denomination is the $20 note, followed, respectively, by the $100 note, the $10 note, the $50 note, the $5 note, and the $1 note. The $100 note is the most common foreign-produced counterfeit note.
- To aid in counterfeit investigations, agents use the Service's modern, well-equipped Forensic Services Laboratory that includes:
  — A complete library of specimen notes dating back to 1865;
  — The largest watermark file in existence;
  — The largest ink library in existence;
  — Equipment to examine and analyze notes counterfeited by various types of printing methods as well as by office machine copiers.
- In 1994, the disposition of prosecuted arrests showed a 99.5 percent conviction rate.

For further information, please contact:

United States Secret Service
Office of Government Liaison and Public Affairs
1800 G Street, N.W., Room 805
Washington, D.C. 20223
Phone 202/435-5708

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YOUR MONEY MATTERS

The Federal Reserve: Central Bank of the United States

Federal Reserve System

The Federal Reserve System was created by the Federal Reserve Act, which was passed by Congress in 1913, in order to provide a safer and more flexible banking and monetary system. For approximately 100 years before the creation of the Federal Reserve, periodic financial panics had led to failures of a large number of banks, with associated business bankruptcies and general economic contractions. Following the studies of the National Monetary Commission, established by Congress a year after the particularly severe panic of 1907, several proposals were put forward for the creation of an institution designed to counter such financial disruptions. Following considerable debate, the Federal Reserve System was established. Its original purposes were to give the country an elastic currency, provide facilities for discounting commercial credits, and improve the supervision of the banking system.

Ecomomic Stability and Growth

From the inception of the Federal Reserve System, it was clear that these original purposes were aspects of broader national economic and financial objectives. Over the years, stability and growth of the economy, a high level of employment, stability in the purchasing power of the dollar, and a reasonable balance in transactions with foreign countries have come to be recognized as primary objectives of governmental economic policy.

Currency Circulation

An important function of the Federal Reserve System is to ensure that the economy has enough currency and coin to meet the public's demand. Currency and coin are put into or retired from circulation by the Federal Reserve Banks, which use depository institutions as the channel of distribution. When banks and other depository institutions need to replenish their supply of currency and coin—for example, when the public's need for cash increases around holiday shopping periods—depository institutions order the cash from the Federal Reserve Bank or Branch in their area, and the face value of that cash is charged to their accounts at the Federal Reserve. When the public's need for currency and coin declines, depository institutions return excess cash to a Federal Reserve Bank, which in turn credits their accounts.

RR-602

Unfit and Counterfeit Notes

The Federal Reserve Banks and the U.S. Department of the Treasury share responsibility for maintaining the physical quality of United States paper currency in circulation. Each day, millions of dollars of deposits to Reserve Banks by depository institutions are carefully scrutinized. The Reserve Banks are responsible for receiving, verifying, authenticating, and storing currency and shipping it as needed. Currency in good condition is stored for later distribution. Worn or mutilated notes are removed from circulation and destroyed. Counterfeit notes are forwarded to the U.S. Secret Service, an agency of the Treasury Department.

Federal Reserve Notes

Virtually all currency in circulation is in the form of Federal Reserve notes, which are printed by the Bureau of Engraving and Printing of the U.S. Treasury. The Reserve Banks are currently authorized to issue notes in denominations of $1, $2, $5, $10, $20, $50, and $100. Coins are produced by the Treasury's United States Mint.

Cash Transfers

Currency and coin are used primarily for small transactions. In the aggregate, such transactions probably account for only a small proportion of the value of all transfers of funds.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

ADV 2:15 P.M. EDT
September 27, 1995

STATEMENT OF TREASURY SECRETARY ROBERT E. RUBIN

The Board of Directors of the Pension Benefit Guaranty Corp. today expressed its serious concern that legislation in Congress could weaken the private pension system in the United States and expose the PBGC guaranty program to unnecessary risk. The Board has asked Congress to reject the proposal that would allow companies to remove from pension funds -- and use for any corporate purpose -- money that has received the special preferential tax treatment earmarked for pension benefits.

Current law provides incentives for employers to accumulate pension fund assets for their workers' retirement. However, if companies remove plan assets instead of using them to benefit retired workers, the special tax advantages provided to promote pension saving are recaptured through a very substantial tax penalty. The proposal of the House Ways and Means Committee imposes no penalty for withdrawing assets from pension plans well into next year, and imposes only a minimal penalty on later withdrawals through the year 2000. The Board is also concerned that permitting unfettered corporate withdrawals of pension assets would increase the risk to the PBGC, as the insurer of pension benefits. Allowing these withdrawals raises the possibility that assets left in a pension plan might be insufficient in the coming years to protect the security of retired workers, and thus could increase the potential exposure of the taxpayers. Further, the proposal runs counter to action taken on a bipartisan basis by Congress last year to tighten pension fund security in underfunded plans by preventing manipulation of the funding rules.

This is a time when it is critical for us as a nation to increase our savings, especially savings for retirement, and to enhance, not diminish, public confidence in our private pension system. I urge Congress to reject the pension reversion proposal.

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AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
September 27, 1995

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 5-YEAR NOTES

Tenders for $11,500 million of 5-year notes, Series Q-2000, to be issued October 2, 1995 and to mature September 30, 2000 were accepted today (CUSIP: 912827V41).

The interest rate on the notes will be 6 1/8%. All competitive tenders at yields lower than 6.141% were accepted in full. Tenders at 6.141% were allotted 67%. All noncompetitive and successful competitive bidders were allotted securities at the yield of 6.141%, with an equivalent price of 99.932. The median yield was 6.120%; that is, 50% of the amount of accepted competitive bids were tendered at or below that yield. The low yield was 6.080%; that is, 5% of the amount of accepted competitive bids were tendered at or below that yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$27,033,699	$11,500,349

The $11,500 million of accepted tenders includes $272 million of noncompetitive tenders and $11,228 million of competitive tenders from the public.

In addition, $50 million of tenders was awarded at the high yield to Federal Reserve Banks as agents for foreign and international monetary authorities. An additional $450 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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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
September 27, 1995

Contact: Jon Murchinson
(202) 622-2960

Statement by Secretary Rubin on CDFI Funding

I am distressed by the news today that the Senate has voted not to fund the Community Development Financial Institutions Fund, a small, innovative partnership between the federal government and the private sector. CDFI, which was passed last year with overwhelming bipartisan support, would help build local economies, create new jobs, grow small businesses and restore hope to neighborhoods across the country.

This year the President asked for the sum of $144 million for the CDFI Fund. When leveraged with private sector funding, the $144 million could create nearly $1.5 billion in credit for the neediest American communities.

I urge Congress to reconsider. The Administration strongly believes CDFI is an important tool for urban and rural development.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
September 28, 1995

Contact: Calvin Mitchell
(202) 622-2920

MEDIA ADVISORY

Treasury Secretary Robert E. Rubin and Democratic members of the Senate Finance Committee will meet with working families who receive the Earned Income Tax Credit (EITC) today, Thursday, at 2:15 p.m. in Room S207 of the U.S. Capitol.

Republican members of the Senate Finance Committee have proposed a $40 billion tax increase on working families making less than $28,500 a year who receive the EITC.

The EITC was started 20 years ago during the Ford Administration, and it was expanded during the administrations of Reagan, Bush and Clinton. President Reagan called the EITC, "the best anti-poverty, the best pro-family, the best job creation measure to come out of Congress."

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PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
September 29, 1995

CONTACT: Peter Hollenbach
(202) 219-3302
or
L. Richard Keyser
(202) 755-7510

TREASURY AUTHORIZES HUD CALL OF FHA INSURANCE FUND DEBENTURES

The Departments of Treasury and Housing and Urban Development announced today the call of all Federal Housing Administration (FHA) insurance fund debentures, outstanding as of September 30, 1995. Debentures that have been registered on the books of the Federal Reserve Bank of Philadelphia as of September 30, 1995, are considered, "outstanding." The date of the call for the redemption of approximately $67 million in debentures is January 1, 1996, with the semi-annual interest due January 1, paid along with the debenture principal.

Debenture owners of record as of September 30, 1995 will be notified by mail of the call and given instructions for submission. Those owners who cannot locate the debentures should contact the Federal Reserve Bank of Philadelphia (215) 574-6684 for assistance.

No transfers or denominational exchanges in debentures covered by this call will be made on or after October 1, 1995, nor will any special redemption purchases be processed. This does not affect the right of the holder to sell or assign the debentures.

The Federal Reserve Bank of Philadelphia has been designated to process the redemptions and to pay final interest on the called debentures. To ensure timely payment of principal and interest on the debentures, they should be received by December 1, 1995, at:

The Federal Reserve Bank of Philadelphia
Securities Division
P.O. Box 90
Philadelphia, PA 19105-0090

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(RR-608)

DEPARTMENT OF THE TREASURY

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ADV 8 A.M. EDT
Remarks as prepared for delivery
September 29, 1995

After the Storm
Latin American Finance: A Progress Report
Remarks by
Lawrence H. Summers
Deputy Secretary of the Treasury
Conference on the Americas
September 29, 1995
New York City

Introduction

It has been an eventful year in the Americas, and finance is at the center of what has occurred. On the eve of President Zedillo's visit to the United States, a mere 10 months after Mexico's great financial upheaval, I think it is a good time to take stock. I want to reflect on how Mexico's problems unfolded, how the United States responded, and how Mexico and Latin America will go forward in the months and years ahead.

Last December, Mexico nearly became the first major country to default on government bond debt since World War II. Mexico's devaluation of its currency caused a drop in confidence that threatened to set the country back a generation. A decade of steady progress from Mexico's economic reforms was nearly erased in a month.

In ways many people still fail to appreciate, Mexico's problem was America's problem. Mexico is our third largest export market. Hundreds of thousands of American jobs depend on Mexican trade. The security of our borders and fiscal condition of our cities and states, which depend on stemming illegal immigration, rested on the outcome of the crisis.

RR-609 (more)

Mexico's shock caused tremors in markets across the globe. From Montevideo to Manila, from Bangkok to Buenos Aires, investors lost confidence and markets lost value. In China, India, and Russia -- the key markets of today and tomorrow -- ideas about foreign investment and privatization came under attack.

It was in this atmosphere of crisis, and in our own country where many leaders are urging America to pull back from its interests and commitments abroad, that President Clinton lead us to action. He assembled the financial support needed for Mexico to deal with its liquidity crisis. The United States committed up to $20 billion from the Exchange Stabilization Fund to support Mexican reform, and the IMF pledged up to $17.8 billion. President Clinton saw what his critics did not; Mexico's problem must not become America's problem. We had to act.

The President's action was courageous and politically difficult. The critics said our support would go down the drain. They charged that it would never work to help Mexico turn around. They claimed that Mexico's financial crisis discredited open trade, as a way of helping nations gain the path to market-based development, while also helping ourselves.

Looking back, we can now affirm that the critics were wrong. Our support is safe, and is serving its purpose. Mexico has made economic progress. The Mexican people have acted courageously in accepting short-term privation. NAFTA is protecting our exports. Mexico's revival was in America's interest. And our actions have been rewarded with results.

A Secure Investment

What are those results?

First, America's support for Mexico is secure. Mexico will not use all of the resources that were made available to it. The question is not whether Mexico will repay the United States, but when the repayment will begin.

Our support agreements contained strict disclosure and transparency requirements, and Treasury is fully satisfied with the way Mexico is meeting them. Some $4.6 billion has already flowed through the oil-export facility that was established to back our support. The interest rate premiums that we charged mean that American taxpayers will actually earn nearly $1.5 billion more than they would have, had we not mounted this effort.

Mexican Recovery

Second, Mexico is recovering. To be sure, the compression of an 8 percent of GNP current account deficit to nearly zero in a matter of weeks, the necessary fiscal contraction, and the financial strains associated with a spike in interest rates have all taken their toll.

Nonetheless, economic growth should resume soon -- at a rate of 2.2 percent as early as next year, according to the August Consensus Economic Forecast. The reforms directed at increasing Mexico's economic flexibility over the past seven years have done what they were supposed to, to the point where Mexican exports were able to rise by a full 32 percent over the first seven months of the year, compared to the same period of 1994.

Mexico's strengthening performance is restoring market confidence. Foreign direct investment has been resilient, and should be above $4 billion for the year, according to the consensus forecast. The Mexican bolsa is now trading at its pre-crisis levels of last December, in peso terms, and has risen some 60 percent since March troughs. Mexico's reserves are now up to $15 billion from $6 billion at the start of the year. Interest rates have dropped from 83 percent to 34 percent. Financial strains that squeezed the banking sector are working their way through the economy.

Perhaps most impressive, Mexico's governments and its agencies have been able to access the market freely -- issuing some $3 billion in paper at increasingly improved terms, even without having to provide the kind of oil-proceeds backing that Mexico has provided the United States. Further moves are expected soon.

A Strong U.S.-Mexico Relationship

Our support coupled with Mexico's actions have produced a third result over the past 10 months. They have safeguarded a strong U.S.-Mexico relationship.

On a range of issues that are important to us, the foundation for more cooperation has been protected. Increases in illegal immigration along our border have been limited. The NADBank established under NAFTA has begun investing in environmental projects along the border, working to solve pollution problems, sewage runoff, and other difficulties faced in Texas, New Mexico, California, and Arizona. Our two countries have intensified efforts on other vital issues, such as counter-narcotics, law enforcement, and money laundering.

A "Lost Decade" Avoided

Finally, our actions have accomplished a fourth crucial objective. We have protected what is among the most remarkable economic and social developments in the world today: the embrace by so many emerging market countries of market-based economic policies.

Why is that so important? It is important, because emerging market economies have become our fastest growing export markets. These economies now support some 10 million U.S. jobs. These markets will support the most vibrant sectors of our economy for decades to come. And it is important, because some several billion human beings -- in Asia, Latin America, Eastern Europe and Africa -- have now mounted the rapid escalator to development and prosperity.

Of all emerging market countries, Mexico is by far our largest trading partner. Worldwide, Mexico has been the model for all the reforms that we have sought to export for decades, and that have put so many developing countries on the right path. As anyone sitting at a financial screen could have seen last January, had Mexico failed, the consequences would have been felt in markets worldwide.

History has already offered us one unfortunate example of what could have happened if a financial crisis had been allowed to drag Mexico down. That example was 1982. Then, Mexico's debt difficulties spawned economic calamity, first in Mexico, then a few months later in Brazil, and finally, throughout Latin America. The spillover led to what has been called a "lost decade" -- nearly 10 years of protectionist policies, negative growth, financial instability, and political and social unrest in much of this hemisphere.

Thanks to President Clinton's leadership, 1995 has not been like 1982. The wage-price spiral which sent Mexican prices soaring by 110 percent from 1982 into 1983 has been replaced by an inflation rate that has declined down to 2 percent a month in the face of rigorous fiscal and monetary policies. Mexico's current account deficit is adjusting more quickly than it did 13 years ago. Strong trade surpluses suggest that such adjustment will continue. This time, Mexico regained access to international capital markets in just 7 months. In 1982, Mexico was shut out of world markets for a full 7 years.

Unlike Mexico's retreat from economic reform thirteen years ago, this time the Mexicans have chosen to accelerate their adoption of reforms. They have forged ahead with privatization, investment liberalization, tax and regulatory reform, and fiscal adjustment. By doing that, they have again become a model for all of Latin America. That is what was at stake in Mexico. That is why we can breathe easier ten months later, now that the worst of the crisis seems to have passed.

United States Losses Averted

In sum, Mexico is on its way to recovery. We are reaping the benefits of NAFTA, and of our decision to provide support.

Some critics assert that NAFTA caused Mexico's crisis. Not only is that wrong, but it ignores the fact that NAFTA is protecting the United States from the effects of Mexico's difficulties. At the depths of Mexico's difficulties over the first half of this year, American exports to Mexico were still 2.5 percent higher than they were over the first half of 1993, before NAFTA was enacted, even accounting for inflation. The U.S. share of Mexico's imports is higher than it was before NAFTA's adoption. NAFTA has protected U.S. exporters from the 15 percent tariff hikes which Mexico has slapped on others in the wake of the crisis. In fact, Mexico has continued to lower tariffs on our goods in accordance with NAFTA's provisions.

Most important, NAFTA has been a source for what the Mexican government and people have needed most over the past few months: confidence.

What would the United States have lost, had NAFTA not been there, and had the President not acted, and had the patterns of the "lost decade" been repeated?

From 1982 to 1990, Latin American growth stagnated at an average 1.5 percent annual rate, with a sharp 4 percent fall over 1982 and 1983. Had today's crisis been even half that bad, Latin America would have lost a full $150 billion in output over the next three years -- a loss that would have quickly translated into lost opportunities for U.S. businesses. Instead, most expectations are for Latin America to enjoy 2.5 percent growth this year, with a recovery to 3.5 percent by next year and annual rates as high as 5 percent for years after.

For the United States, the lost decade meant a decline in U.S. exports to Latin America and the Caribbean of some 38.9 percent in 1982 and 1983. If export losses were only half as bad this time, we would have lost some $17.5 billion in exports over this year alone. That would have wiped out a full 250,000 jobs over just the first year of the crisis.

The conclusion is clear. Both the United States and Mexico would have been far worse off, had NAFTA not been there to protect us.

Agenda for the Future

To say that Mexico is on the path to recovery is not to say that Mexico's or Latin America's work is over. As Domingo Cavallo has noted, perhaps the most important result of Mexico's difficulties, going forward, is that they served as a wake up call for the steps still left to be taken, before stable growth in Latin America is assured.

Higher Savings Rate

I'd like to say a few words about the things that should be high on Mexico and Latin America's agenda for achieving stable growth. First, Mexico, and indeed most Latin American countries must raise their savings rates. In Mexico's case, savings rates before the crisis were only about 14 percent of GDP. Put simply, that meant that Mexico was not accumulating the savings at home necessary for it to invest and lay a foundation for growth, without relying to a dangerous degree on capital from abroad. That is why Mexico's current account deficit swelled to risky levels.

The only way to avoid that tradeoff between investment and shaky finances is for savings rates to rise. Getting the rate of inflation down consistently and setting a stable macroeconomic environment that keeps real interest rates positive are the key. People will not put their money away unless they are confident that their savings will be worth more down the road. Efficient banking systems, pension reform, and improved tax systems can also convince more Latin Americans to salt away more of their earnings.

Trade and Integration

The second set of steps on the agenda involve trade and integration. Markets enjoyed by all countries in our hemisphere must grow larger, not smaller. Inter-regional trade quadrupled from 1984 to 1994. It can go far far higher. The enormous growth in our own trade with Mexico, and in commerce with emerging markets generally, shows that the United States' best hope for the future lies in trade with the southern hemisphere. An integrated, prosperous trading region stretching from Canada to Chile -- as we set out to achieve at the Summit of the Americas -- can ensure that all Latin American countries have maximum opportunities to invest, to sell, and to grow.

Economic reform in Latin America is in America's interest, because it creates our most important future markets. But reform can only remain attractive if the club of trade and prosperity remain open. That is why it is so critically important that NAFTA continue to take in new members when they are ready to join. Chile's accession should occur as soon as possible, so that the free trade project we have begun up north draws in the southern cone.

Enhancing the Global Financial System

Third, global finance has to work better, if crises are to be prevented, and stable growth is to be secure. A place to start is with transparency. Internationally accepted disclosure standards for countries are more important than any government loan. Disclosure can ensure that both market and private monitors have the information needed to keep economies under scrutiny, recognize dangers early, and signal the need for action before crises erupt.

President Clinton and the other G-7 leaders agreed to push ahead with this agenda at the Halifax Summit last June. The IMF is now working at a rapid clip to draw-up standardized measures of what national governments and agencies should release, so that we can detect problems before they occur.

Even with transparency and surveillance, there will still be crises. We would like countries to follow textbook policies as they move from closed to open markets, and from authoritarian, public structures to private ones. But the path will not be straight from darkness to light. There will be bumps in the road.

Moreover, even with the best of economic policies, liquidity crises can always erupt. Just as when depositors spark a run on an otherwise sound bank, injecting liquidity, through emergency support, is the right response.

The speed and size of today's global capital markets means that the need for resources to halt such crises is greater than ever. On the other hand, the United States cannot, and will not serve as a lender of last resort. That is why the G-10 countries have agreed to seek the establishment of a new emergency financing mechanism, based on the IMF's General Agreement to Borrow.

There is, of course, an enormous moral hazard problem. One does not want to fail to plan. On the other hand, one does not want to plan to fail. That problem has to be taken very seriously in the design of whatever mechanisms are put in place.

Nonetheless, I am not ready to believe that we should abolish fire departments, on the grounds that they encourage people to smoke in bed. I think that there is a balance that has to be struck.

Conclusion

In many ways, Mexico's crisis was the first 21st century crisis. It was global in scope. It was rapid in evolution. It was propagated by information technology. And its resolution was dependent on American leadership.

The United States, Mexico, and the global financial community seem to have successfully weathered this crisis. Because what President Clinton did was right, we have avoided far greater difficulties. The right lessons are being learned. That is good news for the billions of humans beings whose lives will improve as their countries enter the global market. And that is good news for the millions of Americans whose prosperity will increasingly depend on global trade, commerce, and investment.

Thank you.

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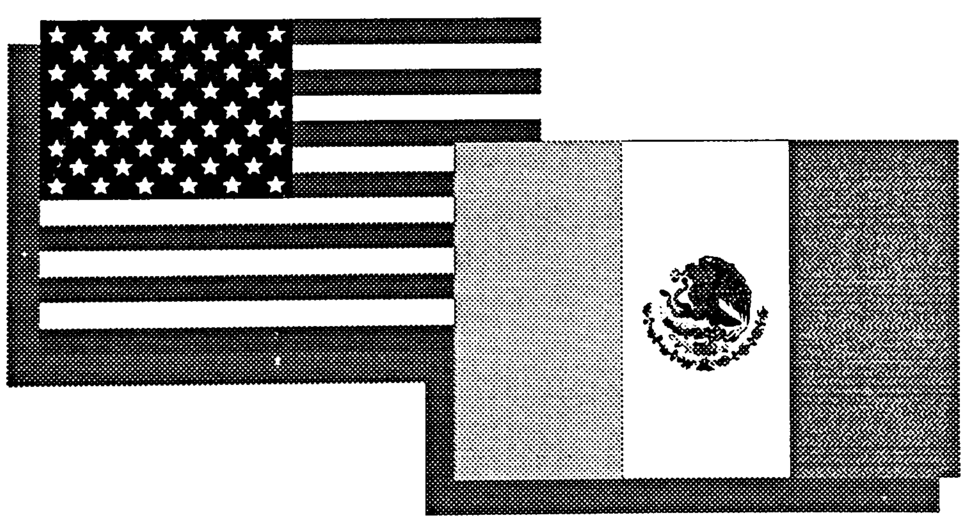
Monthly Report
by the
Secretary of the Treasury

Pursuant to the
Mexican Debt Disclosure Act
of 1995



September 30, 1995

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Treasury Secretary's Report to Congress
September 1995

I. Overview

During 1995, Mexico has put in place the rigorous adjustment policies necessary to address the financial crisis that threatened its economic stability and prospects for sustained growth. In providing assistance to Mexico under the February 21 Agreements, the U.S. government acted to protect vital U.S. interests -- American exports and jobs, the security of our common border, and the stability of other emerging market economies. In a major address delivered in September, President Zedillo appropriately emphasized the importance of holding the line on the stabilization program, and pushing forward with growth-oriented economic reforms.

The recession that has accompanied the financial crisis has been deep, as GDP dropped 0.6% from a year earlier in the first quarter and 10.5% in the second. However, the Mexican authorities have succeeded in bringing about a rapid economic adjustment, averting a sovereign default, and regaining access to private capital flows. The government's firm and credible stabilization policies, the increased efficiency of the economy following seven years of reforms, and the liquidity provided under the U.S.-led support program are all hastening the eventual recovery. The pieces are now in place for Mexico to avoid a repetition of the protracted recession that followed the 1982 financial crisis.

Structural reform continues to improve long-term prospects for the economy, including sweeping changes announced this month in the telecommunications sector. Adjustment policies have contributed to financial stability, as both fiscal and monetary indicators have been favorable: the government budget is in surplus and monetary aggregates are under control. With good export performance, sound financial policies, renewed access to the private capital markets, and continued structural reforms, Mexico should be able to return to sustained economic growth by next year.

By the end of September, default concerns associated with the government's *tesobono* obligations had been eliminated, with $26.6 billion of the $29 billion in *tesobonos* outstanding at the end of 1994 retired. Meanwhile, international reserves had risen $9.0 billion from the beginning of 1995, to $15.1 billion as of September 15. Inflation continued to decline, to 1.7% per month in August, the lowest monthly increase this year, from a high of 8% in April. Interest rates on short-term government securities declined as well, from an 83% annual rate in March to 34% in late-September.

Financial markets have responded favorably to the stabilization program. Peso trading has been generally stable with volatility far below levels during the height of the crisis. Mexico's stock market retraced some gains near the end of the month, but remains at pre-crisis levels and about 60% above its low in late February. The stock market is still down about 45% in dollar terms from its mid-December level due to the peso's depreciation.

While monetary and fiscal policies are expected to appear less restrictive over the last two quarters of 1995, this should be no cause for alarm. The money stock can be expected to expand in response to the normal Christmas surge in consumer buying. At the same time, the budget surplus will likely diminish, on a year-to-year basis, as the one-year anniversary of the crisis approaches.

Mexico's banking sector, facing a high level of nonperforming loans, remains strained. Five sizable banks, representing 28% of banking system assets, have been recapitalized. The government's measures to mitigate the immediate impact of the problem, to improve regulation and supervision, and to encourage capital inflows have lent important support. An increase in investment inflows has enabled commercial banks to repay the dollars borrowed from FOBAPROA, the central bank's insurance fund; and one of six banks that had accessed PROCAPTE, the government's capital assistance program, has now left the program. Further, by arranging targeted relief for small borrowers, the government has reduced the number of non-performing loans in the banking system.

Outstanding U.S. disbursements under the February 21 agreements total $12.5 billion, all of which are backed by the full faith and credit of the Mexican government. Interest rates on currency swaps between the United States and Mexico are sufficient to cover the risks that the United States bears. To date, the United States has received more than $200 million in interest payments from Mexico. In the unlikely event of default, all of Mexico's obligations to the United States are backed by proceeds from Mexico's crude oil, oil products, and petrochemical product exports. Payments for these exports flow through a special account at the Federal Reserve Bank of New York. As of September 18, $4.6 billion had passed through this account since March 8, 1995.

II. Current Condition of Mexico's Economy

a. Monetary Policy

Mexico has maintained its tight monetary policy

The Bank of Mexico has continued to conduct monetary policy to contain inflation, stabilize the peso, and encourage capital inflows. The Bank's chief policy instrument is its control over the growth rate of the monetary base. It achieves this control through limits on the growth of net domestic credit (defined as the monetary base less international reserves).

Control of domestic credit is key

Any increase in net domestic credit of the Bank of Mexico must be associated with either an increase in the money supply or a decrease in net foreign assets (international reserves) of the Bank. A limit (ceiling) on increases in net domestic credit therefore implies a ceiling on the growth of the money supply that can occur without a corresponding rise in international reserves.

- Net domestic credit has fallen by NP72 billion since the beginning of the year through September 15. More recently, in the four weeks ending September 15, net domestic credit fell by NP11 billion. During this period, money stock remained roughly constant, while reserves increased sharply.

Within the overall change in net domestic credit, credit growth to financial intermediaries has remained low.

- Peso credits to financial intermediaries such as commercial banks and development banks, including programs to support the banking system, rose by NP4 billion in the four weeks ending September 15. Since the beginning of the year, the total decline has been NP15 billion.

The Bank of Mexico has continued to maintain strict control over the money supply

- The monetary base (essentially bills and coins in circulation) as of September 15 was 20% below its level at the end of 1994, even though the price level was 37.5% higher than at the end of 1994. More recently, in the four weeks ending September 15, the monetary base fell by 5%.

- M1 (the monetary base plus checking deposits) shows a roughly similar pattern. On a seasonally adjusted basis, M1 increased by 1.7% from December 1994 through August.

Monetary and credit aggregates can be hard to interpret

Restricting the growth rate of the money supply through control of net domestic credit is central to controlling inflation and meeting other objectives of monetary policy. Nonetheless, changes in the money supply can be difficult to interpret in terms of their implication for the stance of monetary policy.

Important seasonal factors influence money demand. For example, the Mexican public sharply increases its demand for cash balances during the Christmas season; such an increase is expected in the coming months. Reasonable accomodation in this seasonal demand would be consistent with a continuing decline in inflation.

Market indicators suggest that monetary policy remains tight

Given the difficulties in interpreting monetary aggregates, it is useful to look at market indicators of the stance of monetary policy.

Real interest rates remain high, implying tight monetary conditions.

- The real interest rate (the nominal rate adjusted for inflation) on 28-day cetes in August was about 15%. This rate, while still extremely high, is somewhat lower than the roughly 20% rates observed in June and July. Over time, as inflationary expectations decline and confidence continues to grow, a further drop in real interest rates can be expected.

This tight policy is continuing to restrain inflation.

- Inflation fell from 2% per month in July to 1.7% in August, after a peak of 8% in April. In the first half of September, prices rose by 1.25% compared to the last half of August.

With declining inflation, nominal rates have also come down.

- The interest rate on 28-day cetes declined to 34.0% in the September 26 auction, after peaking at 82.7% in March.

The exchange rate has remained roughly stable. If money supply were to sharply outpace money demand, attempts by the public to trade the additional pesos for dollars would likely place strong downward pressure on the exchange rate.

- Some nominal depreciation of the peso over time would not necessarily imply an insufficiently tight monetary policy, reflecting differential rates of inflation between Mexico and its principal trading partners.

II. b. Fiscal Policy

Mexico's fiscal surplus for the first half of 1995 was larger than planned

Mexico continues to maintain tight fiscal policy. Higher world oil prices have boosted Pemex revenues and tax payments, offsetting declines in corporate income and excise taxes. The April 1 increase in the value-added tax (VAT) has partially offset the effect on VAT receipts of the decline in domestic consumption. Real VAT revenues increased by 10.3% in the second quarter, compared to a year earlier. Early in the year, the government cut discretionary spending in response to higher interest costs. The net result of these policies has been a budget surplus of about 2.1% of GDP for the first half of 1995, compared with a surplus of about 0.5% of GDP for the first half of 1994. Table 1 shows Mexico's budget through the first two quarters of 1995.

The quarterly budget surplus may be lower in both the third and fourth quarters than in the first two quarters

- Higher oil prices generated higher oil revenues in the first two quarters of this year, compared with the same period in 1994; this gap may not be maintained if oil prices do not continue to rise.

- In addition, the seasonal pattern of discretionary spending can be expected to boost spending in the last two quarters.

As President Zedillo stated in his recent state-of-the-nation (*Informe*) address, even with government spending expected to rise in the second half of 1995, Mexico appears to be on track to meet its fiscal targets for the end of 1995.

II. c. Structural Reform and Privatization

Market-oriented reforms continue

Mexico's adjustment program includes a major privatization effort to increase productivity, attract foreign investment, raise government revenue and kindle private sector initiative.

- The Mexican Congress amended the country's constitution this year to allow private and foreign investment in railroads and satellite communications. It has also passed legislation to open telecommunications services and natural gas distribution and storage to private investment and foreign competition.

- The Mexican government is also drafting plans to privatize petrochemical plants, airports, and electricity generation plants, and to sell concessions to operate additional toll roads.

- In July and August, the government announced the winning bidders for several port facilities. Most of the winning bids were from joint ventures between Mexican and foreign-owned companies, including American companies.

TABLE 1. Mexico's Budget

Part A: Federal Government Budget	1994		1995		1994	1995	% Real Change From Previous Year (1)		
NP Millions (Nominal)	1st qtr	2nd qtr	1st qtr	2nd qtr	1st half	1st half	95 1st qtr	95 2nd qtr	95 1st half
Revenues	52,895	51,093	55,714	71,138	103,988	126,852	-8.4%	4.3%	-1.9%
% of GDP (3)	17.9%	16.0%	16.1%	18.7%	16.9%	17.4%			
Taxes									
Income Tax	18,251	19,151	18,581	20,432	37,402	39,013	-11.4%	-20.1%	-16.1%
Value Added Tax	10,055	9,065	9,955	13,347	19,120	23,302	-13.9%	10.3%	-2.0%
Excise Taxes (Oil, Alcohol, Tobacco, etc)	6,703	7,048	6,208	4,574	13,751	10,782	-19.4%	-51.4%	-36.9%
Import Duties	2,819	3,233	2,742	2,460	6,052	5,202	-15.4%	-43.0%	-30.9%
Other (Auto Registration, Tax Penalties, Export)	2,722	2,183	2,999	1,621	4,905	4,620	-4.2%	-44.4%	-24.2%
Non-Tax Income									
Fees									
Oil	6,513	6,779	10,403	22,210	13,292	32,613	38.9%	145.4%	97.4%
Other	1,449	710	1,222	1,355	2,159	2,577	-26.6%	42.9%	-4.0%
Other (Central Bank Profits, Privatization)	4,383	2,924	3,604	5,140	7,307	8,744	-28.5%	31.7%	-3.7%
Expenditures	50,794	53,530	52,177	66,825	104,324	119,002	-10.6%	-6.5%	-8.2%
% of GDP (3)	17.2%	16.8%	15.0%	17.5%	17.0%	16.3%			
Discretionary	28,522	34,545	27,066	38,046	63,067	65,112	-17.5%	-17.5%	-16.9%
% of GDP (3)	9.6%	10.8%	7.8%	10.0%	10.3%	8.9%			
Operating Expenses	8,883	10,500	9,041	10,508	19,383	19,549	-11.5%	-25.0%	-18.9%
Salaries	6,508	7,127	6,891	7,531	13,635	14,422	-7.9%	-20.9%	-14.9%
Other	2,375	3,373	2,150	2,977	5,748	5,127	-21.3%	-33.9%	-28.2%
Public Investment	2,523	4,591	813	2,954	7,114	3,767	-72.0%	-51.8%	-57.4%
Transfers	17,116	19,454	17,212	24,584	36,570	41,796	-12.5%	-5.3%	-8.1%
Education	6,742	6,811	7,491	8,419	13,353	15,910	-3.3%	-4.6%	-4.1%
Other	10,374	12,844	9,721	16,165	23,218	25,886	-18.5%	-5.7%	-10.3%
Non-Discretionary	22,272	18,985	25,111	28,779	41,257	53,890	-1.9%	13.5%	5.1%
% of GDP (3)	7.5%	5.9%	7.2%	7.5%	6.7%	7.4%			
Outlays From Past Year's Obligations	3,963	571	2,602	838	4,534	3,440	-42.9%	9.9%	-39.0%
Revenue Sharing	9,918	12,019	11,137	14,324	21,937	25,461	-2.3%	-10.7%	-6.6%
Interest Payments	8,391	6,395	11,372	13,617	14,786	24,989	17.9%	59.5%	36.0%
Internal	4,528	3,894	3,448	7,170	8,422	10,618	-33.8%	37.9%	1.4%
External	3,863	2,501	7,924	6,448	6,364	14,372	78.4%	93.1%	81.7%
Transfers To State Enterprises, Errors & Omissions	3,017	(1,875)	851	(73)	1,142	777	-75.5%	-97.1%	-45.3%

(1) Based on a year-over-year increase in the CPI of 15% for the first quarter, 34% second quarter, and 24% for the first half.
(2) Beginning in 1995, Mexico City budget no longer included.
(3) Second quarter nominal GDP estimated by adjusting the 10.5% decline in real GDP between the second quarters of 1994 and 1995 by the 34% increase in consumer prices during this period. This will, of course, differ from estimates using the GDP deflator, which has not yet been reported.

TABLE 1, continued

Part B: State-Owned Enterprises	1994		1995		1994	1995	% Real Change From Previous Year (1)		
NP Millions (Nominal)	1st qtr	2nd qtr	1st qtr	2nd qtr	1st half	1st half	95 1st qtr	95 2nd qtr	95 1st half
Under Direct Control of the GOM, Balance	811	4,622	6,195	1,663	5,433	7,858			
Pemex, Balance	(285)	2,190	2,947	(1,229)	1,905	1,718			
Revenues	5,857	8,588	12,676	8,225	14,445	20,901	88.3%	-28.3%	16.4%
Expenditures	6,142	6,398	9,729	9,454	12,540	19,183	37.8%	10.7%	23.1%
Interest	935	1,033	3,599	2,591	1,968	6,190	234.8%	87.9%	153.0%
Non-interest	5,207	5,365	6,130	6,864	10,572	12,994	2.4%	-4.2%	-1.1%
CFE, Balance	(357)	389	1,271	(707)	32	564			
Revenues	4,127	4,940	5,862	7,010	9,067	12,872	23.6%	6.3%	14.2%
Expenditures	4,484	4,551	4,591	7,717	9,035	12,308	-10.9%	27.0%	9.6%
Interest	207	183	823	716	390	1,539	245.8%	192.8%	217.3%
Non-interest	4,277	4,368	3,768	7,001	8,645	10,769	-23.4%	20.1%	0.2%
Other Enterprises, Balance	(1,975)	392	(720)	(1,315)	(1,583)	(2,035)			
Revenues	13,440	14,674	15,639	14,791	28,114	30,430	1.2%	-24.5%	-12.9%
Expenditures	15,415	14,281	16,359	16,106	29,696	32,465	-7.7%	-15.5%	-12.0%
Interest	15	[illegible]	76	249	104	325	340.7%	109.1%	151.0%
Non-interest	15,400	14,182	16,283	15,858	29,592	32,141	-8.0%	-16.3%	-12.6%
Subsidies From the Federal Government	3,428	1,652	2,697	4,914	5,080	7,611	-31.6%	122.8%	20.5%
Under Indirect Control of GOM, Balance (2)	4,450	(5,347)	109	253	(897)	362			

Part C: Public Sector Balances	1994		1995		1994	1995
NP Millions (Nominal)	1st qtr	2nd qtr	1st qtr	2nd qtr	1st half	1st half
Federal Government Budget Balance	(916)	(562)	2,686	4,386	(1,479)	7,072
% of GDP (3)	-0.3%	-0.2%	0.8%	1.2%	-0.2%	1.0%
Federal Government Primary Balance	7,475	5,833	14,058	18,003	13,308	32,061
% of GDP (3)	2.5%	1.8%	4.1%	4.7%	2.2%	4.4%
Public Sector Non-Financial Balance	4,345	(1,287)	8,990	6,302	3,058	15,293
% of GDP (3)	1.5%	-0.4%	2.6%	1.7%	0.5%	2.1%
Public Sector Primary Balance	11,386	12,152	25,769	25,462	23,537	51,231
% of GDP (3)	3.9%	3.8%	7.4%	6.7%	3.8%	7.0%

Part D: Public Sector Aggregates	1994		1995		1994	1995	% Real Change From Previous Year (1)		
NP Millions (Nominal)	1st qtr	2nd qtr	1st qtr	2nd qtr	1st half	1st half	95 1st qtr	95 2nd qtr	95 1st half
Non-Interest Spending	62,870	69,467	63,385	77,749	132,337	141,134	-12.3%	-0.162	-0.142
% of GDP	21.3%	21.8%	18.3%	20.4%	21.5%	19.4%			
Interest Payments	9,600	7,648	15,932	17,111	17,248	33,043	44.4%	0.676	0.541
% of GDP	3.2%	2.4%	4.6%	4.5%	2.8%	4.5%			
Pemex Revenues + Pemex Taxes Paid to GOM	19,506	22,118	30,227	38,543	41,624	68,770	34.8%	0.305	0.329
% of GDP	6.6%	6.9%	8.7%	10.1%	6.8%	9.4%			
Non-Petroleum Revenues	55,823	56,093	58,759	61,578	111,916	120,337	-8.4%	-0.178	-0.135
% of GDP	18.9%	17.6%	16.9%	16.1%	18.2%	16.5%			
Non-Petroleum Revenues, Excluding Value-Added Tax	45,768	47,028	48,804	48,231	92,796	97,035	-0.072	-0.232	-0.159
% of GDP	15.5%	14.7%	14.1%	12.6%	15.1%	13.3%			

Government awards first license to provide long-distance services

In early September, the Ministry of Communications and Transportation released draft procedures for foreign and private investors who wish to offer long-distance telephone services when Telefono de Mexico's (Telmex) monopoly ends on January 1, 1997.

- The government will grant licenses for a minimum of 4-5 years to companies whose capital is at least 51%-owned by Mexican nationals.

- Applicants for licenses will be required to describe the services they plan to offer, their investment plans and pricing schemes. Once companies submit an application, the Ministry will have up to four months to decide whether to grant the license application.

- The Mexican Congress will review the draft procedures when it considers amendments to the telecommunications law later in September.

- Communications Ministry officials expect up to eight joint ventures to be offering telecommunications services by 1997. Officials also expect new entrants to invest about $8 billion during the next two years.

On September 6, a few days after the procedures were drafted, the Ministry awarded the first concession to Avantel, a joint venture between the Mexican bank Banamex and the U.S. telecommunications firm MCI.

- Following the award of the license, Avantel officials announced the award of a $380 million construction contract to a joint venture with Canada's Northern Telecom and a previously-formed joint venture with Mexican construction firm ICA and U.S. engineering firm Fluor Daniel, for the construction and installation of a fiber optic network.

- MCI officials announced plans to invest $600 million in this joint venture over the next three years.

Government announces plans to privatize warehouse firm

Transportation Ministry officials also announced that they will sell 70 warehouses owned by the government-owned warehouse company, Almacenes Nacional de Deposito, by the end of the year.

World Bank approves technical assistance loan

On August 29, the World Bank approved a $30 million loan to support technical assistance in developing regulations and preparing firms for privatization in sectors including telecommunications, energy, and transportation.

II. d. Information Disclosure

Mexico has significantly increased the breadth and frequency of its reporting

Public disclosure of financial data by the Mexican government and the Bank of Mexico has increased further over the last several months.

- Mexico has improved the coverage and timing of its reporting on both real and financial indicators, including data on output, inflation, international reserves, balance of payments, fiscal and monetary aggregates, and public debt.

- The Mexican government and the Bank of Mexico now provide a wide set of historical and current data on the Internet.

II. e. Economic Adjustment

Mexico's economic adjustment program has so far succeeded in its objectives of containing the inflationary impact of the devaluation and improving the country's external position. However, in the first half of the year, as an inevitable consequence of the financial crisis, the economy experienced a deep recession, with rising unemployment and losses in real income. While uncertainties are large, many private analysts believe that the economy may be positioned to begin recovery.

Inflation is moderating

Following a burst of inflation in the first four months, the monthly inflation rate has fallen sharply.

- In August, consumer prices rose 1.7%, the lowest monthly increase this year. In the first two weeks of September, seasonal factors contributed to a slight uptick in inflation, as prices rose 1.25% over that time.

Mexico's trade balance continues to be positive

Weak domestic demand and real exchange rate depreciation have continued to lead to a large merchandise trade surplus. Mexico registered a merchandise trade surplus of $760 million in August (based on preliminary information), up from $583 million in July, compared with a deficit of more than $1.7 billion in August 1994.

- Imports remain lower than levels of a year ago, as a result of the increase in peso costs and a weaker domestic economy; the only exception to this pattern is intermediate goods used by the export sector. On a monthly basis, seasonally-adjusted imports rose in August compared to July by about 18% (using preliminary data), on strong growth in intermediate goods used by exporting industries, after falling 4% in July and 1% in June.

- Exports remain strong, particularly in the manufacturing and petroleum sectors. Seasonally-adjusted exports rose in August by 10%, after holding roughly constant in July and June.

This merchandise trade surplus has greatly reduced Mexico's external financing needs, and strong export growth has partially offset weakness in internal demand (see Table 1 below).

Mexico's economy has contracted

The economic adjustment necessitated by the large drop in capital inflows has been an important factor leading to a deep recession, notwithstanding the tempering effects of the U.S.-led multilateral support package. Mexico's GDP fell 10.5% in the second quarter of the year, resulting in a 5.8% contraction in output in the first half of the year, on a year-over-year basis. Even after accounting for seasonal factors, the recession in the first half of the year has turned out to be deeper than many forecasters had predicted. On a seasonally adjusted quarter-to-quarter basis, GDP in the second quarter fell roughly 7.2% after falling 3.6% in the first quarter.

All components of GDP declined during the first half of the year, except exports of goods and services. The strong performance of the export sector cushioned the sharp fall-off in domestic demand.

Table 2. Mexico's Real GDP
(year-over-year change, percent)

	1994	Q1 95	Q2 95
Private Consumption	3.6	-8.7	-15.9
Government Consumption	2.6	-1.9	-5.6
Investment	8.1	-18.4	-35.2
Exports	7.4	29.4	26.7
Imports	13.0	-20.2	-30.4
Domestic Demand	4.9	-3.7	-13.8
Gross Domestic Product	3.5	-0.6	-10.5

The effect of the recession has been uneven on the industrial sector, as areas sensitive to external demand, such as some utilities and manufacturing industries, have done relatively well.

- On a yearly basis, manufacturing production, after rising 0.4% in the first quarter, fell by 11% in the second quarter. The decline in output between the first half of 1994 and the first half of 1995 was 5.5%, slightly less than the decline in GDP.

The non-tradeable goods sector, in contrast, has been particularly hard-hit by weak domestic demand, tight credit, and the transfer of resources to the export sector.

- Retail sales have shown some signs of bottoming out: on a seasonally-adjusted basis they edged up in June, after falling by a cumulative 40% from December through May.

Labor markets have weakened

With the decline in output, unemployment has grown significantly, though wage flexibility and the informal sector have prevented even larger drops in employment.

- The open unemployment rate, a narrow measure of joblessness based on surveys of major urban areas, rose from 6.6% in June to 7.3% in July, up from 3.2% in December 1994.

- This July increase is roughly in line with the usual seasonal surge associated with students entering the labor force; on a seasonally-adjusted basis the unemployment rate has been roughly flat since May.

Mexico's economy may be bottoming out

While it is difficult to predict the timing of Mexico's economic recovery, some signs indicate that economic activity has begun to bottom out.

- Recent data on retail sales and unemployment contain hints of a turn-around, though the picture is far from clear.

- For the last several months, the Bank of Mexico's survey of manufacturers has suggested an imminent pick-up in activity, though the June decline in industrial production suggests that this information should be interpreted with caution.

II. f. Banking Sector Developments

The government is putting programs in place that are having an important stabilizing effect on the banking sector. The sector nevertheless remains under stress, and will continue to require careful monitoring over the months ahead.

Mexico's banking system continues to be recapitalized

To restore the solvency of the banking system, the Mexican government has provided incentives for shareholders to inject additional capital.

- Through FOBAPROA, the central bank's insurance fund, the government has purchased loans from banks in proportion to new capital injected by shareholders. FOBAPROA has acquired the loans in exchange for non-amortizing, long-term government bonds.

- As of the end of June, Serfin and Probursa, Mexico's third and tenth largest banks, had been recapitalized.

- In September, Internacional, Atlantico, and Promex, Mexico's sixth, seventh and eighth largest banks, were recapitalized.

These five banks represent 28% of banking system assets.

Nonperforming loans continue to increase

Increases in nonperforming loans continue to place a significant strain on the banking system. On June 30, 1995, the regulatory authorities reported a nonperforming loan level of 11.9% of total loans. Although new figures will not be released until after the end of the third quarter, it is estimated that nonperforming loans now amount to about 13% of the total.

On September 21, the National Banking and Securities Commission announced the intervention of Banco Interstatal, citing inadequate capital levels, insufficient loan loss provisions, and poor credit management. It is the second bank to be intervened by the government this year. Banco Interstatal has total assets of NP1.3 billion.

Other government initiatives are also helping to stabilize the banks

Earlier this year the Mexican authorities responded to the prospect of a banking crisis with a number of initiatives to aid the banks by providing: liquidity (FOBAPROA), a temporary source of capital (PROCAPTE), and a program to restructure loans (UDI).

- **Banks have since fully repaid their dollar debt to FOBAPROA, which had peaked at $3.8 billion in early April.**

- In March, six banks joined PROCAPTE and issued approximately $1 billion in subordinated debt to meet minimum capital requirements.

- After completing recapitalization, Banca Serfin withdrew from PROCAPTE in June; Internacional has announced plans to withdraw no later than November.

After a slow start, the pace of restructuring loans under the UDI program is picking up. The program has been extended until January 31, 1996.

- The outstanding balance of loans restructured rose from NP3.5 billion on July 7 to NP15.9 billion on August 11 and NP24.7 billion on September 1. The balance, however, remains far below the program's NP156 billion ceiling.

- Loans restructured under the banks' own programs, which include variations of the UDI instrument, totaled NP39 billion as of August 11 and NP40.4 billion as of September 1.

In August, the Mexican government announced a new program targeted at consumer, credit card, small business, and mortgage borrowers. The program is intended to encourage additional loan restructuring, avoid the development of a non-payment culture, and provide a transitional period for borrowers to restructure in UDIs.

- The program became operational on September 11, when borrowers were expected to enter into written agreements with the banks to restructure their debt. Early reports indicate a high level of interest in the program.

II. g. Financial Market Trends

Financial markets have responded positively to Mexico's adjustment program.

- The peso is currently about 20% above its March 9 low in nominal terms. For the month, the peso depreciated by about 2% to September 28 on a nominal basis. Because inflation in Mexico remains above that of its major trading partners, a stable real rate for the peso would suggest some nominal depreciation by the end of the year.

- Volatility remains much lower than earlier this year. Buying and selling spreads on the peso, a measure of volatility, have substantially diminished from those at the height of the crisis, from as high as 4-5% in January to 0.1% and, briefly, to 0.3% toward the end of the month.

Mexico's stock market retraced some recent gains toward the end of the month, but remains at pre-crisis levels and about 60% above its low in late February. The stock market remains down about 45% in dollar terms from its mid-December level.

Interest rates have declined steadily since the height of the crisis as the exchange rate has stabilized, inflation has declined, and the threat of default on *tesobonos* has been eliminated.

- Mexico's benchmark 28-day Treasury bill (*cetes*) rate has decreased from a high of 83% in late March to 34% at the September 26 auction.

Improvements in the assessment of Mexican risk are also evident in the market for Mexico's remaining dollar-denominated Treasury bills (*tesobonos*).

- Secondary-market *tesobono* rates have dipped as low as 8.0% from highs above 30% in late March and early April.

The stronger market for U.S.-backed Brady bonds also reflects a return of confidence in Mexico, and demonstrates that the risk of contagion in other Latin markets has diminished.

- Mexican Brady Bond interest rate spreads over U.S. Treasuries, adjusted to remove the effect of U.S. collateral, have declined from 1937 basis points in mid-March to 865 basis points on September 21, a decline of 10.72 percentage points on these long-term instruments.

- Yields of the stripped portion of Brady bonds in Argentina and Brazil have also recovered from declines earlier this year that had been sparked by the Mexican crisis; yields have fallen 11.50 and 8.33 percentage points for comparable bonds from Argentina and Brazil, respectively.

Mexico solidified its standing in the international capital markets over the last quarter

The Mexican government and agencies have raised over $3 billion in the private capital markets thus far in 1995, matching public-sector bond issuances in 1993 (see Table 2 below).

- To date, the government excluding agencies has issued $2.1 billion equivalent, in successive issues of $1 billion and ¥100 billion.

- Secondary-market yields on the UMS' Eurodollar issue declined from an initial 11.18% to 9.975% on September 22.

- This month, Bancomext announced a 2-year ¥20 billion bond with a 3% coupon. Nafinsa's 3-year Swiss Franc Eurobond is scheduled to close September 29.

- The Mexican government has announced it is considering new issues in the global markets by the end of the year.

TABLE 3. Mexican public-sector bond issuances

Issuer	Type	Date	Amount (US$ M)	Tenor	Interest rate
Bancomext	Euro FRN[1]	May 23	$30.0	1 year	LIBOR +5.80%
	Euro FRN	May 31	$75.0	1 year	LIBOR + 5.44%
	Euro FRN 144A	June 23	$300.0	2 years	LIBOR + 5.51%
	Eurobond	Sept 18 (to be issued Oct 2)	¥20 billion (approx. $200)	2 years	3% coupon
Nafinsa	Euro FRN	May 4	$110.3	1 year	LIBOR + 3.50%
	Euro FRN	May 4	$73.7	7 months	LIBOR + 2.25%
	Euro FRN	May 9	$50.0	1 year	LIBOR + 6.00%
	Euro FRN	May 15	$28.0	1 year	LIBOR + 8.00%
	Euro FRN	May 24	$10.0	1 year	LIBOR + 5.60%
	Eurobond	August 17	DM 250 (approx. $170.0)	3 years	10% coupon
	Eurobond	September 29	SwFr 150 (approx. $122.0)	3 years	7.50% coupon
United Mexican States	Euro FRN 144A	July 20	$1000.0	2 years	LIBOR + 5.375%
	Euro MTN[2]	August 17	¥ 100 billion (approx. $1,100.0)	3 years	5% coupon

1. Floating rate note.
2. Medium-term note.

Mexican corporations and private financial institutions have re-entered the international capital markets more slowly.

- Several large corporations with export-oriented businesses have successfully placed short-term dollar-denominated commercial paper. Other institutions have found success in placing structured transactions in which investors have recourse to assets or cashflows denominated in foreign currencies, including dollars.

II. h. International Reserves

In the third quarter through September 15, international reserve accumulation of $5.06 billion has been mostly attributable to inflows from capital markets, following a reserve gain of $3.93 billion in the first half of the year that came largely from U.S. and IMF support in excess of immediate needs to retire *tesobonos*.

- July and August saw the successful redemption of the last major bulge of *tesobonos* for the year, with peso and dollar redemptions totalling $6.8 billion for these months. By mid-September, less than $3 billion remained outstanding in *tesobonos*, with more recent redemptions requiring very modest reserves to retire.

- Further disbursements in the third quarter from the U.S. and the IMF amounted to $6.1 billion. Despite the use of $4.7 billion in reserves for *tesobono* redemptions, reserve accumulation amounted to 83% of these disbursements, reflecting funds provided by the market.

Foreign exchange inflows to the Bank of Mexico come through two principal channels.

- As a result of banks' continued improvement in access to international financial markets, they repaid all outstanding dollar loans to the central bank insurance fund by mid-September.

- The Government of Mexico's renewed access to market finance facilitated a rise in reserves of roughly $2 billion through sovereign debt issuances as of mid-September.

- Continued government issuances in international capital markets would be expected to promote reserve accumulation through the remainder of the year.

Aggregate reserve levels reach more solid ground

Mexico's international reserves are still below the levels recorded in the three years prior to the financial crisis at the close of 1994. Nonetheless, current reserves are approaching levels considered adequate when measured by a number of criteria.

- Reserves are equal to more than three months of merchandise imports.

- By the end of August, reserves exceeded short-term public-sector external debt (including *tesobonos*) by a decisive margin, having edged above this level in July for the first time in 1995. This was accomplished by accumulating reserves while shifting the composition of Mexican debt from short to medium and long-term instruments; short-term external public-sector debt is roughly one-quarter the amount it was at the start of the year.

- Moreover, under Mexico's current floating exchange rate regime, monetary policy drives the value of the peso; this results in far fewer demands on official reserves, now that the *tesobonos* have been mostly retired.

TABLE 4. Mexico's international reserves (US$ billions)

1990 December	10.2
1991 December	17.5
1992 December	18.6
1993 December	24.5
1994 December	6.1
1995 January	3.48
February	8.96
March	6.85
April	8.71
May	10.44
June	10.06
July	13.87
August	15.07
September 15	15.14

III. Disbursements, Swaps, Guarantees and Compensation to the U.S. Treasury

As of September 30, 1995, $13.5 billion in U.S. funds has been disbursed to Mexico under the support program. Of this amount, a total of $12.5 billion remains outstanding — $2 billion in short-term swaps, and $10.5 billion in medium-term swaps. To date, the United States has not extended any securities guarantees to Mexico under the support program.

- Under the swap agreements, Mexico purchases dollars and credits a corresponding amount of pesos to U.S. accounts at the Bank of Mexico. On the maturity date, Mexico repurchases the pesos by paying back the dollars.

- Both the short-term and medium-term swap facilities require Mexico to maintain the dollar value of peso credits to the United States, adjusting the amount of pesos on a quarterly basis, in accordance with changes in the dollar-peso exchange rate.

- As provided in the Agreements, Mexico must pay interest to the U.S. government on the swap balances outstanding. The interest charges applied to short-term swaps are designed to cover the cost of funds to the Treasury and thus are set at the inception of the swap based on the Treasury Bill rate. Interest rates are reset at the time of any roll-overs of existing short-term swaps.

- Interest charges applied to the medium-term swaps are designed to cover the cost of funds to the Treasury plus a premium for the credit risk associated with the extension of such funds, as assessed at the time of each disbursement. Paragraph 6 (d) of the Medium-Term Exchange Stabilization Agreement (the Medium-Term Agreement) provides that interest rates on swaps with Mexico are "intended to be at least sufficient to cover the current U.S. Government credit risk cost for Mexico."

- For each disbursement under the Medium-Term Agreement, the premium is the greater of (1) a rate determined by the U.S. Government's inter-agency country risk assessment system (ICRAS) as adequate compensation for sovereign risk of countries such as Mexico, or (2) a rate based on the amount of U.S. funds outstanding to Mexico from short-term swaps, medium-term swaps, and loan guarantees at the time of disbursement.

- Mexico has not missed any interest payments or required principal repayments under any of the swaps. The Exchange Stabilization Fund (ESF) has received $188.5 million in interest payments from Mexico for short- and medium-term swaps. The Federal Reserve has received $33.4 million in interest on its short-term swaps with Mexico to date. The next interest payment date is October 2, when $246.5 million will be due to the ESF on the $10.5 billion in medium-term swaps.

As of September 30, 1995, $12.0 billion has been disbursed to Mexico through the ESF, of which $11.5 billion remains outstanding.

The schedule of swaps under both ESF and Federal Reserve swap lines is as follows:

ESF short-term swaps

- On January 11 and January 13, 1995, Mexico made two drawings of $250 million each under short-term swaps through the ESF. Mexico repaid these drawings on March 14, 1995.

- On February 2, 1995, the U.S. disbursed $1 billion under a short-term swap through the ESF; this swap was rolled over for an additional 90-day period on May 3, 1995 and again on August 1, for a new maturity date of October 30, 1995. The current quarterly interest rate is 5.45%.

ESF medium-term swaps

- Mexico drew $3 billion under a medium-term swap on March 14, 1995. The current quarterly interest rate is 7.80%.

  Repayment is to be made in seven installments as follows: six equal installments of $375 million each, payable on June 30, 1998 and each successive calendar quarter date to and including September 30, 1999; and one installment of $750 million, payable on December 31, 1999.

- On April 19, 1995, Mexico made a second $3 billion drawing through a medium-term swap. The current quarterly interest rate is 10.16%.

  Repayment is to be made in twelve installments as follows: eleven equal installments of $245 million each, payable on June 30, 1997 and on the last day of each successive calendar quarter, to and including December 31, 1999; and one installment of $305 million, payable on March 31, 2000.

- On May 19, 1995, Mexico drew $2 billion under a medium-term swap. The current quarterly interest rate is 10.16%.

  Repayment is to be made in twelve installments as follows: eleven equal installments of $170 million each, payable on June 30, 1997 and on the last day of each successive calendar quarter, to and including December 31, 1999; and one installment of $130 million, payable on March 31, 2000.

- Most recently, on July 5, 1995, Mexico drew \$2.5 billion under a medium-term swap. The current quarterly interest rate is 9.20%.

  Repayment is to be made in twelve installments as follows: eleven equal installments of \$205 million each, payable on September 30, 1997 and on the last day of each successive calendar quarter, to and including March 31, 2000; and one installment of \$245 million, payable on June 30, 2000.

Federal Reserve swaps

- Disbursements to Mexico through the Federal Reserve System total \$1.5 billion, with \$1 billion outstanding. All Federal Reserve disbursements are in the form of short-term swaps.

- On January 11 and January 13, 1995, Mexico made two drawings of \$250 million each under short-term swaps. Mexico repaid these drawings on March 14, 1995.

- A short-term swap of \$1 billion was extended on February 2, 1995; this swap was rolled over for an additional 90-day period on May 3, 1995 and again on August 1, 1995, for a new maturity date of October 30, 1995. The current quarterly interest rate is 5.45%.

Table 5 gives the amortization schedule of outstanding swaps.

IV. Mexico's Financial Transactions

Effective upon the signing of the agreements on February 21, 1995, and prior to each disbursement, Mexico must provide Treasury with information on the intended use of U.S. funds, and Treasury must verify that such uses are consistent with Mexico's Financial Plan.

TABLE 5. Amortization Schedule of Outstanding Swaps with Mexico

Quarter Ending	*Amount Due (US$ million)*		*Repayment Schedule of Disbursements to Date (US$ million)*				
	Quarterly	**Annually***	**02/02/95****	**03/14/95**	**04/19/95**	**05/19/95**	**07/05/95**
Total Amount	12,500	12,500	2,000	3,000	3,000	2,000	2,500
Mar-95	0			0	0	0	0
Jun-95	0			0	0	0	0
Sep-95	0			0	0	0	0
Dec-95	2,000	2,000	2,000	0	0	0	0
Mar-96	0			0	0	0	0
Jun-96	0			0	0	0	0
Sep-96	0			0	0	0	0
Dec-96	0	0		0	0	0	0
Mar-97	0			0	0	0	0
Jun-97	415			0	245	170	0
Sep-97	620			0	245	170	205
Dec-97	620	1,655		0	245	170	205
Mar-98	620			0	245	170	205
Jun-98	995			375	245	170	205
Sep-98	995			375	245	170	205
Dec-98	995	3,605		375	245	170	205
Mar-99	995			375	245	170	205
Jun-99	995			375	245	170	205
Sep-99	995			375	245	170	205
Dec-99	1,370	4,355		750	245	170	205
Mar-2000	640			0	305	130	205
Jun-2000	245			0	0	0	245
Sep-2000	0			0	0	0	0
Dec-2000	0	885		0	0	0	0

* This column represents the sum of quarterly payments in a given year; it does not represent an additional payment.

**$2 billion in short term swaps disbursed on February 2, 1995 were rolled over for an additional 90 day period on May 3, 1995, and again on August 1, 1995, for a new maturity date of October 30, 1995.

- To date, Mexico has requested and Treasury has authorized the use of funds to redeem *tesobonos* and other short-term, dollar-denominated debt of the Mexican government and its agencies.

- As of September 19, 1995, Mexico has used $12.2 billion in U.S. funds to redeem *tesobonos* and $0.3 billion to accumulate reserves for future redemptions of *tesobonos* and other short-term dollar-denominated obligations.

With U.S. and other official support, Mexico has reduced the amount of outstanding *tesobonos*, or short-term, dollar-linked government debt, by about $27 billion since the beginning of 1995.

- Since the beginning of 1995, the amount of *tesobonos* outstanding in public hands has declined from $29.2 billion to $2.6 billion at the end of September.

V. Status of the Oil Facility

Payments through the Federal Reserve Bank of New York account

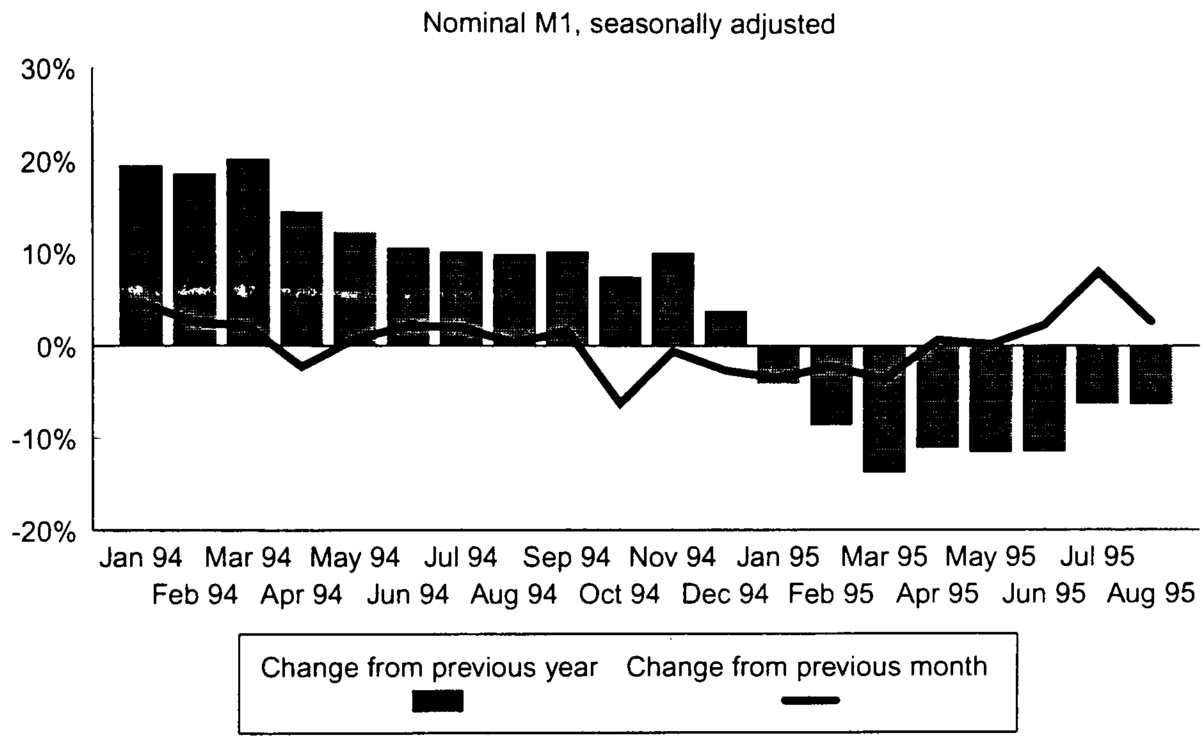
The payment mechanism, established under the Oil Proceeds Facility Agreement, continues to function smoothly.

An independent review has confirmed that the Mexican oil proceeds financial mechanism is working well. Petroleos Mexicanos' independent public auditors, Coopers & Lybrand, analyzed the information utilized for the last two quarterly export reports prepared by PEMEX and provided a report to the U.S. Treasury pursuant to the Oil Proceeds Facility Agreement. Their review revealed that the reports "fairly present" information related to both PEMEX's oil exports and the collection of proceeds from such exports. Similar reviews will be performed every six months.

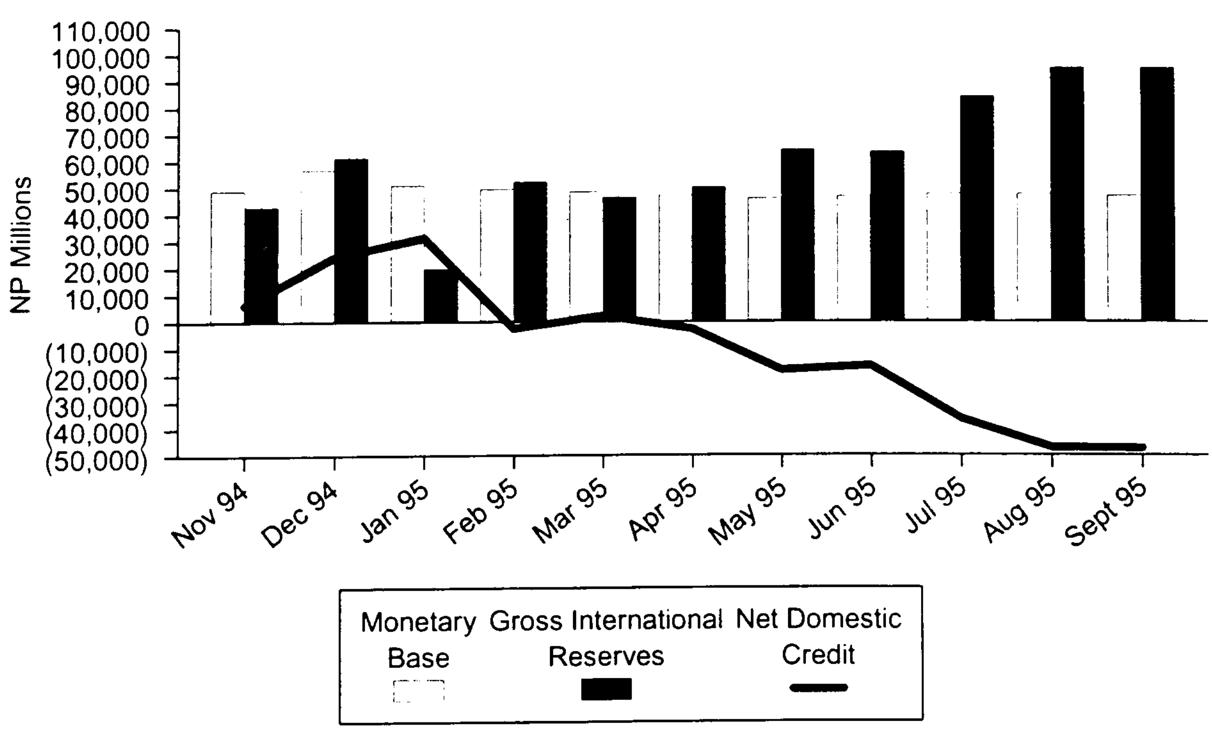
As of September 18, 1995, $4.6 billion has flowed through Mexico's special funds account at the Federal Reserve Bank of New York since the agreement went into effect in early March. Approximately $25 million to $30 million flows through the account each day. To date, there have been no set-offs against the proceeds from Mexico's crude oil, petrochemical, and refined product exports.

Mexico has pursued tight monetary policy.

- Money supply growth has been controlled.

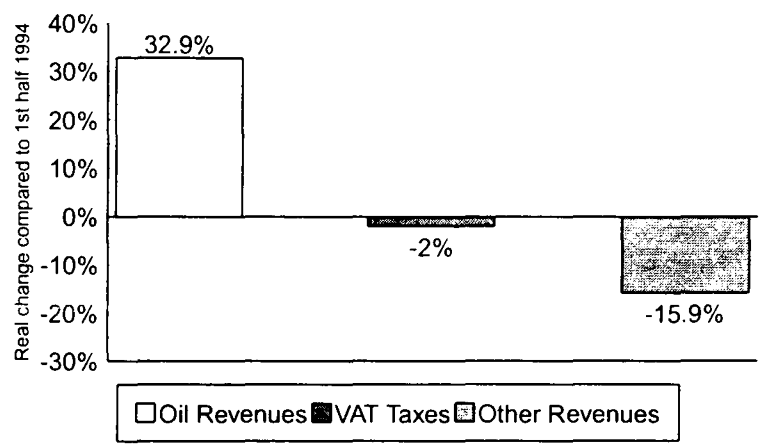


- Net domestic credit has been reduced.

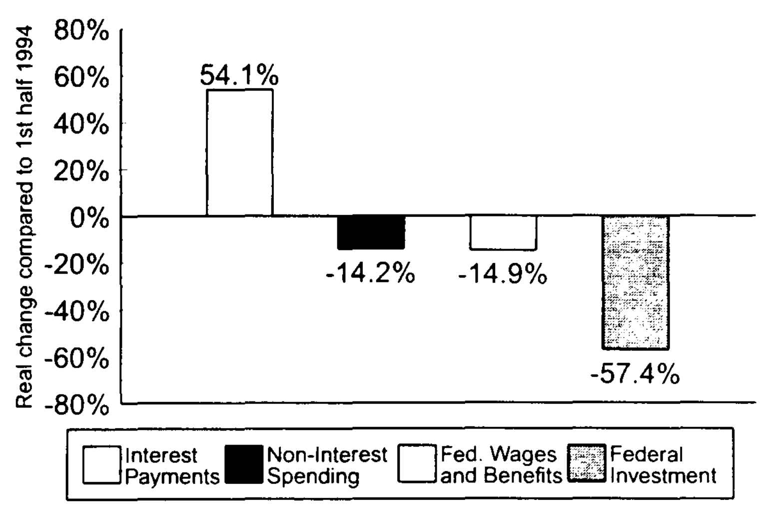


Despite the recessionary effects of adjustment, Mexico has maintained tight fiscal policy.

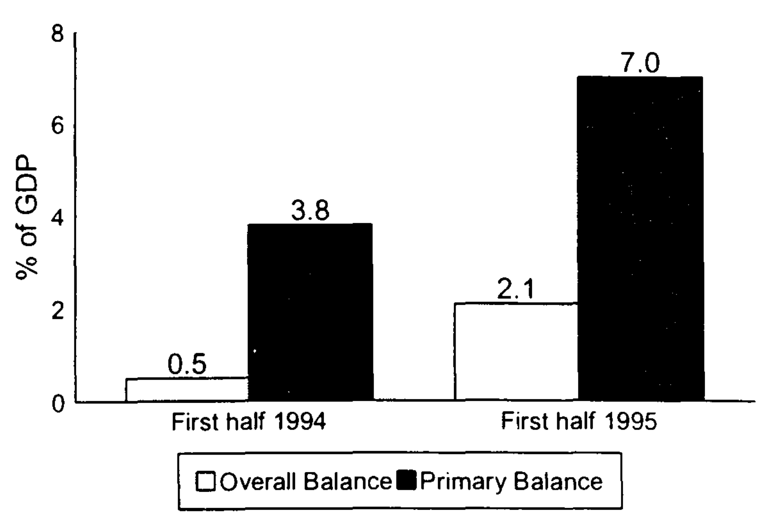
- Higher oil receipts and a VAT increase helped offset declines in other public sector revenues during the 1st half of 1995.



- Cuts in real non-interest public sector spending, particularly investment, more than offset high real interest payments.



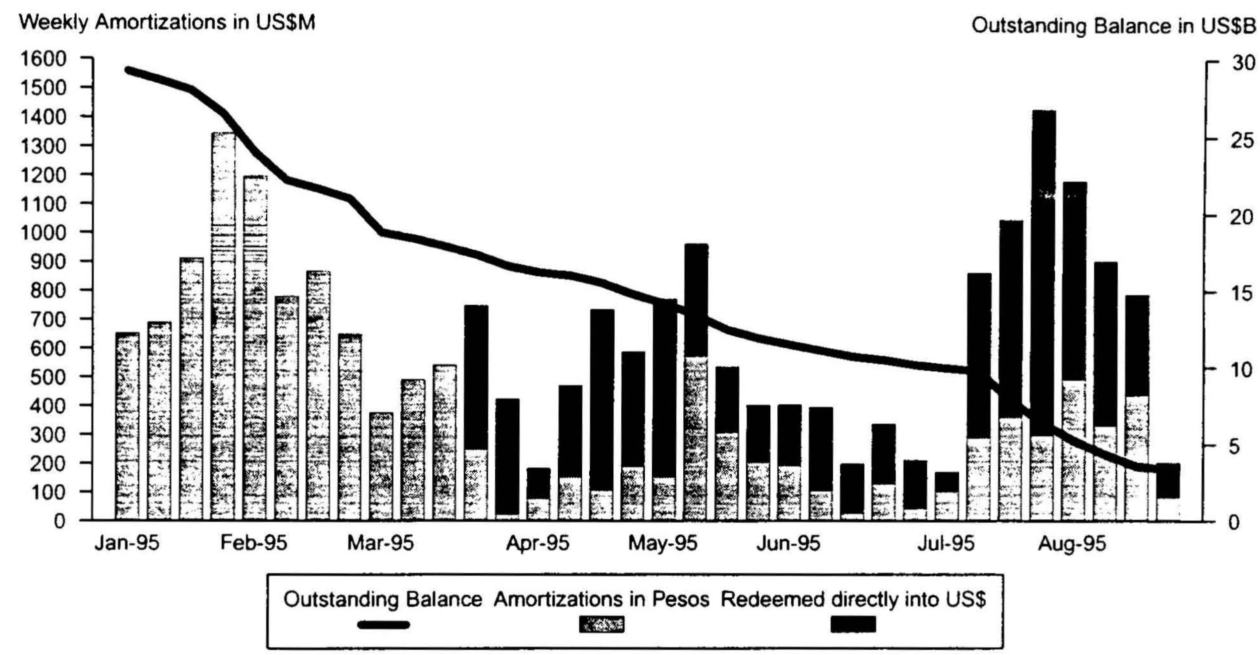
- As a result, the public sector non-financial balance increased compared to the first half of 1994.



Second quarter nominal GDP estimated using reported increase in Mexican CPI. Primary balance equals overall balance less interest payments.

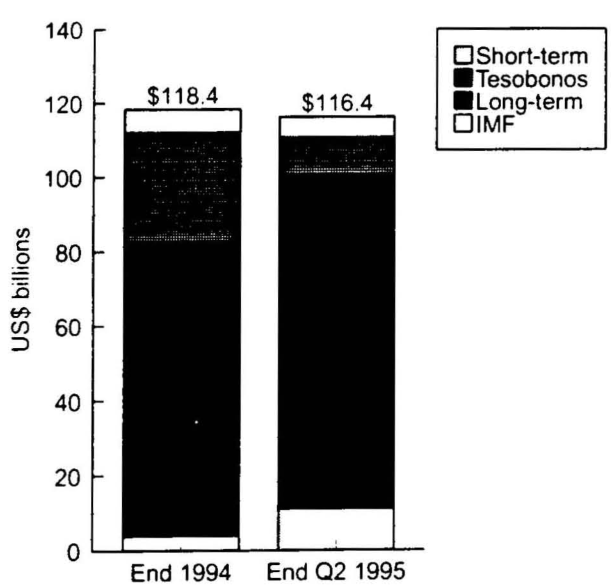
Mexico has effectively restructured its short-term dollar debt...

- The outstanding balance of tesobonos has been reduced by 91% this year.
- The July-August concentration in maturities has been successfully managed.

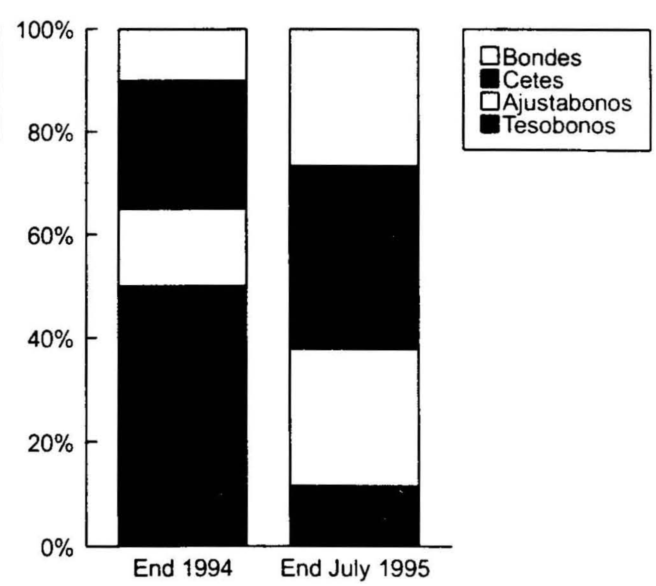


... and has reconfigured its debt profile.

- Maturities of tesobonos and GOM external debt* have been extended.



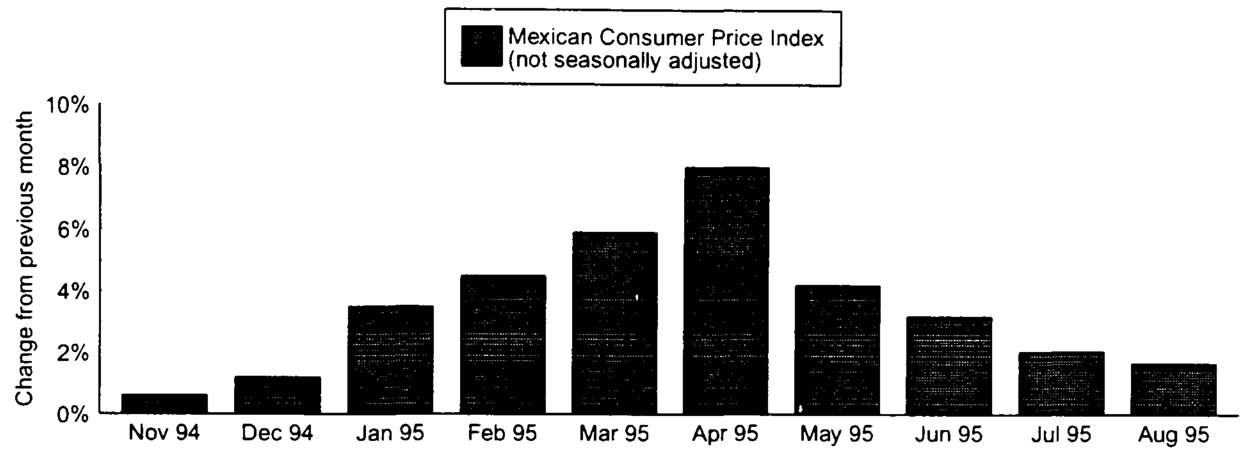
- Domestic debt is now mostly peso-denominated.



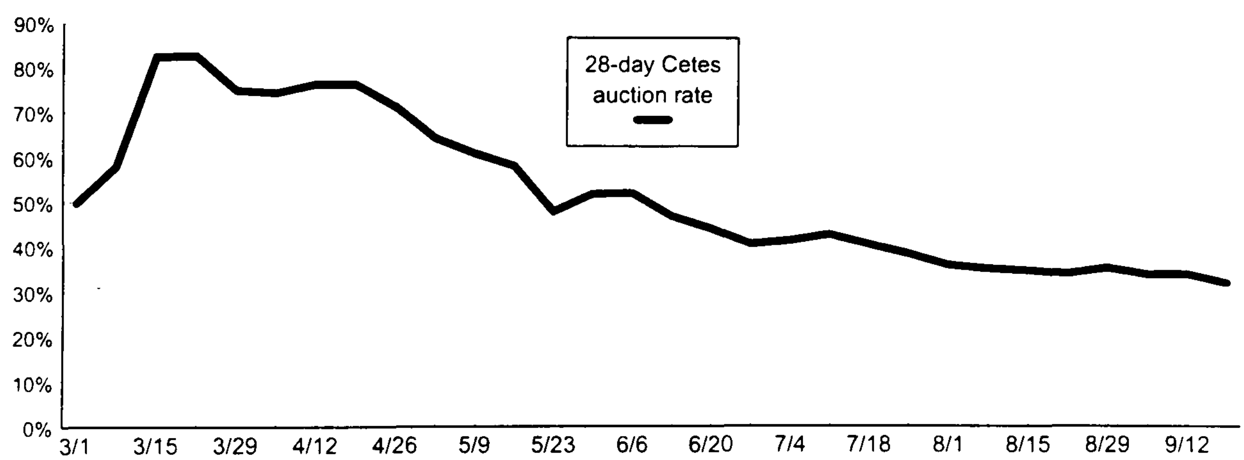
* *Includes only obligations of the Mexican government; does not include $11.5 billion in medium-term assistance from the IMF and $2 billion in short-term swaps from the ESF and Federal Reserve, accounted for as Bank of Mexico liabilities.*

Mexico's stabilization policies have produced strong results.

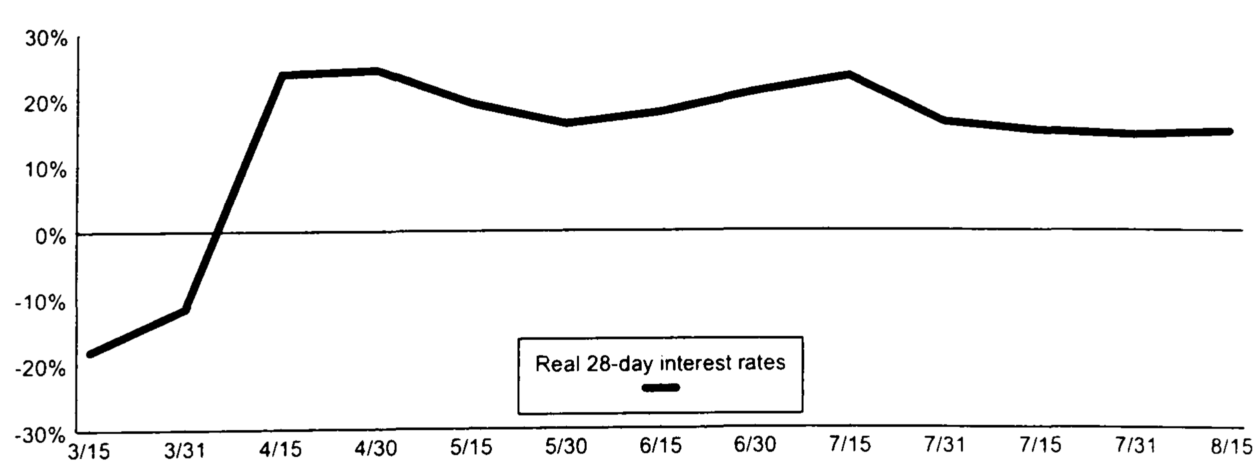
- Inflation has moderated.



- Nominal interest rates have fallen since their March peak.

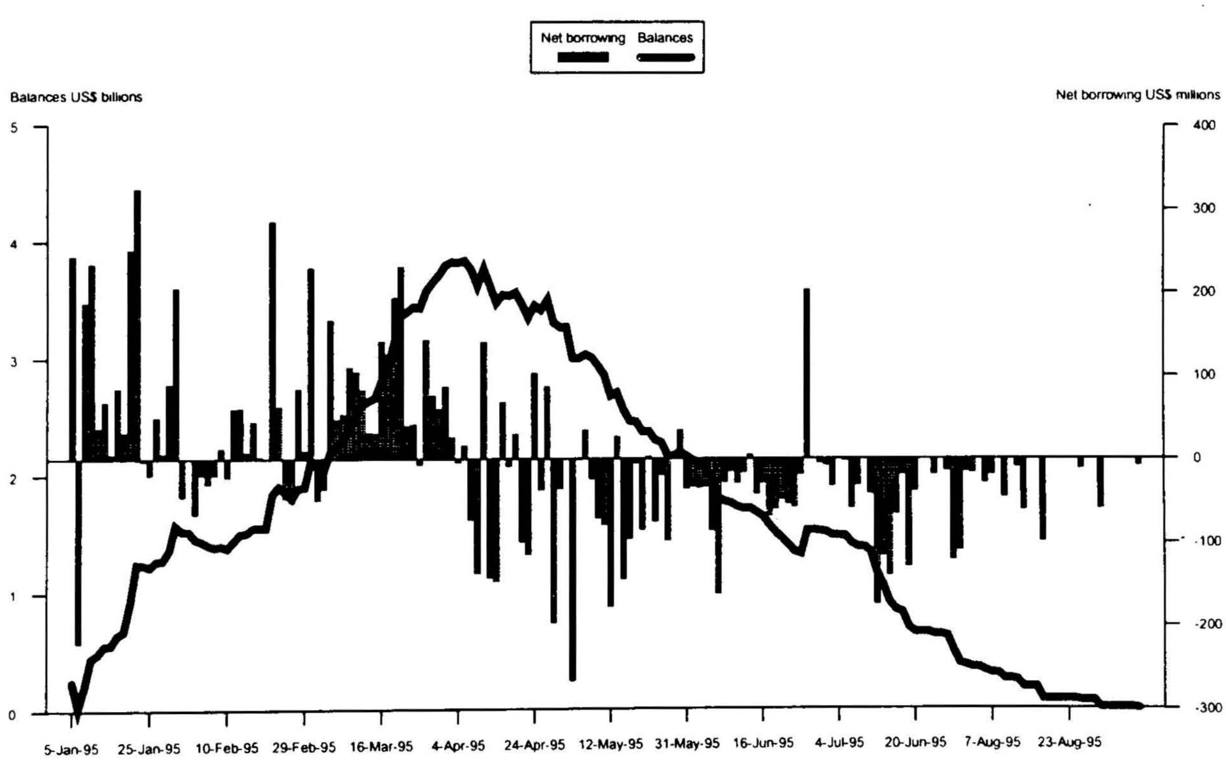


- High real interest rates reflect tight monetary policy.



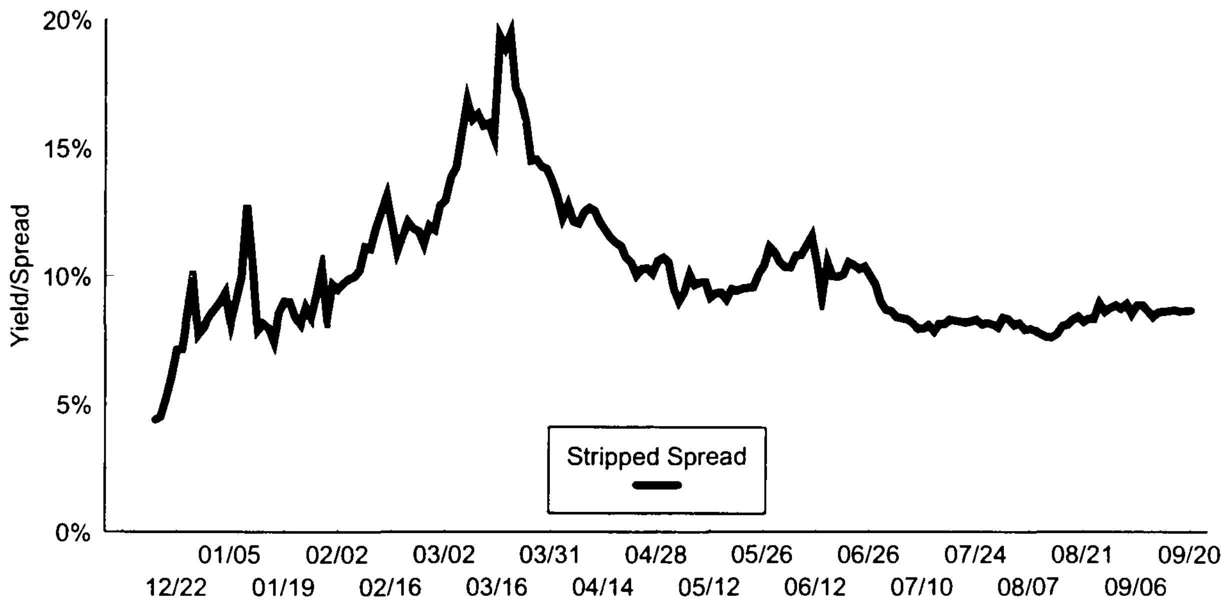
While the banking system remains under strain, dollar obligations by Mexican banks to the government insurance fund have been completely repaid.

- Repayment of FOBAPROA loans reflects Mexico's improved access to private international capital.

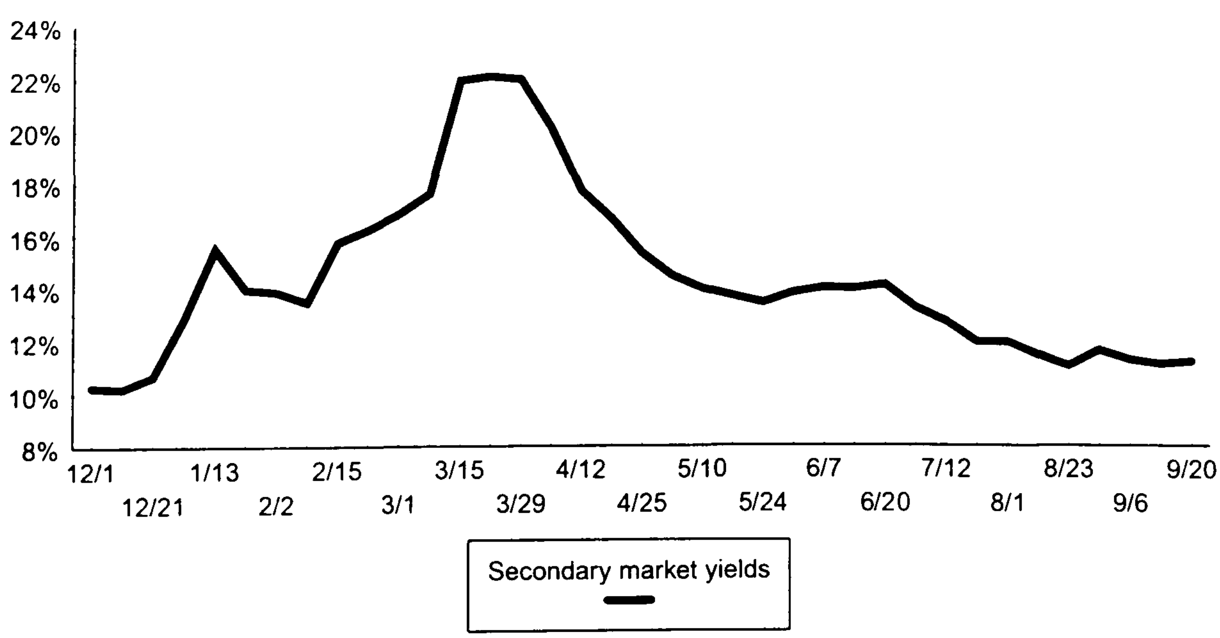


Bond markets have reacted favorably to Mexico's stabilization program, suggesting increased investor confidence.

- Stripped spreads on Mexican Brady Bonds have tightened significantly.

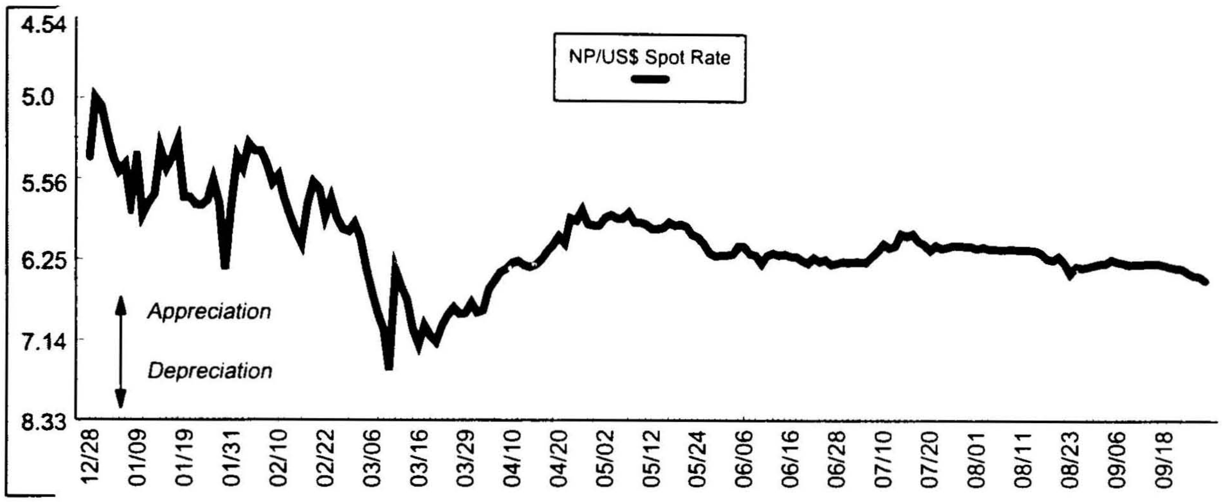


- Yields on United Mexican States Yankee bonds have declined since March.

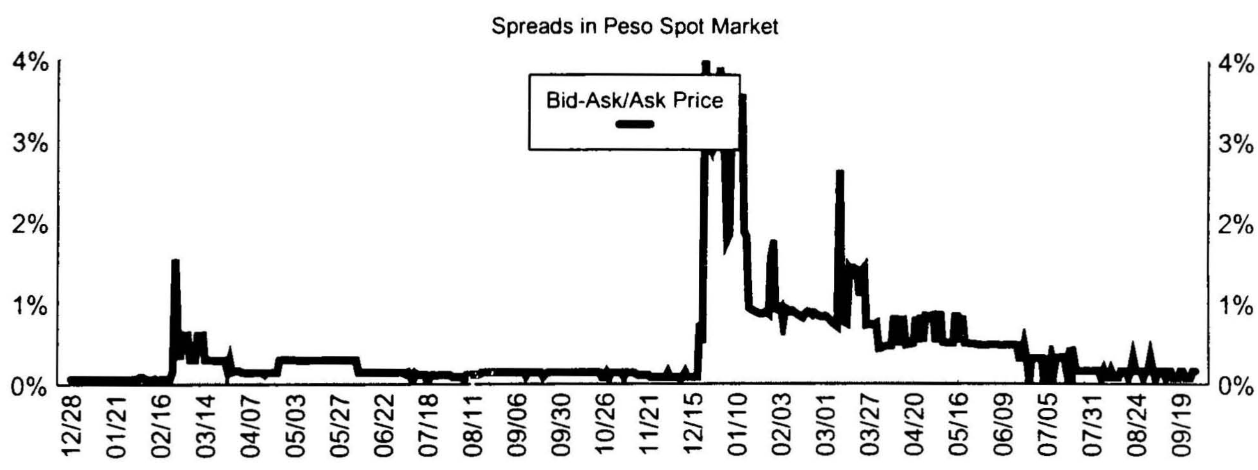


Investor confidence in Mexico's adjustment program has bolstered financial markets.

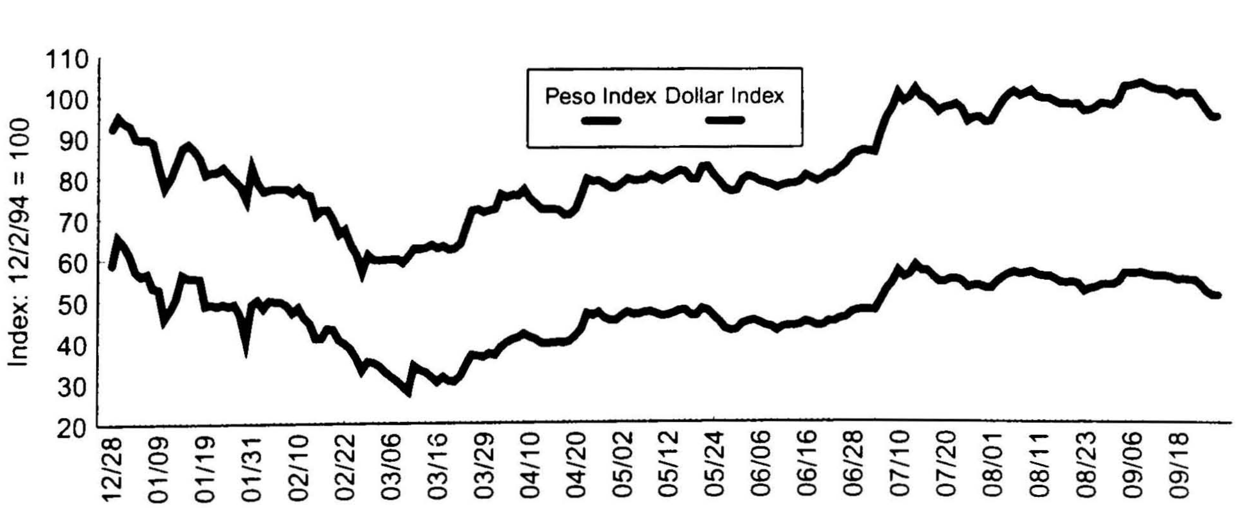
- The peso is currently about 20% above its March low.



- Volatility in peso trading has decreased since the height of the crisis.



- Mexico's stock market is currently near pre-crisis levels.

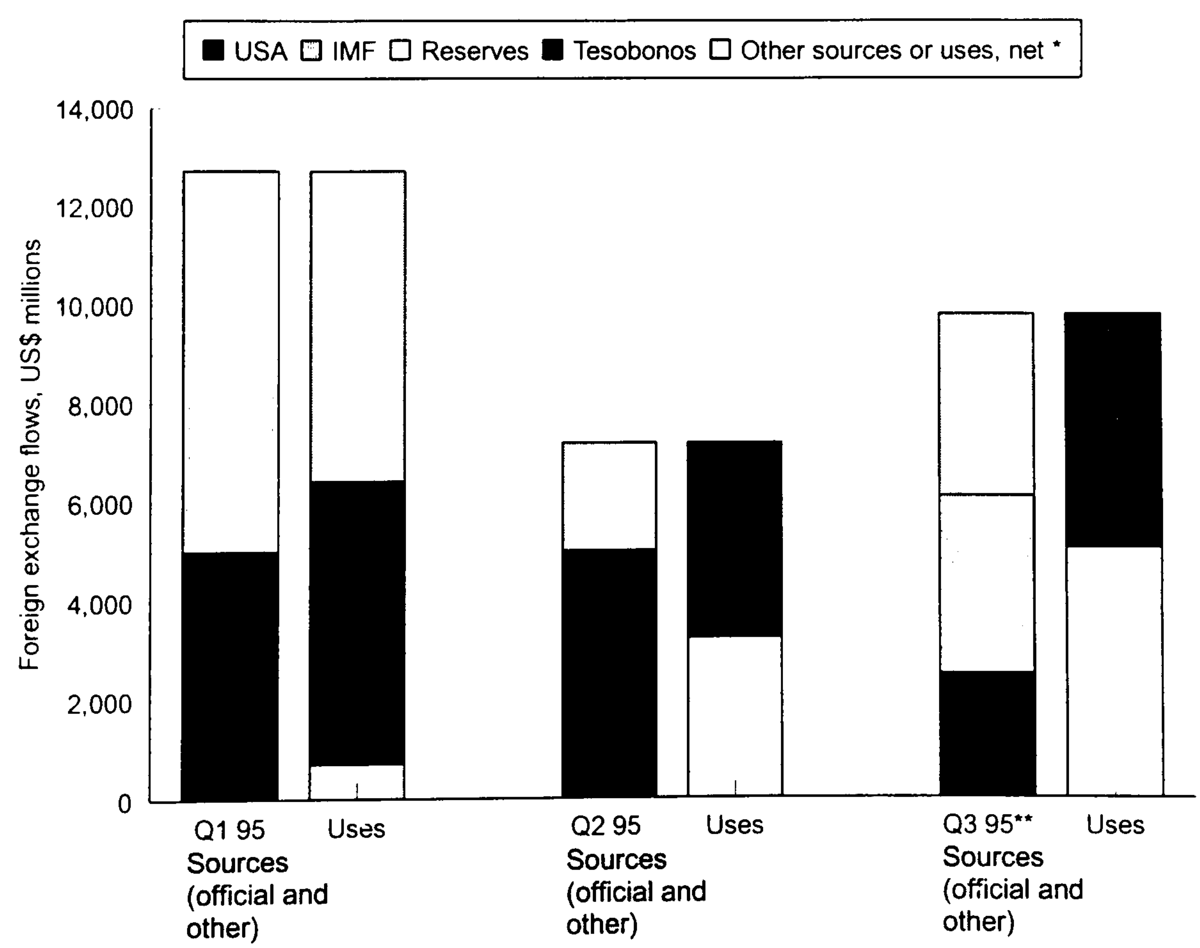


Financial support and market inflows have helped Mexico rebuild international reserves.

- In Q1 1995, liquidity problems caused by large tesobono redemptions and other capital outflows allowed for an increase in international reserves of only $702 million despite $12.7 billion in official assistance.

- In Q2, however, reserve accumulation of $3.2 billion amounted to 64% of the $5 billion in official support, despite outflows of $3.9 billion to redeem tesobonos.

- In the third quarter, through mid-September, reserves grew by $5.1 billion, or 83% of the $6.1 billion Mexico received in official support, despite outflows of $4.7 billion to redeem tesobonos.

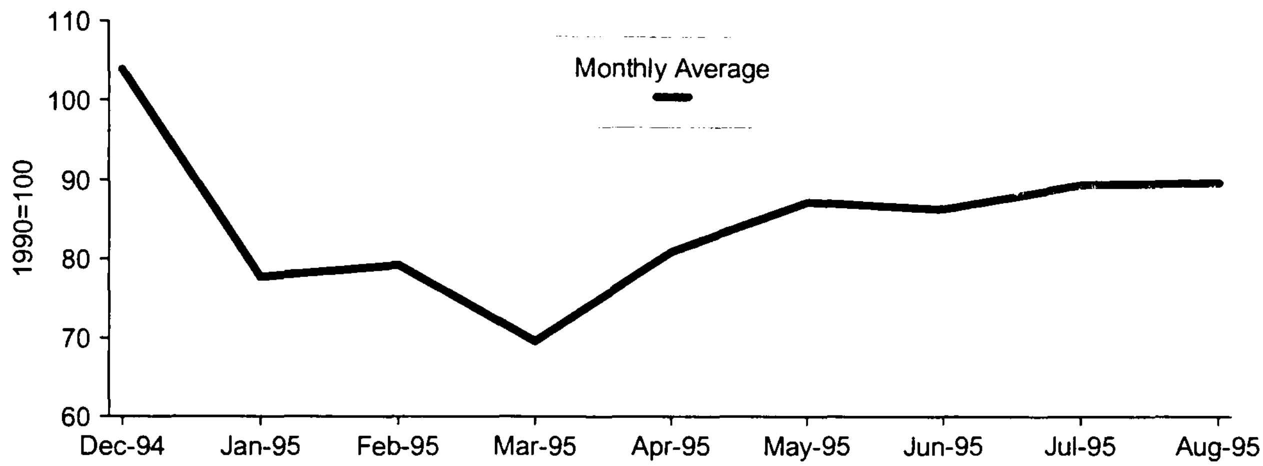


Current account balance, public sector external debt issuances and amortizations, and private capital flows.

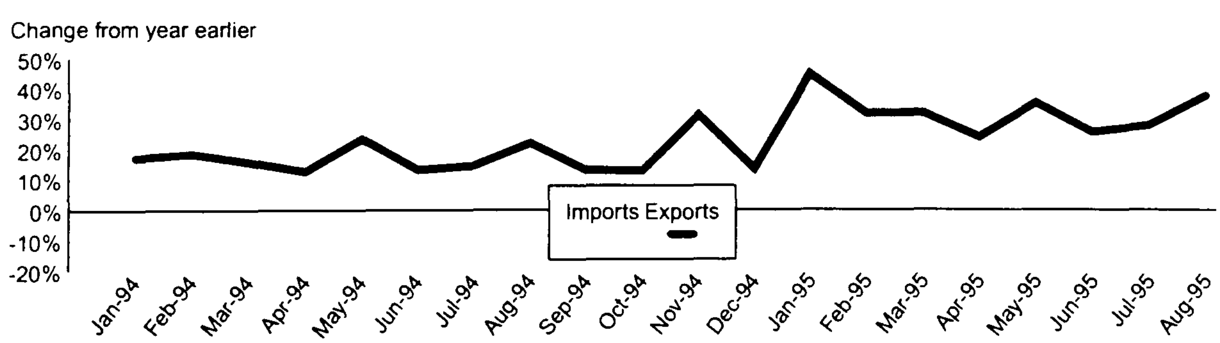
*** Through September 15.*

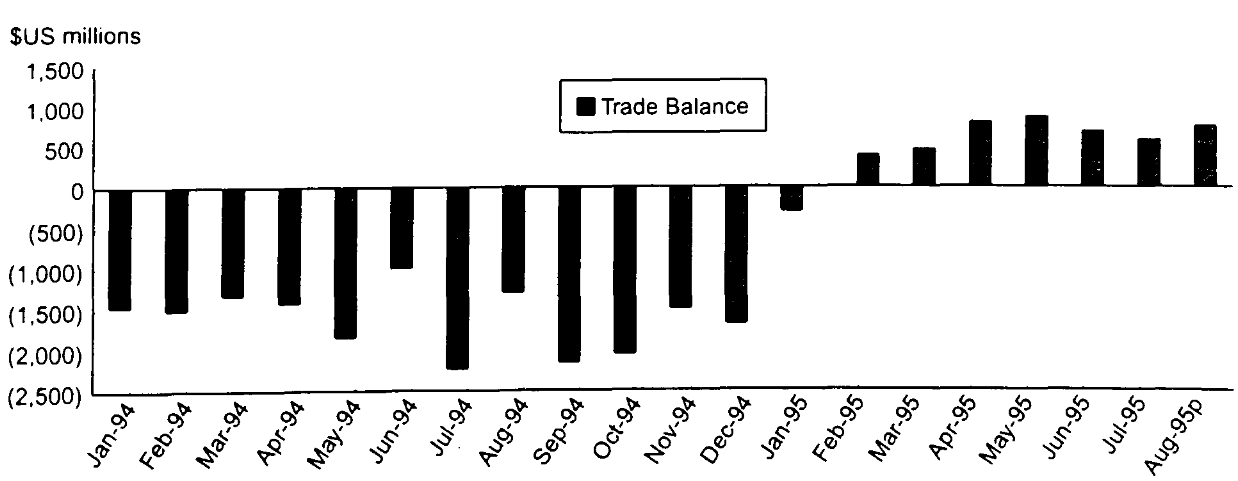
Mexico's real exchange rate has reflected the general stability of the peso and a moderating rate of inflation.

- The real exchange rate has appreciated, but remains below pre-crisis levels.



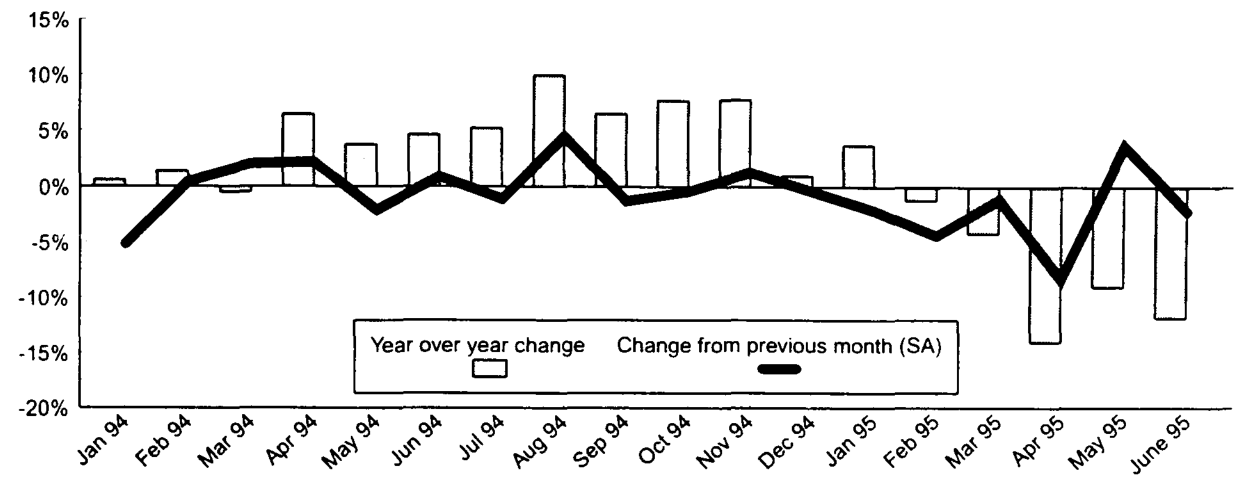
Exports have exceeded imports for six consecutive months, producing a trade surplus.





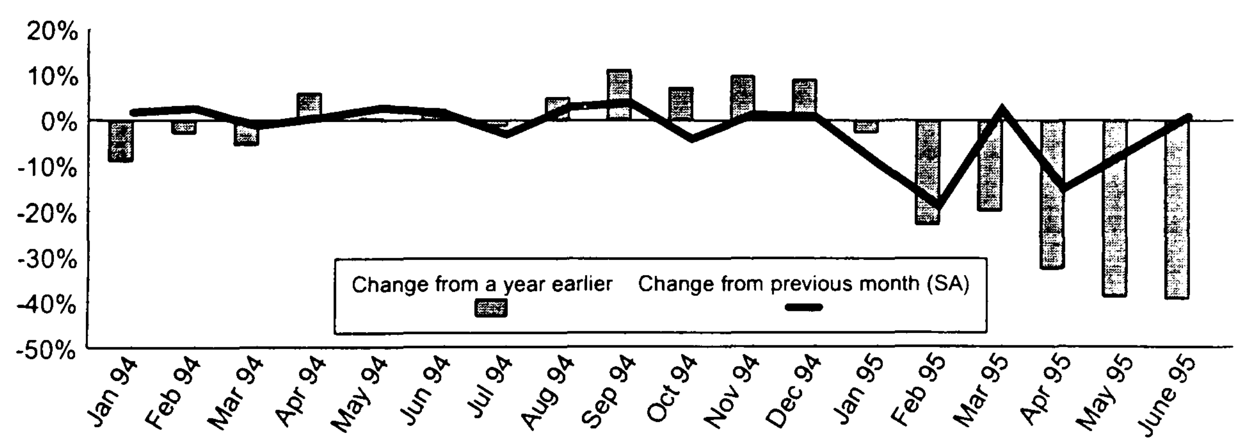
Mexico's economy experienced a sharp recession in 1995.

- Industrial production declined.

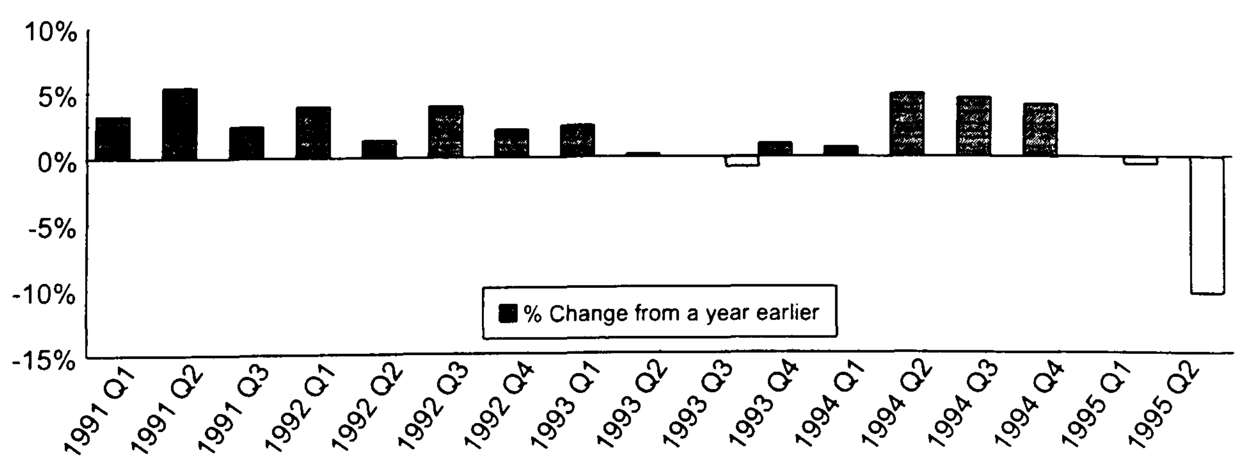


SA indicates seasonally adjusted.

- Retail sales fell.



- GDP contracted.



federal financing bank NEWS
WASHINGTON, D.C. 20220
Press 202-622-2960
FFB 202-622-2450

September 29, 1995

FEDERAL FINANCING BANK

Charles D. Haworth, Secretary, Federal Financing Bank (FFB), announced the following activity for the month of August 1995.

FFB holdings of obligations issued, sold or guaranteed by other Federal agencies totaled $86.8 billion on August 31, 1995, posting a decrease of $2,115.7 million from the level on July 31, 1995. This net change was the result of a decrease in holdings of agency debt of $1,052.0 million, in holdings of agency assets of $1,035.2 million, and in holdings of agency-guaranteed loans of $28.5 million. FFB made 16 disbursements and executed 115 maturity extensions or interest rate resets during the month of August. FFB also received 153 prepayments in August.

Attached to this release are tables presenting FFB August loan activity and FFB holdings as of August 31, 1995.

FEDERAL FINANCING BANK
AUGUST 1995 ACTIVITY

BORROWER	DATE	AMOUNT OF ADVANCE	FINAL MATURITY	INTEREST RATE
AGENCY DEBT				
*U.S. Postal Service	8/15	$300,000,000.00	11/15/95	5.722% S/A
*U.S. Postal Service	8/15	$300,000,000.00	11/15/95	5.722% S/A
*U.S. Postal Service	8/15	$500,000,000.00	11/15/95	5.722% S/A
GOVERNMENT - GUARANTEED LOANS				
GENERAL SERVICES ADMINISTRATION				
Memphis IRS Service Cent.	8/2	$4,600,371.74	1/2/96	5.775% S/A
*Foley Square Courthouse	8/4	$770,239.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$653,458.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$1,101,529.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$1,193,114.39	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$1,018,833.20	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$1,342,726.76	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$1,201,031.96	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$1,871,714.54	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$2,309,699.55	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$1,854,805.86	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$2,180,135.68	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$3,273,710.81	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$1,923,716.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$4,414,523.23	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$318,936.40	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$225,436.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$2,606,399.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$226,593.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$73,684.62	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$162,889.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$3,457,711.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$57,499.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$28,422.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$4,899,131.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$237,979.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$5,734,790.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$6,309,667.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$10,181,743.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$11,103,871.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$225,287.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$8,662,213.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$10,657,014.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$9,443,163.00	7/31/25	6.992% S/A

S/A is a Semi-annual rate
* maturity extension or interest rate reset

FEDERAL FINANCING BANK
AUGUST 1995 ACTIVITY

BORROWER	DATE	AMOUNT OF ADVANCE	FINAL MATURITY	INTEREST RATE
GOVERNMENT - GUARANTEED LOANS				
GENERAL SERVICES ADMINISTRATION				
*Foley Square Courthouse	8/4	$8,291,656.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$15,314,730.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$11,943,484.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$12,055,809.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$11,756,626.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$15,883,111.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$12,926,671.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$14,530,174.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$14,461,021.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$14,584,776.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$12,712,708.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$15,003,796.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$15,645,628.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$6,742,550.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$7,100,892.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$10,289,963.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$10,860,308.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$8,088,093.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$6,958,810.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$9,038,123.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$7,442,287.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$1,363,301.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$2,342,530.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$1,917,588.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$1,435,217.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$806,822.00	7/31/25	6.992% S/A
*Foley Square Courthouse	8/4	$793,036.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$641,496.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$900,206.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$1,421,100.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$1,775,981.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$2,307,932.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$1,932,378.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$1,784,197.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$2,450,879.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$2,435,370.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$3,959,605.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$2,891,337.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$3,208,693.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$5,367,316.00	7/31/25	6.992% S/A

S/A is a Semi-annual rate
* maturity extension or interest rate reset

FEDERAL FINANCING BANK
AUGUST 1995 ACTIVITY

BORROWER	DATE	AMOUNT OF ADVANCE	FINAL MATURITY	INTEREST RATE
GOVERNMENT - GUARANTEED LOANS				
GENERAL SERVICES ADMINISTRATION				
*Foley Square Office Bldg.	8/4	$3,745,205.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$5,769,225.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$2,260,036.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$5,229,713.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$5,420,349.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$5,117,626.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$7,622,759.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$6,921,378.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$8,061,766.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$8,595,398.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$10,952,780.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$10,990,271.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$9,100,311.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$8,268,511.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$8,922,315.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$8,095,979.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$6,801,793.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$5,810,309.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$7,051,191.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$7,055,348.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$7,629,703.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$7,298,033.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$9,327,114.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$9,430,667.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$156,182.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$9,312,764.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$8,605,675.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$8,213,408.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$7,620,825.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$6,496,998.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$5,588,511.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$6,162,995.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$5,470,398.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$2,712,609.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$2,181,810.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$1,232,667.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$1,836,610.00	7/31/25	6.992% S/A
*Foley Square Office Bldg.	8/4	$1,334,446.00	7/31/25	6.992% S/A
*Foley Sqare Land Purchase	8/4	$104,000,000.00	7/31/25	6.992% S/A
Oakland Office Building	8/10	$50,487.00	9/5/23	6.962% S/A

S/A is a Semi-annual rate
* maturity extension or interest rate reset

FEDERAL FINANCING BANK
AUGUST 1995 ACTIVITY

BORROWER	DATE	AMOUNT OF ADVANCE	FINAL MATURITY	INTEREST RATE
GOVERNMENT - GUARANTEED LOANS				
GENERAL SERVICES ADMINISTRATION				
Foley Services Contract	8/11	$230,540.00	12/11/95	5.730% S/A
Foley Services Contract	8/11	$113,621.37	12/11/95	5.730% S/A
Atlanta CDC Office Bldg.	8/18	$1,172,648.73	9/1/95	5.732% S/A
Foley Services Contract	8/21	$314,007.92	12/11/95	5.763% S/A
Foley Square Courthouse	8/22	$1,382,303.00	7/31/25	6.979% S/A
Atlanta CDC Office Bldg.	8/29	$1,541,853.97	9/1/95	5.607% S/A
Foley Square Office Bldg.	8/29	$2,730,798.00	7/31/25	6.794% S/A
Memphis IRS Service Cent.	8/29	$1,740,522.00	1/2/96	5.639% S/A
GSA/PADC				
ICTC Building	8/15	$11,425,589.04	11/2/26	7.076% S/A
RURAL UTILITIES SERVICE				
O & A Electric Coop. #379	8/4	$650,000.00	12/31/26	6.939% Qtr.
Central Power Elec. #395	8/14	$190,000.00	12/31/26	7.014% Qtr.
Randolph Electric #359	8/21	$250,000.00	12/31/25	6.886% Qtr.
Beaver Creek Coop. #391	8/22	$500,000.00	12/31/13	6.701% Qtr.
Wild Rice Electric #353	8/22	$250,000.00	12/31/25	6.919% Qtr.

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

FEDERAL FINANCING BANK
(in millions)

Program	August 31, 1995	July 31, 1995	Net Change 8/1/95-8/31/95	FY '95 Net Change 10/1/94-8/31/95
Agency Debt:				
Department of Transportation	$ 0.0	$ 0.0	$ 0.0	$ -664.7
Export-Import Bank	2,646.1	2,646.1	0.0	-1,280.4
Resolution Trust Corporation	13,603.8	14,655.8	-1,052.0	-12,915.4
Tennessee Valley Authority	3,200.0	3,200.0	0.0	-200.0
U.S. Postal Service	8,614.7	8,614.7	0.0	-358.4
sub-total*	28,064.5	29,116.5	-1,052.0	-15,418.8
Agency Assets:				
FmHA-ACIF	1,690.0	1,838.0	-148.0	-4,373.0
FmHA-RDIF	3,675.0	3,675.0	0.0	0.0
FmHA-RHIF	22,019.0	22,906.0	-887.0	-2,372.0
DHHS-Health Maintenance Org.	8.0	8.0	0.0	-17.3
DHHS-Medical Facilities	23.8	23.8	0.0	-11.9
Rural Utilities Service-CBO	4,598.9	4,598.9	0.0	0.0
Small Business Administration	0.1	0.3	-0.2	-0.9
sub-total*	32,014.8	33,050.0	-1,035.2	-6,775.2
Government-Guaranteed Loans:				
DOD-Foreign Military Sales	3,546.1	3,567.5	-21.5	-239.4
DHUD-Community Dev. Block Grant	91.6	93.1	-1.5	-18.3
DHUD-Public Housing Notes	1,688.5	1,688.5	0.0	-58.0
General Services Administration +	2,257.5	2,232.2	25.3	227.9
DOI-Virgin Islands	21.0	21.0	0.0	-1.0
DON-Ship Lease Financing	1,432.1	1,432.1	0.0	-47.4
Rural Utilities Service	17,276.2	17,274.4	1.8	-40.4
SBA-Small Business Investment Cos.	9.8	15.8	-6.0	-46.8
SBA-State/Local Development Cos.	359.7	386.0	-26.3	-163.3
DOT-Section 511	14.6	15.0	-0.4	0.0
sub-total*	26,697.1	26,725.6	-28.5	-386.7
	=========	=========	========	=========
grand-total*	$ 86,776.4	$ 88,892.1	$-2,115.7	$-22,580.7

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

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR IMMEDIATE RELEASE
October 2, 1995

Contact: Michelle Smith
(202) 622-2960

MEDIA ADVISORY

Treasury Secretary Robert E. Rubin will host the G-7 finance ministers meeting Saturday, October 7 at the Treasury Department.

A pre-G-7 press conference will be at 10 a.m. Friday, October 6, in Treasury's large conference room, Room 3327. Secretary Rubin will brief reporters, followed on background by a senior Treasury official. The press conference will be embargoed for 10 to 15 minutes after the backgrounder.

Cameras should be in place at the Bell Entrance of the Treasury Department (between the Treasury and the White House) at 11:30 a.m. for arrivals of the finance ministers. Other expected press opportunities include a group photo of the finance ministers and a pooled photo opportunity of the finance ministers' working session. Times for these events will be provided.

A press conference will be at 5:45 p.m., Saturday, (time tentative) after the G-7 meeting, in Treasury's large conference room, Room 3327.

Media without Treasury, White House, State, Defense or Congressional credentials planning to cover any of these events should contact the Office of Public Affairs at (202) 622-2960, with the following information: name, Social Security or passport number, news organization and date of birth, by 5 p.m., Thursday, October 5. This information may be faxed to (202) 622-1999.

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RR-611

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
October 2, 1995

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Tenders for $12,623 million of 13-week bills to be issued October 5, 1995 and to mature January 4, 1996 were accepted today (CUSIP: 912794W42).

RANGE OF ACCEPTED
COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	5.31%	5.47%	98.658
High	5.34%	5.50%	98.650
Average	5.34%	5.50%	98.650

$1,000,000 was accepted at lower yields.
Tenders at the high discount rate were allotted 29%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$45,032,231	$12,623,396
Type		
Competitive	$39,556,466	$7,147,631
Noncompetitive	1,366,110	1,366,110
Subtotal, Public	$40,922,576	$8,513,741
Federal Reserve	3,463,530	3,463,530
Foreign Official Institutions	646,125	646,125
TOTALS	$45,032,231	$12,623,396

An additional $98,775 thousand of bills will be issued to foreign official institutions for new cash.

5.27 -- 98.668   5.32 -- 98.655   5.33 -- 98.653

AUCTION RESULTS
PUBLIC DEBT NEWS
Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR IMMEDIATE RELEASE
October 2, 1995

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Tenders for $12,614 million of 26-week bills to be issued October 5, 1995 and to mature April 4, 1996 were accepted today (CUSIP: 912794X90).

RANGE OF ACCEPTED
COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	5.36%	5.60%	97.290
High	5.38%	5.62%	97.280
Average	5.38%	5.62%	97.280

$1,650,000 was accepted at lower yields.
Tenders at the high discount rate were allotted 24%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$47,541,130	$12,614,294
Type		
Competitive	$41,775,631	$6,848,795
Noncompetitive	1,257,224	1,257,224
Subtotal, Public	$43,032,855	$8,106,019
Federal Reserve	3,200,000	3,200,000
Foreign Official Institutions	1,308,275	1,308,275
TOTALS	$47,541,130	$12,614,294

An additional $199,925 thousand of bills will be issued to foreign official institutions for new cash.

5.25 -- 97.346 5.27 -- 97.336 5.37 -- 97.285

RR-613

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR RELEASE AT 2:30 P.M.
October 3, 1995

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 October 12, 1995. This offering will provide about $250 million of new cash for the Treasury, as the maturing bills are outstanding in the amount of $25,759 million.

Federal Reserve Banks hold $6,414 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 $2,326 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) 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

RR-614

HIGHLIGHTS OF TREASURY OFFERINGS OF WEEKLY BILLS TO BE ISSUED OCTOBER 12, 1995

October 3, 1995

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 W5 9	912794 Y2 4
Auction date	October 10, 1995	October 10, 1995
Issue date	October 12, 1995	October 12, 1995
Maturity date	January 11, 1996	April 11, 1996
Original issue date	January 12, 1995	October 12, 1995
Currently outstanding	$31,882 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 Daylight Saving time on auction day

Competitive tenders . . . . Prior to 1:00 p.m. Eastern Daylight Saving 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
October 4, 1995

Contact: Jon Murchinson
(202) 622-2960

SECRETARY RUBIN ANNOUNCES TAX COURT NOMINEE

Treasury Secretary Robert E. Rubin announced Wednesday, that President Clinton intends to nominate Joseph H. Gale to be a judge on the United States Tax Court.

Mr. Gale has served as Minority Staff Director for the Senate Committee on Finance since July 1995. He was the committee's Minority Chief Tax Counsel from January 1995 to July 1995 and was Chief Tax Counsel from January 1993 to January 1995. Mr. Gale was Chief Counsel for Senator Daniel Patrick Moynihan (D-N.Y.) from 1990 to 1993. He has also been an associate attorney with the law firms of Dickstein, Shapiro & Morin in Washington, D.C. and Dewey, Ballantine, Bushby, Palmer & Wood in Washington, D.C. and New York, N.Y.

Mr. Gale received an A.B. in Philosophy from Princeton University in 1976 and a J.D. from the University of Virginia School of Law in 1980, where he was a Dillard Fellow from 1979 to 1980.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
October 5, 1995

Contact: Michelle Smith
(202) 622-2960

MEXICO PREPAYS $700 MILLION IN U.S. SWAPS

Treasury Secretary Robert E. Rubin announced on Thursday that Mexico will prepay the United States $700 million in short-term swaps -- half to Treasury's Exchange Stabilization Fund (ESF) and half to the Federal Reserve System.

"Mexico is beginning to repay the United States before it was expected to do so," Secretary Rubin said. "As we said last winter, the financial program for Mexico supported economic reforms, protected the American taxpayer, and ensured that Mexico would remain a growing market for U.S. exports and a stable neighbor on our southern border. By these measures, the Mexico program is a success."

In providing assistance to Mexico under the February 21 Agreements, the Administration acted to protect American exports and jobs, the security of our common border, and the stability of other emerging market economies.

"Because our support enabled Mexico's authorities to act, Mexico's international reserves are up, the current account deficit has been closed, *tesobonos* have been largely retired, and the country has quickly regained access to the capital markets," Secretary Rubin said.

After this repayment, U.S. support outstanding will total $11.8 billion, $1.3 billion in short-term swaps, and $10.5 billion in medium-term swaps. Under the program, Mexico has paid $435 million in interest on its swaps to the ESF and $33.4 million in interest on its swaps with the Federal Reserve.

Rubin noted Mexican Finance Minister Ortiz's announcement of an upcoming 5-year bond issue and added that, "Mexico's ability to repay $700 million, while extending the maturities of its external debt, is good financial news for Mexico and for the United States. We agree with the Mexican authorities that the continuation of strong stabilization policies will be the quickest way for Mexico to return to growth."

RR-616

(More)

While Mexico's repayment demonstrates restored financial stability and regained confidence, Treasury reaffirms that a total of $20 billion in U.S. support could be made available to Mexico, in stages, and if needed, based on Mexico's continuing fulfillments of its commitments under the February 21 agreements.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
October 5, 1995

Contact: Michelle Smith
(202) 622-2960

RUBIN WELCOMES ASIAN DEVELOPMENT BANK WASHINGTON OFFICE

Treasury Secretary Robert E. Rubin on Thursday welcomed the announcement of the formal opening of the Asian Development Bank's North American representative office.

"The Asian Development Bank plays a crucial role in development of the region, where the dynamic growth of Asian economies presents tremendous opportunities for U.S. businesses," Secretary Rubin said. "Having an office in Washington provides a key access point for U.S. firms interested in penetrating and expanding their market share in these emerging markets."

The office, the Bank's first in a non-borrowing country, aims to strengthen and expand the working ties of the Bank with the United States and Canada, two of the Bank's donor countries and major shareholders. It will also help improve coordination with key international development institutions headquartered in Washington and New York. Business people, academics and non-governmental organizations will also benefit from this important communication link.

The Asian Development Bank, a development finance institution now in its 29th year of operation, is engaged in promoting the economic and social progress of the Asian and Pacific region. The Bank has 56 member countries, 40 within and 16 outside the region. It provides loans, equity investments and technical assistance, and also cofinances projects with bilateral and multilateral agencies as well as export credit and commercial sources.

As of June 30, 1995, the Bank had approved $51.9 billion in loans for 1,236 projects in 34 countries and $3.9 billion for 3,539 technical assistance grants.

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FOR IMMEDIATE RELEASE
October 5, 1995

Contact: Calvin Mitchell
(202)622-2920

STATEMENT OF SECRETARY ROBERT E. RUBIN ON MEDICARE HOSPITAL INSURANCE TRUST FUND

As Managing Trustee of the Medicare Hospital Insurance (HI) Trust Fund, I have noted a number of statements by Members of Congress which appear to be based on a misunderstanding of what our 1995 annual report said. Because votes for significant changes in Medicare should not be cast without Members knowing the facts, I want to recount briefly what the Trustees reported about the funding status of Medicare.

Simply said, no Member of Congress should vote for $270 billion in Medicare cuts believing that reductions of this size have been recommended by the Medicare Trustees or that such reductions are needed now to prevent an imminent funding crisis. That would be factually incorrect.

In the annual report to Congress on the financial condition of Medicare, the Trustees concluded that using intermediate assumptions the HI Trust Fund will not be depleted until 2002, seven years from now. The major change between the 1994 Trustees Report and the 1995 Trustee Report is that the 1995 report showed a one year improvement in the solvency of the trust fund from 2001 to 2002.

When we issued our findings, we asked Congress to take remedial action to fix the HI Trust Fund on a near-term basis and then to make long-term changes in the system that would accommodate the influx of "baby-boomer" beneficiaries. The first baby-boomers will reach 65 in the year 2010. At no time did the Trustees call the funding crisis "imminent." Without adequate time for reflection, a responsible, bipartisan, long-term solution to the financing problem could not be structured. We therefore did not imply that cuts of the magnitude being proposed now were needed.

Nonetheless, the Majority is asking for $270 billion in Medicare cuts, almost three times what is needed to guarantee the life of the Hospital Insurance (Part A) Trust Fund for the next ten years. Moreover, I understand that the $270 billion of cuts proposed by the Majority includes increases in costs to beneficiaries under Part B of the Medicare program, even though increases in Part B do not contribute to the solvency of the Part A Trust Fund. In this context it is clear that more than $100 billion in Medicare funding reductions are being used to pay for other purposes -- not to shore up the Medicare HI Trust Fund.

RR-618

(more)

By contrast, the President's proposal, by extending the life of the Part A trust fund to 2006, as certified by the Health Care Financing Administration Chief Actuary, is consistent with actions by prior Congresses and would afford us far more than sufficient time to propose a bipartisan solution to the long-term fiscal needs of Medicare. Such a bipartisan solution will be needed regardless of whether the President's plan or Congress's plan is finally adopted.

I am encouraged by the plans recently put forth by Senate Democrats led by Senators Daschle and Moynihan, which like the Administration's plan, would strengthen Medicare and its Hospital Insurance Trust Fund.

Finally, to emphasize, the Trustees did not recommend $270 billion of Medicare cuts at this time nor state that the funding problems facing Medicare require actions of this magnitude now to deal with a financing problem that occurs in the next century.

I hope this information can be provided to Members of Congress on both sides of the aisle as they review the significant changes in Medicare that are being considered so that Members can have a clear understanding of the facts.

Thank you for this opportunity to present our views.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR IMMEDIATE RELEASE
October 5, 1995

Contact: Michelle Smith
Chris Peacock
(202) 622-2960

UPDATED G-7 MEDIA ADVISORY

The following is updated information on the G-7 meeting Treasury Secretary Robert E. Rubin will host this weekend at the Treasury Department.

Friday, October 6: A pre-G-7 press conference will be at 10 a.m. Friday, October 6, in Treasury's large conference room, Room 3327. Secretary Rubin will brief reporters, followed on background by a senior Treasury official. Cameras should be in place by 9:30 a.m. The press conference will be embargoed for 10 to 15 minutes after the backgrounder; the embargo time will be announced at the conclusion of the backgrounder.

Saturday, October 7: Cameras may begin setting up at 11 a.m. and should be in place at the Bell Entrance of the Treasury Department (between Treasury and the White House) by 11:30 a.m. Saturday, October 7, for arrivals of the finance ministers. Set up for the group photo opportunity of the finance ministers will be at 1:30 p.m. followed by a pooled photo opportunity of the finance ministers' working session. Press should meet at the Bell Entrance and will be escorted to the photo site.

A press conference is tentatively scheduled for 5:45 p.m., Saturday, in Treasury's large conference room, Room 3327, after the G-7 meeting. Press should enter via Treasury's 15th Street Entrance. The press conference will be embargoed; the embargo time will be announced at the conclusion of the press conference.

Pools: Pooled photo opportunities are of the U.S./Japanese bilateral meeting and of the G-7 working sessions. In the event of rain, the group photo opportunity may be pooled.

Treasury pool contact:	Hamilton Dix	(202) 622-2960
Network pool contact:	Tony Capra (NBC)	(202) 885-4200

Media without Treasury, White House, State, Defense or Congressional credentials planning to cover any of these events should contact the Office of Public Affairs at (202) 622-2960, with the following information: name, Social Security or passport number, news organization and date of birth, by 5 p.m. today, October 5. This information may be faxed to (202) 622-1999.

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RR-619

PUBLIC DEBT NEWS

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

FOR RELEASE AT 3:00 PM
October 5, 1995

Contact: Peter Hollenbach
(202) 219-3302

PUBLIC DEBT ANNOUNCES ACTIVITY FOR SECURITIES IN THE STRIPS PROGRAM FOR SEPTEMBER 1995

Treasury's Bureau of the Public Debt announced activity figures for the month of September 1995, of securities within the Separate Trading of Registered Interest and Principal of Securities program (STRIPS).

Dollar Amounts in Thousands

Principal Outstanding (Eligible Securities)	$857,022,252
Held in Unstripped Form	$632,289,872
Held in Stripped Form	$224,732,380
Reconstituted in September	$12,015,398

The accompanying table gives a breakdown of STRIPS activity by individual loan description. The balances in this table are subject to audit and subseqent 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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PA-196
(RR-620)

TABLE VI – HOLDINGS OF TREASURY SECURITIES IN STRIPPED FORM, SEPTEMBER 30, 1995
(In thousands)

Loan Description	Maturity Date	Principal Amount Outstanding: Total	Principal Amount Outstanding: Portion Held in Unstripped Form	Principal Amount Outstanding: Portion Held in Stripped Form	Reconstituted This Month #1
9-1/2% Note D-1995	11/15/95	7,318,550	3,239,350	4,079,200	108,000
8-7/8% Note A-1996	02/15/96	8,450,609	6,300,209	2,150,400	1,600
7-3/8% Note C-1996	05/15/96	20,085,643	16,640,843	3,444,800	36,800
7-1/4% Note D-1996	11/15/96	20,258,810	17,311,610	2,947,200	0
8-1/2% Note A-1997	05/15/97	9,921,237	8,709,237	1,212,000	19,200
8-5/8% Note B-1997	08/15/97	9,362,836	7,521,236	1,841,600	73,600
8-7/8% Note C-1997	11/15/97	9,808,329	6,997,129	2,811,200	105,600
8-1/8% Note A-1998	02/15/98	9,159,068	7,878,748	1,280,320	20,800
9% Note B-1998	05/15/98	9,165,387	6,821,187	2,344,200	9,000
9-1/4% Note C-1998	08/15/98	11,342,646	8,490,646	2,852,000	40,000
8-7/8% Note D-1998	11/15/98	9,902,875	7,056,475	2,846,400	222,400
8-7/8% Note A-1999	02/15/99	9,719,623	8,058,823	1,660,800	264,000
9-1/8% Note B-1999	05/15/99	10,047,103	6,715,903	3,331,200	48,000
8% Note C-1999	08/15/99	10,163,644	7,933,794	2,229,850	33,500
7-7/8% Note D-1999	11/15/99	10,773,960	7,354,760	3,419,200	0
8-1/2% Note A-2000	02/15/00	10,673,033	8,189,033	2,484,000	75,200
8-7/8% Note B-2000	05/15/00	10,496,230	5,910,630	4,585,600	22,400
8-3/4% Note C-2000	08/15/00	11,080,646	6,996,646	4,084,000	419,200
8-1/2% Note D-2000	11/15/00	11,519,682	7,839,282	3,680,400	362,800
7-3/4% Note A-2001	02/15/01	11,312,802	9,118,402	2,194,400	311,200
8% Note B-2001	05/15/01	12,398,083	9,510,108	2,887,975	226,500
7-7/8% Note C-2001	08/15/01	12,339,185	9,852,785	2,486,400	19,200
7-1/2% Note D-2001	11/15/01	24,226,102	21,997,142	2,228,960	84,800
7-1/2% Note A-2002	05/15/02	11,714,397	10,784,237	930,160	45,200
6-3/8% Note B-2002	08/15/02	23,859,015	22,830,215	1,028,800	113,600
6-1/4% Note A-2003	02/15/03	23,562,691	23,087,203	475,488	155,040
5-3/4% Note B-2003	08/15/03	28,011,028	27,421,428	589,600	58,400
5-7/8% Note A-2004	02/15/04	12,955,077	12,955,077	0	0
7-1/4% Note B-2004	05/15/04	14,440,372	14,440,372	0	0
7-1/4% Note C-2004	08/15/04	13,346,467	13,315,267	31,200	0
7-7/8% Note D-2004	11/15/04	14,373,760	14,373,760	0	0
7-1/2% Note A-2005	02/15/05	13,834,754	13,834,754	0	0
6-1/2% Note B-2005	05/15/05	14,739,504	14,739,504	0	0
6-1/2% Note C-2005	08/15/05	15,002,580	15,002,580	0	0
11-5/8% Bond 2004	11/15/04	8,301,806	4,921,006	3,380,800	265,600
12% Bond 2005	05/15/05	4,260,758	2,713,908	1,546,850	18,000
10-3/4% Bond 2005	08/15/05	9,269,713	7,764,913	1,504,800	84,000
9-3/8% Bond 2006	02/15/06	4,755,916	4,753,164	2,752	0
11-3/4% Bond 2009-14	11/15/14	6,005,584	2,259,984	3,745,600	324,800
11-1/4% Bond 2015	02/15/15	12,667,799	8,554,679	4,113,120	690,720
10-5/8% Bond 2015	08/15/15	7,149,916	2,865,436	4,284,480	647,680
9-7/8% Bond 2015	11/15/15	6,899,859	3,480,659	3,419,200	171,200
9-1/4% Bond 2016	02/15/16	7,266,854	6,664,454	602,400	65,600
7-1/4% Bond 2016	05/15/16	18,823,551	18,549,151	274,400	0
7-1/2% Bond 2016	11/15/16	18,864,448	18,187,008	677,440	293,040
8-3/4% Bond 2017	05/15/17	18,194,169	8,857,689	9,336,480	434,400
8-7/8% Bond 2017	08/15/17	14,016,858	8,528,858	5,488,000	532,800
9-1/8% Bond 2018	05/15/18	8,708,639	2,148,639	6,560,000	305,600
9% Bond 2018	11/15/18	9,032,870	2,706,470	6,326,400	202,000
8-7/8% Bond 2019	02/15/19	19,250,798	5,132,398	14,118,400	344,000
8-1/8% Bond 2019	08/15/19	20,213,832	16,385,672	3,828,160	287,360
8-1/2% Bond 2020	02/15/20	10,228,868	6,137,668	4,091,200	246,800
8-3/4% Bond 2020	05/15/20	10,158,883	3,402,723	6,756,160	159,360
8-3/4% Bond 2020	08/15/20	21,418,606	5,893,966	15,524,640	1,031,840
7-7/8% Bond 2021	02/15/21	11,113,373	10,214,173	899,200	81,600
8-1/8% Bond 2021	05/15/21	11,958,888	4,478,888	7,480,000	216,960
8-1/8% Bond 2021	08/15/21	12,163,482	3,905,882	8,257,600	102,400
8% Bond 2021	11/15/21	32,798,394	7,157,769	25,640,625	769,550
7-1/4% Bond 2022	08/15/22	10,352,790	7,286,390	3,066,400	790,400
7-5/8% Bond 2022	11/15/22	10,699,626	2,864,426	7,835,200	156,800
7-1/8% Bond 2023	02/15/23	18,374,361	14,327,961	4,046,400	508,800
6-1/4% Bond 2023	08/15/23	22,909,044	21,495,764	1,413,280	338,848
7-1/2% Bond 2024	11/15/24	11,469,662	8,222,622	3,247,040	69,200
7-5/8% Bond 2025	02/15/25	11,725,170	10,597,170	1,128,000	0
6-7/8% Bond 2025	08/15/25	12,602,007	12,602,007	0	0
Total		857,022,252	632,289,872	224,732,380	12,015,398

#1 Effective 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 p.m. 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.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR IMMEDIATE RELEASE
October 5, 1995

Contact: Jon Murchinson
(202) 622-2960

SECRETARY RUBIN AWARDS FRANK NEWMAN ALEX. HAMILTON AWARD

Treasury Secretary Robert E. Rubin today awarded former Deputy Secretary Frank N. Newman the Alexander Hamilton Award in recognition of his distinguished leadership and service to the department. The Hamilton Award, named after the first Treasury Secretary, is the highest honor bestowed upon department officials by the Secretary of the Treasury.

"In nearly three years Frank Newman mastered Washington, brought keen managerial insight to Treasury, became our cultural glue and helped this department produce what I believe is the best legislative record of the Administration," Secretary Rubin said.

Mr. Newman came to Treasury in February 1993 as Under Secretary for Domestic Finance. He became Deputy Secretary in September 1994. Mr. Newman oversaw the development of policy and guided Treasury activities in the areas of management of the public debt, financial institutions policy and regulation, financial management services, and other domestic financial services. He was responsible for leading legislation affecting financial institutions, Treasury securities and federal financing.

Mr. Newman represented Treasury on the President's Working Group on Financial Markets, which includes the chairs of the Federal Reserve Board, the Securities and Exchange Commission and the Commodities Futures Trading Commission. He was the chairman of the Advanced Counterfeit Deterrence Steering Committee, which assessed and developed security features for the recently introduced new U.S. currency. Mr. Newman was also a member of the President's Management Council which is responsible for coordinating programs initiated by the National Performance Review that improve the efficiency and customer service of the Federal government.

Mr. Newman left Treasury on September 22 to become Senior Vice Chairman and a director of Bankers Trust New York Corporation.

The first Alexander Hamilton Award was given by Secretary George M. Humphrey on October 24, 1955. The award, a silver dollar-sized gold medal struck at the U.S. Mint, depicts Hamilton on one side and has the recipient's name inscribed on the reverse side.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
October 5, 1995

Contact: Jon Murchinson
(202) 622-2960

DISTRICT OF COLUMBIA REPAYS TREASURY $146.7 MILLION LOAN

The Treasury Department announced today that the District of Columbia has repaid Treasury $146.7 million borrowed on June 30 for short term cash needs. The Treasury also completed a loan to the District $96 million for capital projects. The loan includes a $54 million payment to the Washington Metropolitan Area Transportation Authority.

Treasury is advancing these funds pursuant to the District of Columbia Financial Responsibility and Management Assistance Act of 1995. The Disuict of Columbia Financial Responsibility and Management Assistance Authority has approved the loan and certified that this borrowing is consistent with the city's financial plan and that the District is making appropriate progress towards meeting its responsibilities under the act. The $96 million loan is due October 1, 1996 and is fully secured by the District's Federal Payment.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR IMMEDIATE RELEASE
October 6, 1995

Contact: Jon Murchinson
(202) 622-2960

TREASURY RELEASES UNIFORM-PRICE AUCTION STUDY

The Treasury released today the results of its study of uniform-price auctions. The study entitled "Uniform-Price Auctions: Evaluation of the Treasury Experience," compares uniform-price auctions, which the Treasury has used to sell two-year and five-year notes since September 1992, with multiple-price auctions.

The major findings of the study are:

- Concentration of auction awards has declined under uniform-price auctions, compared to multiple-price auctions.
    - Awards to the top 10 primary dealers were a smaller portion of total awards, although primary dealers continued to receive the majority of awards.
    - Uniform-price auctions have not increased overall participation significantly.
- As predicted by auction theory, the uniform-price auction results in a broader dispersion of yields bid in auctions.
- While the results of the uniform-price auctions to date are not conclusive, they suggest that the uniform-price auction technique may result in a marginally lower borrowing cost to the Treasury.
- The greater volatility of auction results in uniform-price auctions, relative to multiple-price auctions, means that there is a high degree of uncertainty that the Treasury's borrowing cost will be lower in any given auction.

Highlights of the study are attached. The entire 60 page study may be obtained by calling the Office of Public Affairs, (202) 622-2960.

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DEPARTMENT OF THE TREASURY
WASHINGTON

HIGHLIGHTS OF THE UNIFORM-PRICE AUCTION STUDY

In September 1992, the Treasury Department began conducting uniform-price auctions for all 2- and 5-year notes. The use of uniform-price auctions was one of the recommendations of the Joint Report on the Government Securities Market, issued in January 1992 by Treasury, the Federal Reserve and the Securities and Exchange Commission. Treasury's purpose in conducting uniform-price auctions is to determine whether they reduce Treasury's financing costs by encouraging more aggressive bidding for Treasury securities, and whether they broaden participation in Treasury auctions and reduce concentration of auction awards.

Uniform-price auctions differ in only one important way from the traditional multiple-price auctions. In multiple-price auctions, successful competitive bidders are awarded securities at the actual yields specified in their bids. By contrast, in uniform-price auctions, all successful bidders are awarded securities at a common yield -- the highest accepted yield, or "stop-out" yield.

The results of the Treasury study indicate that concentration of awards has declined under uniform-price auctions when compared to multiple-price auctions. The data show that the shares of awards going to the top primary dealers for their own accounts have declined, while the shares of awards to large customers of primary dealers have increased. However, the evidence suggests that uniform-price auctions have had a much smaller impact on increasing overall participation.

The reduced concentrations of awards to the top dealers for their own accounts in part may be due to the perception that the dealers' informational advantages have diminished with the adoption of the uniform-price auction technique. However, it is also partly due to changes in bidding strategies and a broader dispersion of bids under the uniform-price technique.

The results also suggest that expected revenue to Treasury from uniform-price auctions is at least as great and probably greater than from multiple-price auctions.

One way to test whether the uniform-price auction technique reduces financing costs relative to the multiple-price technique is to compare the average spreads between the auction yields and the contemporaneous when-issued (WI) yields under the two techniques. A positive spread represents a premium to successful bidders, or alternatively, a reduction in revenue to Treasury.

Although a direct comparison of the two techniques shows that average spreads of uniform-price auctions are smaller than the comparable spreads of multiple-price auctions, the difference is not statistically significant. Thus, on this basis it is not possible to conclude that there is a difference in expected revenue from the two techniques.

However, by examining the average auction spreads separately and testing whether each spread is statistically distinguishable from zero, the data show that the average yield spread is different from zero in multiple-price auctions, whereas there is no similar evidence for the uniform-price technique. On this basis, expected revenue under the uniform-price technique is marginally greater than under the multiple-price technique.

The primary reason that the average yield spread in uniform-price auctions is not statistically different from zero is greater auction-to-auction volatility of results with respect to the WI market. The greater volatility is partly a result of a broader and more volatile distributions of bids, and partly a result of the difference in the yield measure used to report auction results under the two techniques. In multiple-price auctions, an average yield concept is used, while in uniform-price auctions, the reported yield is not an average, but a marginal or stop-out yield. An average of a relatively stable set of numbers is inherently less volatile than the endpoint of another set of numbers that exhibits more variability. Thus, uniform-price auctions may produce greater revenue on average, but present greater uncertainty regarding revenue at any given auction.

The Department of the Treasury
October 6, 1995

Uniform-Price Auctions: Evaluation of the Treasury Experience

Department of the Treasury

October 1995

Uniform-Price Auctions:
Evaluation of the Treasury Experience

by

Paul F. Malvey
Christine M. Archibald
Sean T. Flynn

Office Of Market Finance
U.S. Treasury
Washington, D.C. 20220

The authors would like to thank Kerry Back, Roger Bezdek, Carlo Cottarelli, Peter Dattels, Frank Keane, Loretta Mester, Jill Ouseley, Vincent Reinhart, and Suresh Sundaresan for helpful comments. Any errors, however, remain those of the authors.

Uniform-Price Auctions:
Evaluation of the Treasury Experience

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Uniform-Price Auctions:
Evaluation of the Treasury Experience

Executive Summary

The Treasury's purpose in conducting uniform-price auctions is to determine whether the uniform-price auction technique reduces the Treasury's financing costs compared with multiple-price auctions, by encouraging more aggressive bidding by participants, and whether it broadens participation and reduces concentration of securities on original issue. Thus, the evaluation has focused on the impact on revenues and the breadth of initial distribution of awards.

In addition to auction technique, a constellation of other factors also affects auction results, such as the economic outlook, expectations for movements in absolute or relative interest rates, and any other factors affecting the portfolio decisions of dealers and investors. For example, the Treasury auction process has undergone regulatory and other changes that may also have had an impact on bidding strategies and trading practices of market participants. The confluence of these and other factors produces significant auction-to-auction volatility in the data, making it difficult to isolate the impact of auction technique itself.

Our methodology was to compare auction results and WI market trading patterns for the 2-year and 5-year notes under the uniform-price and multiple-price techniques. We then examined whether any differences in performance are consistent with the purpose of conducting uniform-price auctions and whether the differences are consistent with the predictions of auction theory.

Impacts on the Distribution of Awards

Some economists contend that uniform-price auctions will encourage more bidders to participate in competitive bidding than do multiple-price auctions by reducing the importance of specialized knowledge regarding market demand and the information costs associated with its collection. A corollary to increased participation is a reduction in the concentration of awards.

We found no significant change in awards to the primary dealer community as a whole, but we found statistically significant evidence that the concentration of awards to the top primary dealers for their own accounts has been reduced. The average share of awards of 2-year notes to the top five and top ten dealers declined, with the reductions ranging from about 5 percent to 15 percent. By contrast, the shares to the top dealers in 3-year and 10-year note multiple-price auctions either remained essentially the same or increased significantly.

The shares of awards to dealers plus their large customers displayed essentially the same pattern as awards for dealers' own accounts. Also, awards for large customers alone increased, from about 17 percent to 25 percent for both the 2-year and 5-year notes, suggesting greater participation by large customers in auctions under the uniform-price technique. Meanwhile, the shares of awards to customers for 3-year and 10-year notes did not change significantly.

The reduced concentrations of awards to the top dealers may be attributed to two interrelated factors. The first is a widening in the overall distribution of auction bids, as one might expect from auction theory. Under multiple-price auctions, there is a relatively tight distribution of large bids around the auction average because successful bidders pay the price actually bid. Under uniform-price auctions, however, the distribution of bids is much broader because there is no penalty for submitting bids well ahead of the market to ensure supply, unless such aggressive bids in the aggregate match or exceed the auctioned amount.

The second factor is that the evidence suggests large dealers have changed bidding strategies, in response to expected wider bid distributions, by splitting bids into more numerous smaller bids -- some ahead of the market, some at the market, and some trailing off the market.

The combined effect of the broader distribution of bids and the greater incidence of bid splitting is that the bids of the larger, usually more aggressive dealers are increasingly interspersed with the more aggressive bids of other market participants (particularly large customers) who are trying to ensure supply in an auction. The net result is that at the margin the share of awards to the top groups of primary dealers has decreased.

Impact on revenues

The impact of the uniform-price auction technique on revenues is more difficult to analyze because there is a vast array of factors that affect bidding at Treasury auctions. Nevertheless, we have directly tested for any differences in expected revenue from the two techniques, and have examined the empirical results of other researchers with respect to our own findings.

The most direct way to determine the impact on expected revenue of auction technique would be to compare average auction yields under the two techniques, and determine if there is a statistically significant difference.

Our results show that the average spreads of auction yields to WI yields for uniform-price auctions are smaller than those for multiple-price auctions, but the difference is not statistically significant. On this basis, we are unable to conclude that there is a difference in expected revenue.

However, by examining the average auction spreads separately and testing whether each spread is statistically distinguishable from zero, we did obtain statistically significant results. The data show that the average yield spread is different from zero in multiple-price auctions, whereas there is no similar evidence for the uniform-price technique. On this basis, expected revenue under the uniform-price technique is marginally greater than under the multiple-price technique.

The primary reason for the lack of a statistically significant difference between auction yields and WI yields under the uniform-price auction technique is greater auction-to-auction volatility of the results with respect to the WI market. The greater volatility is partly a result of the broader and more volatile distributions of bids, and partly a result of the difference in the yield measure used to report auction results under the two techniques. In multiple-price auctions, an average yield concept is used, while in uniform-price auctions, the reported yield is not an average, but a marginal or stop-out yield. An average of a relatively stable set of numbers is inherently less volatile than the endpoint of another set of numbers that exhibits more variability. Thus, uniform-price auctions may produce greater revenue on average, but present greater uncertainty regarding revenue at any given auction.

Uniform-price Auctions:
Evaluation of the Treasury Experience

Introduction

One of the recommendations of the Joint Report on the Government Securities Market[1] was that the Treasury consider alternatives to the sealed-bid auction technique for auctioning Treasury securities. After an extensive review of the issues, the Treasury announced on September 3, 1992, that it would conduct a uniform-price auction experiment for all auctions of 2-year and 5-year notes.

The uniform-price technique differs in only one important way from the multiple-price auction technique that the Treasury has been using to issue notes and bonds since the 1970s. In the traditional format, competitive bids state the amount and yield desired and are ranked from the lowest to the highest yield. Awards are made at successively higher yields until the amount allotted for competitive tenders is fulfilled, with awards at the highest yield prorated. The process for the uniform-price auctions is identical except that, instead of awards being made at the individual yields stipulated by the bidders, all accepted bids are filled at the highest yield of accepted competitive tenders.

The purpose of using uniform-price auctions for the 2-year and 5-year notes is to determine whether the alternative auction technique results in reducing the Government's financing costs by encouraging more aggressive bidding by participants,

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[1] Joint Report on the Government Securities Market. Washington, D.C., Government Printing Office, 1992.

and whether it results in broader participation and reduced concentration of securities on original issue.

The remainder of this paper is divided into five parts: an overview of the Treasury auction process; a summary of the results of auction theory, particularly as they apply to the Treasury market; a review of the empirical work related to the auctioning of Treasury securities; an analysis of the results of the uniform-price auctions thus far; and a summary and conclusions.

I. Treasury Auction Process

Total Treasury debt amounted to $4.9 trillion on October 1, 1995, including $3.3 trillion of marketable securities held by private investors.[2] The Treasury has auctioned large amounts of marketable Treasury securities in the past ten years. In fiscal year 1985, the Treasury sold less than $1.2 trillion of marketable Treasury securities. By fiscal year 1995, this figure had increased to over $2.2 trillion.

Marketable Treasury securities

The Treasury issues three types of marketable securities -- bills, notes, and bonds. They are commonly known as marketable securities because they can be bought and sold in the secondary market at prevailing prices through financial institutions, brokers, and dealers in government securities.

[2] The rest of the public debt is comprised of nonmarketable Treasury securities (including those issued directly to federal trust funds), United States savings bonds, state and local government series securities, and marketable securities held by federal government accounts and the Federal Reserve System.

Treasury bills are short-term securities, with original-issue maturities of 13, 26, or 52 weeks. The 13- and 26-week bills are auctioned weekly, while 52-week bills are auctioned every four weeks. Bills are issued at a discount from face value (par amount) and are redeemed at their face value at maturity.

Treasury notes have fixed maturities of more than 1 year and not more than 10 years. They are issued with a stated rate of interest, earn interest semiannually, and are redeemed at par at maturity. The Treasury currently offers notes with original-issue maturities of 2, 3, 5, and 10 years. The 2- and 5-year notes are issued once a month, and 3- and 10-year notes are issued once a quarter.

Treasury bonds are long-term securities with fixed maturities of more than 10 years. As with notes, bonds are issued with a stated rate of interest, earn interest semiannually, and are redeemed at par at maturity. Until May 1993, 30-year bonds were offered once a quarter along with the 3-year and 10-year notes. Since then, the Treasury has sold bonds in two offerings each year, in mid February and mid August.

Evolution of Treasury financing techniques

The Treasury has employed multiple-price auctions for Treasury bills since they were introduced in 1929. Since then, the only major modifications to bill auctions have been a provision for noncompetitive bids in 1947 and a change in 1983 to receiving bids on the basis of yield (bank discount basis) rather than price.

Prior to the early 1970s, the traditional methods for selling notes and bonds were subscription offerings, exchange offerings, and advance refundings. Subscriptions involved the Treasury setting an interest rate on the securities to be sold and then selling them at a fixed price. In exchange offerings, the Treasury would allow holders of outstanding maturing securities to exchange them for new issues at an announced price and interest rate (coupon rate). In some cases, new securities were issued only to holders of the specific maturing securities; in others, additional amounts of the new security would be issued. Advance refundings differed from exchange offerings in that the outstanding securities could be exchanged before their maturity date. A fundamental difficulty with subscription offerings was that market yields could change between the announcement of the offering and the deadline for subscriptions. Increased market volatility in the 1970s made fixed-price subscription offerings very risky for the Treasury.

A multiple-price auction technique for notes and bonds had been introduced in 1970, in which the interest rate was still preset by the Treasury, and bids were made on the basis of price. Setting the coupon rate in advance, however, still involved forecasting interest rates, with the risk that the auction price could vary significantly from the par value of the securities. In 1974, the Treasury started to conduct multiple-price auctions for coupon issues on a yield basis. Bids were accepted on the basis of an annual percentage yield, with the coupon rate based on the weighted average yield of accepted competitive tenders received in the auction. Yield auctions freed Treasury from having to set the coupon rate prior to the auction and ensured that the interest costs of new note and bond issues would accurately reflect actual market demand and supply conditions at the time of the auction.

A uniform-price auction technique was used in six auctions of long-term bonds in Treasury mid-quarter refundings between February 1973 and May 1974. The coupon rate was preset by the Treasury and bids were accepted in terms of price, starting with the highest price and moving through successively lower prices until the offering had been fully placed. All successful bidders were awarded securities at the lowest price of accepted bids. The results of this experiment were inconclusive and will be addressed later.

Current auction techniques

Today, all Treasury marketable securities are sold in auctions and all Treasury auctions are conducted on a yield basis. The Treasury has a regular, predictable schedule for offering marketable securities, which is well known to market participants. The details are usually announced about one week prior to an auction, and the settlement date occurs from a few days to about one week after an auction, depending upon holidays and other vagaries of the calendar.

The Treasury sells the entire announced amount of each security offered at the yield or yields determined in the auction. It does not set a maximum acceptable yield (minimum price), nor does the Treasury add to or reduce the announced size of an offering after the offering is announced.[3]

The Treasury accepts competitive and noncompetitive bids at auctions. Noncompetitive bids are accepted from the public for up to $1 million of Treasury bills and up to $5 million of notes and bonds. All noncompetitive bids are awarded in full at the auction yield determined by the competitive bidders. The ability to bid on a noncompetitive basis ensures that small investors, who may not have current market information, can purchase securities at a current market yield. Noncompetitive bidding eliminates the risk that a prospective investor might bid a yield that is too high and not obtain the securities desired or might bid a yield that is too low and potentially pay too much for the securities.

Competitive bidders submit tenders stating the yield (discount rate for bill auctions) at which the bidder wants to purchase the securities. The bids are ranked from the lowest yield to the highest yield required to sell the amount offered to the

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[3] The only exception is to add awards to foreign official accounts that are held in custody at the Federal Reserve Bank of New York.

public. In the multiple-price auction technique, awards are made at successively higher yields until the amount allotted for competitive tenders is fulfilled, with awards at the highest yield prorated. Successful competitive bidders pay the price equivalent to the yield that they bid. In an auction of Treasury notes or bonds, the coupon rate is based on the average yield of accepted competitive bids.

The process for a uniform-price auction is identical except that, instead of competitive awards being made at the individual yields specified by the bidders, all accepted bids are filled at the highest yield of accepted competitive tenders.

When-issued market

Market participants can begin trading Treasury securities as soon as the details of an issue have been announced. From the time of the announcement until the securities are issued, usually a period of about a week and a half, the issue is said to trade on a "when, as, and if issued" (WI) basis.[4] Prior to auctions, WI securities are quoted for trading on a yield basis because a coupon is not determined until after an auction is completed. After auctions, they are quoted on a price basis.

The when-issued market serves as an important price discovery mechanism that allows bidders to gauge the demand for an issue. By reducing uncertainty, when-issued trading allows competitive bidders to bid more confidently and aggressively, and it provides noncompetitive bidders with a proxy for the likely auction average yield.

[4] When-issued trading of bills has always been allowed. However, pre-auction trading of notes and bonds was effectively prohibited from 1941 to 1975 and from 1977 to 1981. In August 1981 the Treasury officially allowed when-issued trading for notes and bonds. The only significant change since that time was the prohibition in October 1983 of when-issued trading of all Treasury securities awarded to noncompetitive bidders.

Auction participants

To participate in a Treasury auction, any potential investor may submit tenders to a participating Federal Reserve bank or branch, which acts as the Treasury's fiscal agent in the auction, to Treasury's Bureau of the Public Debt, or bid indirectly through a dealer.

Typically, between 75 and 85 bidders submit competitive tenders in Treasury auctions for securities to be held in the commercial book-entry system. Additionally, between 850 and 900 bidders submit noncompetitive tenders in Treasury auctions for securities to be held in the commercial book-entry system. Also, on average there are about 19,000 noncompetitive tenders per auction for securities to be held in the TREASURY DIRECT book-entry system.

The 37 primary dealers account for a large proportion of the participation in Treasury auctions. The Federal Reserve expects primary dealers to demonstrate their continued commitment to the market for government securities by participating in Treasury auctions. It should be emphasized, however, that auctions are open and that others besides primary dealers can and do participate, either directly, or through any government securities broker or dealer that is registered with the Securities and Exchange Commission (SEC) or through a depository institution.

All federally regulated financial institutions and SEC-registered government securities brokers and dealers may submit bids in Treasury auctions for their own account and for the accounts of customers. Financial institutions, brokers, and dealers are required to submit customer lists when submitting bids for the accounts of customers. All other entities or individuals may submit either competitive or noncompetitive tenders only for their own accounts.

Treasury auction rules

The uniform offering circular for Treasury securities contains the Treasury auction rules. The rules set out the responsibilities of bidders and of entities that submit bids for other parties in Treasury auctions and provide for certain limitations on auction awards to promote distribution of Treasury securities.

For example, awards to any bidder in a Treasury auction may not exceed 35 percent of the amount that is offered to the public. In order to facilitate enforcement of this "35-percent rule", the offering circular also requires that any bidder report the amount of its net long position when the total of a) its bids in the auction plus b) the bidder's net long position in the security being auctioned equals or exceeds $2 billion. The maximum award that will be made to any bidder is 35 percent of the public offering, less the bidder's reported net long position.

The most significant other auction rules concern limitations on tender amounts recognized at single yields, requirements for bidders to report net long positions, single-bidder guidelines, and when-issued trading.

II. Auction Theory

This section provides an overview of the main issues in auction theory, particularly, as they relate to the revenues of a seller.[5] The current state of auction theory involves many abstractions from the complexities of the real world. For example, auction theory is usually couched in terms of a single, indivisible,

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[5] For recent surveys of auction theory, see McAfee and McMillan (1987) and Milgrom (1989). For surveys related specifically to Treasury auctions, see Mester (1988), Reinhart (1992), and Chari and Weber (1992). The following overview is based on these works.

homogeneous good being sold at a one-time event (e.g., auctions for works of art) with some results extended to the sale of multiple units of a good. By contrast, in auctions for Treasury securities, discrete multiple units are sold, bidders may submit numerous bids, and the securities are sold on a repeated, periodic basis. Empirical studies have provided only limited evidence for the relevance of the predictions of auction theory to the auctioning of Treasury securities. Nor does auction theory address the situation in which a good trades actively prior to the auction.

We will first describe the processes for the major types of auction techniques as they apply to a single good and then extend the analysis to multiple goods. We will also examine the impact of auction types on the information that is revealed to bidders. Then we will review the assumptions regarding bidder behavior. Putting it together, we will then examine the impacts of the above on revenues to the seller. Finally, we will also consider some of the issues regarding the nonconformaties between auction theory and auctions for Treasury securities, and look at other ideas that are not strictly based on auction theory.

Auctions are often used as a technique for selling goods when a seller has uncertain information regarding the market value of a good. The alternatives include simply setting a fixed price for the good or conducting a negotiated sale. The primary drawback of a fixed price is its inherent inertia or unresponsiveness to changes in conditions that affect demand and supply. This is particularly important if there are changes in market conditions in the time lag between the setting of a price and the subsequent sale and also if sales are conducted over a period of time.[6] Negotiated transactions, on the other hand, are usually conducted with a limited number of parties and are time consuming, with a number of iterations frequently required before a

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[6] As evidenced when the Treasury set the coupon rate ahead of its subscription offerings, there is a risk that one or more of the factors affecting demand will change before the good is sold.

mutual settlement is reached. By contrast, in soliciting prices via an auction from market participants, a seller may obtain timely information regarding the market demand for a good.

Auction types

There are four basic types of auctions in general use. Two auction formats are referred to as open outcry auctions, where an auctioneer calls out a succession of prices and bidders may or may not respond at a particular price. The other two are called sealed-bid auctions, where bidders submit one or more sealed bids in private before a given deadline.

Open and sealed-bid auctions are further distinguished by whether successful bidders pay the actual prices bid, or whether all successful bidders pay the same price -- the price that allocates all of the goods sold. Thus, there are four types of auctions in the basic paradigm, and there is a two-way scheme for classifying them: auctions are open or closed; and awards are made at the particular prices bid or at a uniform price.

While the preceding refers to multiple units of a good, basic auction theory is couched in terms of a single good, with some of the results extending to multiple units under certain limiting assumptions. The following will describe the four types of auction mechanisms, first in terms of a single good and then by how the mechanism is extended to accommodate the sales of multiple units of a good.

Open auctions

In open auctions, the auctioneer may either raise the price successively until the amount auctioned is sold, or he may successively lower the price until it is sold. The former technique is frequently called an "English auction" and the latter is commonly called a "Dutch auction." We will refer to the two forms of open auctions by the operation of their pricing mechanisms -- that is, as ascending-price auctions and descending-price auctions.

The ascending-price auction format is probably most familiar because of its widespread use in the art world. In the case of a single good, an auctioneer starts the bidding by calling out a low price (sometimes referred to as a reserve price). As the auctioneer successively raises the price, bidders with lower valuations retreat to the sidelines.[7] The auction is over when there is only one bidder remaining, who purchases the good at the highest price bid.

In an ascending-price auction for multiple units, the quantity bid for at each price is compared to the amount offered. If the total value of bids submitted at a given price is greater than the amount offered, the auctioneer raises the price, and continues to raise the price until the amount bid for by the remaining participants no longer exceeds the amount offered. Participants who remain until the last round receive a full award. If the quantity bid by the surviving bidders in the last round falls short of the total offered, prorated awards are made to those who bid at the second highest price. All awards, however, are made at the second highest price because that is the last price at which the auction was fully subscribed.[8]

In a descending-price auction, the auctioneer starts off at an excessively high price and successively lowers the price. In the case of one good, the bidder with the

[7] The concept of value or valuation in an auction context is the maximum amount a bidder would be willing to pay for a good if the bidder had no uncertainty regarding any relevant aspect of the good. As we will see, there may be a difference between a bidder's valuation of a good and the actual price a bidder is willing to pay for it.

[8] In the case of one good, an open ascending-price auction is sometimes called a first-price auction because the good is sold at the highest, or first, price bid. With multiple units, it is a second-price auction. However, it will be shown later that the equilibrium for a single-good auction is also at the second highest price. That is why this auction technique is also referred to as a second-price auction.

highest valuation placed on the good would be the first to bid, the object is sold at that price and the auction is over. In practice, a descending-price auction for multiple goods is actually a series of auctions for single units. After a bidder submits an initial bid, the auction for that unit is over and the next unit is put on the block, with the auctioneer starting again at an excessively high price. In contrast to multiple goods sold under an ascending-price auction technique, however, successful bidders would pay the particular price at which they bid.

Sealed-bid auctions

In sealed-bid auction techniques, prices are not called out by an auctioneer, but are submitted privately by bidders at or before a given deadline. After the bidding has closed the bids are opened and ranked according to price from the highest to the lowest. As with the two open outcry auction techniques, awards are made according to two different pricing criteria.

In the first technique, after bids are ranked, the good is sold to the highest bidder at the actual price bid. (For a single good, this technique is also referred to as a first-price auction.) In auctions of multiple units, awards are made starting with the highest price and continuing down until the amount offered is covered, with successful bidders paying the particular price they bid. Thus, the auctioneer acts like a discriminating monopolist, charging different prices to different bidders.[9] This is the reason this auction format is also called a discriminatory-price or <u>multiple-price auction</u>.

The other pricing criterion for sealed-bid auctions is still based on ranking the bids in descending order. However, the good is awarded to the highest bidder not at the actual price bid, but at that of the second highest bidder. (Because the good is sold

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[9] In essence, the seller extracts the consumer surplus under the demand schedule.

at the second highest price, for a single good this auction technique is known as a second-price auction.) For multiple units, the awards are still made in order of descending prices, but a uniform price is paid by all bidders -- the price that just exhausts the amount offered. Thus, we will refer to it as a uniform-price auction.

Auction type and information revealed

A major tenet of auction theory is that the expected revenue from the four auction techniques depends on both the assumptions regarding bidder behavior and the information revealed to bidders by auction technique. The information revealed depends on auction type.

With regard to sealed-bid techniques, bidders obtain the least information in a multiple-price auction. The only information available to a bidder in this format is the knowledge of his own valuation and the price he is willing to bid. Although it may not appear to be an important distinction, in a uniform-price auction a bidder knows not only his own bid, but each bidder also knows that the price paid by the winner depends not on the highest price bid but on the price of the second highest bidder.

There is also a distinction with respect to the information obtained in the two open outcry formats. In an ascending-price auction, as the price rises, a bidder receives information regarding the valuations of other participants, as he not only observes the number of bidders retreating to the sidelines but also at what prices they do so. In a descending-price auction, instead of observing bidders withdraw, information is received in a negative sense in that the observation is made that other bidders remain in the auction process. Thus, no information is provided except that the price has not yet descended to the price of the bidder with the highest valuation. Once it has though, it's too late. The auction is over.

Thus, auction techniques can be ranked according to the informational content they provide bidders regarding other participants' valuations. In both a multiple-price and descending-price auction, a bidder knows only his own valuation. He must make a best guess as to the bidding strategies of other participants. In a uniform-price auction, a bidder has the additional knowledge that the winner pays not the actual price bid but that of the second highest bidder. Finally, in an ascending-price auction, bidders obtain the most information, as they observe both the number of participants withdrawn and at what prices they do so.

Assumptions regarding bidder behavior

Apart from auction technique, bidders behave differently depending on whether they want to purchase a good for its own inherent value, or whether they purchase it for its potential resale value. In the first instance, referred to as the independent private values case, each bidder has independent private information which permits him to know with certainty the value he places on the object being sold, and this value is not affected by information regarding the values of other bidders.

The assumption of private values is exemplified by an auction for art in which a bidder's only interest is to purchase the art for its own sake and not for its resale value. Each bidder knows his own valuation with certainty and what he is willing to bid. Bidders are interested in the valuations of others only to the extent that it affects how high they have to bid.

At the other end of the spectrum is the assumption of common values.[10] This is typically the situation in which a bidder purchases a good for resale. The good is

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[10] In between is the concept of correlated or affiliated values. Milgrom and Weber (1982a) have shown that most of the results discussed below with respect to common values will hold for correlated values.

worth the same to each bidder -- the value that can be obtained in the market by selling it. However, this value is not known to the bidders with certainty at the time of the auction. Each bidder still has private information regarding the value of the good, but now it is only an estimate. Because each bidder has only an estimate of the true value, he is interested in obtaining as much information as is possible regarding the value estimates of other bidders.[11]

Thus, in addition to classifying auctions as open versus sealed-bid and multiple-price versus uniform-price, auction models are also classified according to whether bidders have private independent values or common values regarding the good being sold.

Finally, there are two other assumptions regarding bidder behavior that are incorporated in both the private values and the common values models. The first is that bidders are risk neutral. That is, losses and gains are viewed symmetrically, and a bidder's only interest is in maximizing expected rents from the object on which he bid. Risk averse bidders, on the other hand, would place excessive weight on the fear of loss and would be inclined to submit extravagantly high bids to mitigate the likelihood of such loss.

Second, bidders are symmetric. That is, all bidders appear the same to the seller and to each other in terms of their behavior. The seller does not attempt to segment the market by recognizing and giving preferential treatment to any particular class of bidders. On the demand side, if any two bidders have the same valuation they will submit the same bids. In practice, however, bidders with the same valuation may not necessarily be expected to submit the same bids. Examples of bidders having different mappings between their valuations and prices bid might include art dealers and

[11] See Chari and Weber (1992). They use the term "value estimate" to describe a bidder's maximum willingness to pay given that bidder's information.

collectors, wholesalers and retailers, or government securities dealers and ultimate investors.

Auction type and revenue

Independent private values case. One of the more surprising results of auction theory is that for a single good in the private values case, all four auction types yield the same expected revenue.[12] Although the following analysis holds for only a single good, we will keep the convention of referring to open auctions as either ascending-price or descending-price, and sealed-bid auctions as multiple-price or uniform-price auctions.

Auction theory predicts that bidders try to maximize their gains at auctions, taking into account the strategies of other bidders and the information revealed by auction technique. That is, bidders face a trade-off between submitting a higher or lower bid, which is directly related to the probability of winning the good, but which at the same time, is inversely related to the expected gain from winning. In facing this trade-off, a bidder in the private values case is interested in information regarding other bidders' valuations only to the extent that it affects how close to his known valuation he will have to bid in order to expect to win.

In both descending-price and multiple-price auctions a bidder's decision is based on the same information -- certainty with regard to his own valuation but no information regarding the strategies of other bidders. Thus, each bidder knows that he must choose how high to bid without knowing the decisions of other bidders, and if he wins, he has to pay the actual price bid. However, to win, a bidder really only has to bid higher than the second highest bidder. Assuming that bidders are rational, risk-

[12] This was first demonstrated by Vickery (1961). Maskin and Riley (1989) have shown that this result holds only for the single-good case.

neutral and symmetric, bidders will shade their bids below their true valuations. In equilibrium, the optimal degree of bid shading is to bid at the expected second highest valuation.[13] By bidding any higher, a bidder is no more assured of winning, but is unnecessarily reducing his potential gain; by bidding any lower, a bidder may enhance his potential gain, but is unnecessarily reducing his chances of winning.

In a strict sense, this does not represent bid shading in the context of the winner's curse because it is not in response to a potential regret for having paid more than a common market value.

Under the assumption of private values, in both the ascending-price and uniform-price auctions, bidders are willing to bid their true private valuation because in equilibrium the award will not be made at the highest bid price but at the second highest bid price. Thus, all four techniques yield the same revenue under the private values assumption.

Common values case. This revenue equivalence breaks down if the basic assumptions are altered. Most relevant to the present study is the impact of relaxing the private independent values assumption. Under the common values assumption, it is still assumed that each bidder has some private information about the value of the good, but in this case, not enough information to be certain about the true market value. Each bidder makes his best estimate of the value of the good based on his private information, but unlike in the private values case, his estimate may change based on information regarding other bidders' estimates that may be revealed during the auction process.

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[13] Actually, the result is that the equilibrium price is higher than the second highest bid by an infinitesimally small amount.

Knowing more about other bidders' value estimates, which reflects the other bidders' private information, reveals more about the likely market value of the good being auctioned, which is precisely what the bidders are trying to estimate. By winning, a bidder reveals that he placed a higher value on the good than the value estimates held in common by all other participants.

For this reason, it is in a bidder's interest to obtain as much information as possible regarding the value estimates of other bidders. Auction theory shows, however, that the greater the information provided by the auction format regarding the value estimates of other bidders, the higher the expected winning price, or expected revenue to the seller. In addition, if the behavioral assumptions of risk neutrality and bidder symmetry hold, the auction types can be ranked according to the expected revenue they generate.[14]

The expected revenue from a descending-price auction and a multiple-price auction will be the same as in the private values case because the winning price is related only to the valuation of the winning bidder. No new information is provided in the auction process that would contribute to a change in strategy. Each bidder still follows the same strategy as in the private values case, i.e., they shade their bids and assume that others will also.

Now, however, the bid shading is more appropriately identified as a response to the winner's curse because winning leads to the regret that one has paid more than the common market value, and thus, will be less likely to realize a profit from selling it.

The expected revenue in a uniform-price auction is now higher than that of both the descending-price and multiple-price auction techniques. In this case, revenue is determined not by the winning bidder's price but that of the second best price. Given

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[14] Milgrom and Weber (1982a).

that bidders have only uncertain estimates of the true value, combined with the fact that the winner's curse is lessened because the winning price is not based on their estimate but that of the second best price, participants bid more aggressively, increasing expected revenue. It should be emphasized, however, that because the value estimates are uncertain, bid shading is not eliminated, only lessened.

With common values, an ascending-price auction will yield even higher expected revenues. As noted above, bidders in an ascending-price auction receive important information regarding other participants' estimates of the common value of the good which is absent in the other auction techniques. In an ascending-price auction, the expected price is related to the value estimates of all non-winners. This information can reinforce a bidder's confidence in his own estimate of the true value, particularly if it is high, as the price escalates. This mutual reinforcement among all remaining bidders will lead to more aggressive bidding and a higher expected revenue.

Implications of auction theory for Treasury markets

Auction theory is usually couched in terms of a single good auctioned at a one-time event, with each bidder submitting a single bid at the relevant time in the auction process, and behaving according to certain restrictive assumptions. Auctions for Treasury securities, however, are repeated on a periodic basis and are for multiple goods, for which bidders may submit a whole schedule of bids, some of which may be viewed as underwriting bids; there is an active well-defined WI market in which participants can purchase the identical good (but at a known yield) at the time of an auction or before or after; and there is a well-defined group of bidders, which may or may not act according to the assumptions, that participate in virtually all auctions.

Thus, while auction theory suggests that uniform-price auctions will provide higher expected revenue to the seller than multiple-price auctions, applying the predictions of auction theory to the Treasury securities market is not without ambiguity.

Empirical efforts have confirmed this. The following will address some of the issues to consider in making the transition from theory to the Treasury securities market.

It can be shown that relaxing the assumptions regarding bidder behavior will affect the predictions of auction theory regarding expected revenues, resulting in other rankings, or rankings that are indeterminate.[15] In Treasury auctions, for example, there may be asymmetries of information between dealers and other investors leading to different strategic behaviors based on different value distributions. Most competitive bidders in Treasury auctions are large dealers and financial institutions.[16] Dealers in particular have information regarding the strength of demand that is gleaned from customer bid lists. In addition, it is in the dealers' interest to enhance the perceived strength of demand at an auction. That is, to the extent that secondary market prices react to auction results, it is in the interest of dealers to submit more bids farther off the market to increase the cover ratio (ratio of bids tendered to bids accepted), in order to signal to potential buyers in the secondary market that their private information is very valuable.[17] Thus, dealers with the same valuations as other investor class bidders may behave differently. While it is usually assumed in theory that all bidders are symmetric, the empirical import of potential asymmetries is uncertain.

Auction theory also assumes that bidders are risk neutral. When bidders are risk-averse they place a premium on auction formats that have less uncertainty.[18] Since in descending-price and multiple-price auctions, bidders know with certainty that they

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[15] See McAfee and McMillan (1987) or Mester (1988).

[16] In this context, the competitiveness of the market may also be brought into question. Of the large dealers and financial institutions there is a much smaller group that accounts for a significant portion of awards from auction to auction.

[17] See Bikhchandani and Huang (1989 and 1993).

[18] Holt(1980) and Harris and Raviv (1981) have extended Vickery's independent private values case to the analysis of risk aversion.

will pay the price bid, as opposed to paying the unknown valuation of another bidder under the uniform-price and ascending techniques, they will bid more aggressively in these type of auctions. Allowing for risk aversion skews bidders' preferences and thus the revenue rankings toward descending-price and multiple-price auctions.

It can be argued, however, that risk aversion should not be much of a concern in Treasury securities auctions, largely because the value of bids submitted by each participant at any single auction is not likely to be so large relative to the wealth of a bidder for risk aversion to be a significant factor.[19] Even if a bid were large relative to wealth, it could be argued that, given a deep, liquid secondary market, risk exposure is more accurately captured by the difference between the expected auction price and expected resale price.

In extending the common values auction model to multiple units, such as Treasury auctions, some research has shown that the revenue rankings of the four auction techniques hold. But the results are based on the assumptions that the goods are perfectly indivisible and that each bidder submits a bid for only one unit of the good being sold (referred to as the unit demand assumption). If, however, we change these assumptions, the results have been shown in some cases to be inconsistent with the classical revenue rankings. For example, Back and Zender (1993) assume that bidders submit bids for multiple units of perfectly divisible goods and argue that it is possible for multiple-price auctions to yield higher revenue than uniform-price auctions. They provide an illustration in which bidders collectively, but not necessarily collusively, submit aggressive bids to stifle competition, with the result that revenues under the uniform-price technique may be lower than with multiple-price auctions. There are no formal auction models, however, that capture more than a limited number of characteristics of a periodically repeated auction process for multiple units of

[19] See Chari and Weber (1992).

discrete goods in which a set of sophisticated bidders have both price and nonprice motives for participating.

Auction theory does, however, lead to potentially important implications regarding the winner's curse that have been a focus of empirical work. Auction theory predicts that in a common values setting there is a positive relationship between the expected bid shading (i.e., gain to bidders) in an auction and the expected dispersion of bids, given a fixed number of bidders.[20] First, there is an inverse relationship between the intensity of bidding competition and the dispersion of bids. As the dispersion of bids increases, the probability that another bidder's valuation is just below or just above a given bidder's valuation is lessened. Secondly, a greater dispersion of bids means that there is a reduced probability of another bidder submitting a price just below a given bid which leads to increased bid shading.[21] In addition, there is a direct relationship between uncertainty regarding the common value of a good and the dispersion of bids: the greater the uncertainty, the greater the dispersion of bids; or alternatively, the lower the uncertainty, the tighter the dispersion of bids, and hence, the weaker the winner's curse. This link between uncertainty and the winner's curse has been the focus of empirical work.

An implication of this linkage is that as uncertainty is lessened, or the amount of information revealed about a security's value in the WI market increases, the winner's curse becomes weaker. Thus in one sense, to the extent that greater liquidity of secondary or forward markets increase information on the true value of a security,

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[20] Alternatively, for a fixed expected dispersion of bids, there is an inverse relationship between expected gain to bidders and the number of bidders. That is, the fewer the bidders, the less likely it is that another bidder will bid at a higher price. It has been shown that as the number of bidders goes to infinity, bids approach true valuation. See Wilson (1977).

[21] This result does not hold in an independent private values setting, because there is no motive for increased bid shading. See McAfee and McMillan (1986).

the more it is of interest to the Treasury to promote development of these markets.[22] However, to the extent that participants may use the WI market to send misleading signals for strategic purposes, it detracts from its value.

Friedman's proposal

As seen, many of the results of auction theory are based on very restrictive assumptions that are not satisfied in the Treasury securities market. In light of the nonconformaties between auction theory and practice, Milton Friedman has put forth an informal analysis based on auction theory suggesting that the Treasury's traditional multiple-price auction technique costs the Treasury money and also favors the dealer community.[23]

Friedman contends that switching to a uniform-price auction would reduce the cost of financing the debt. While the Treasury would give up the consumer surplus it receives as a discriminating monopolist, Friedman argues that the uniform-price format would more than offset this decline in revenue by increasing demand on two counts. First, as auction theory suggests, the switch to a uniform-price format would lead to more aggressive bidding, because the fear of the winner's curse is reduced.

Secondly, because uniform-price auctions are strategically simpler, they would reduce bid preparation costs and encourage more bidders to participate.[24] The primary dealers would lose the extra rents they earn by the services they perform in the current

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[22] See Bikhchandani and Huang (1993).

[23] Friedman originally proposed this idea in Friedman (1959). For a recent statement, see Friedman (1991).

[24] Friedman's original argument regarding multiple-price auctions and the need for specialized knowledge also focused on the strong incentive for collusion among bidders. Reinhart (March 1992) and Chari and Weber (1992) also argue that uniform-price auctions will reduce market manipulation and the likelihood of a squeeze.

system. That is, dealers are viewed as having a technical edge in the resources devoted to sophisticated financial analysis of the general factors moving the market, and in particular, the strength of demand for a given issue. A uniform-price format is perceived as leveling the playing field by reducing the importance of this specialized knowledge. According to Friedman, more bidders would be induced to bid directly in auctions because the fear of being awarded securities at too high a price is eliminated.

The net impact of both factors, according to Friedman, would be to increase auction demand by enough to more than compensate for the revenues foregone by giving up discriminatory pricing.

III. Empirical Evidence

The empirical studies of Treasury auctions follow two closely related approaches. One involves attempting to directly compare the revenues from the two auction techniques by relating prices bid or bidder profits to the factors affecting the demand function, and examining whether the impact of auction technique on auction demand is consistent with the predictions of auction theory. The other involves attempting to directly test predictions of auction theory, such as the impact of uncertainty on the winner's curse, and then to discern whether auction technique affects the results.

Both approaches look at the observed relative prices in the auction versus the WI market, or the secondary market, and examine changes in these relative spreads. However, since only the prices and spreads are observable, and not the actual demand and supply schedules, assumptions must be made regarding the factors affecting demand and supply. Most importantly, it is usually assumed that prices in the WI market or the secondary market are independent of auction technique. Thus, any difference in the spread between auction average yields and WI or secondary market yields is attributed to a change in behavior due to the auction process. The validity of this assumption, particularly with respect to the WI market, is discussed in more detail later.

In addition to the Treasury's current use of the uniform-price auction technique, there have been at least three major experiments with uniform-price auctions of financial commodities: the U.S. Treasury's auctions of long-term bonds in 1973 and 1974; the International Monetary Fund's decision to alternate between multiple-price and uniform-price auctions for part of its gold stock from 1976 to 1980; and the Mexican Government's decision in 1990 to switch from multiple-price to uniform-price auctions to sell its debt. Two studies are available that examine the U.S. Treasury's experiment, and one is available on the Mexican experiment.[25]

Tsao and Vignola (1977) attempted to test the Friedman hypothesis by analyzing the impact of auction technique on the auction demand function for Treasury securities using data from sixteen long-term bond auctions held between February 1973 and August 1976, the first six under a uniform-price auction format and the remaining ten under a multiple-price format. Tsao and Vignola tested whether the auction demand function shifted upward due to auction technique, and whether the shift resulted in an increase or decrease in Treasury revenue.

Their results suggested that non-dealer demand is increased when securities are auctioned under a uniform-price format, and that it is increased by enough to increase

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[25] While the IMF conducted a study of the gold auctions around the time of the experiment, it is not publicly available. We have, however, seen other IMF reports that indicate that the results were inconclusive.

revenues to the Treasury. However, it has been acknowledged by the authors that there is a potentially fatal problem with the data in the study.[26]

Simon (1992) re-examined the Treasury's 1970s experiment with uniform-price auctions, focusing on the average markups of auction average yields over a proxy for WI bid yields at the market close.[27] Contrary to the generally accepted prediction of auction theory, Simon's results show that the markups were a statistically significant 7 to 8 basis points higher for uniform-price auctions than for multiple-price auctions, suggesting that uniform-price auctions actually raised the Treasury's borrowing costs. However, he suggests that since pre-auction trading was banned during the period of the experiment, dealers were unable to distribute the supply in advance of the auctions. Thus, they were unable to get a good estimate of demand, and appear to have bid more cautiously.

By contrast, in a study of the Mexican uniform-price experiment with 1-month T-bills, Umlauf (1993) found support for uniform-price auctions. Comparing auction prices with average resale prices on the day auction results were announced,[28] Umlauf found that after the auctions were switched from a multiple-price to a uniform-price format bidder profits decreased.

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[26] The August 1973 auction was greatly undersubscribed, with a large portion being awarded to U.S. Government accounts. The August 1973 results comprised almost 20 percent of the uniform-price data, and Tsao and Vignola did not account for this anomaly.

[27] As noted previously, there was a prohibition on pre-auction WI trading of notes and bonds until March 1975, or for all of the uniform-price auctions but for only three of the ten multiple-price auctions. Ten of the auctions were reopenings, however, which provided a benchmark rate. In the other auctions, the WI rate at the close on the following day, with an adjustment made to account for rate changes in the interim, was used.

[28] The Mexican government accepts bids for T-bills until 1:30 p.m. on the day of an auction and announces the auction results on the following morning.

The relevance of the results to the U.S. Treasury market, however, are questionable because the institutional and market environment in Mexico is quite different. Although potential participants number in the hundreds, in practice, according to Umlauf, there is an active collusive cartel of bidders.[29] Also, the amounts auctioned varied significantly from auction to auction; there were occasional cancellations or changes in the announced sizes of auctions, sometimes after the submission of bids; also, there was heavy, volatile foreign demand during the period under study.

The Mexican Government returned to multiple-price auctions in January 1993, not because uniform-price auctions were more expensive -- according to Umlauf, the evidence suggests they were not -- but to increase domestic participation in the auctions and to reduce sharp swings in bill rates.[30]

Although not an attempt to compare auction techniques, Cammack (1991) directly examined Friedman's contention that the difference between auction and secondary market prices reflected the return to dealers for their services. Using data for the 1973-1984 period, Cammack found that on average the mean auction price for Treasury bills was four basis points below a comparable secondary market price.[31] On the assumption that the secondary market price reflected the "true value" of the bill,

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[29] According to Umlauf, "Auction participants openly acknowledge collusion among the six largest bidders. No legal deterrents to collusion exist...Cartel members agree before each auction on the prices of bids and divide cartel purchases amongst themselves." The six largest bidders on average purchased 73 percent of the auctioned issues over 1986-1991. During 1992, auctioned securities were usually awarded to a group of only three to eight bidders, in approximately equal amounts to each bidder.

[30] In December 1990, the Mexican bill market was opened to foreign investors. Foreign bidding was reported to be very aggressive, crowding out domestic participants, and resulting in auction yields that were well below comparable market yields.

[31] Reinhart (1992) updated Cammack's results through August 1991, getting similar results.

this result is consistent with auction theory's prediction regarding bid shading in a multiple-price auction with common values. Or in Friedman's terms, this gain is the return to dealers' costs of participating in the auction.

The crux of Cammack's contribution is a test of whether this observation actually reflects the predictions of auction theory. Specifically, she tested whether there is a positive relationship between the expected gain in the auction and the expected dispersion of bids, given a fixed number of bidders. To represent the expected dispersion of bids, Cammack derived a measure for the expected auction tail, and to reflect the expected number of bids, Cammack constructed expected coverage ratios and ratios of competitive bids to noncompetitive bids.[32]

Consistent with auction theory, Cammack found the coefficient for the expected tail to be positive and significant, i.e., the greater the uncertainty, the greater the bid shading. However, the coefficients for the measures representing the number of bidders were not only of the wrong sign, but in most instances they were insignificant. Thus, there was no evidence to support the hypothesis that increasing the number of bidders increases competition and reduces bid shading.[33]

In other recent work, Simon (1994) compared the contemporaneous WI market and the auction market. Simon examined 66 note and bond auctions between January 1990 and September 1991. Comparing the auction average yields with the WI bid yields at the times of the auctions, Simon found underwriting premiums that dealers earn through bidding at auctions to be small on average, at 0.37 of a basis point.

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[32] To derive these expected measures, Cammack used univariate time series modelling on the observed tail and the two ratios, and then made one-period forecasts to derive expected values for the next auction.

[33] Spindt and Stolz (1992), however, show that the degree of underpricing declines with auction participation.

Simon also tested auction theory by comparing these results against measures of uncertainty. We will review his analysis in greater detail below.

Nyborg and Sundaresan (1995) examined Treasury bill, note, and bond auctions from July 1992 to August 1993, and also compared the spreads between average auction yields and the contemporaneous WI market yields. They found a positive and statistically significant markup for Treasury bill auctions, a positive markup for all other multiple-price auctions, and no significant markup for uniform-price auctions.[34] Like Simon, they also examined the relationship between the markups and volatility in the WI market prior to the auctions, with similar results. Their analysis will also be discussed in more detail below.

IV. Evaluation of Treasury Uniform-Price Auctions

A primary focus of the following analysis will be the Treasury's criteria for implementing the uniform-price auction technique, that is, whether it reduces financing costs, by encouraging more aggressive bidding, and whether it broadens bidder participation and the distribution of awards on original issue. However, we will also examine the work of other researchers to see if our results are consistent with their findings.

We have compared the performance of the 2-year and 5-year notes under the multiple-price and uniform-price techniques to determine whether differences in performance are consistent with the basic tenets of auction theory or with the findings of other researchers.

[34] They do not infer that the markups for multiple-price auctions of 2-year and 5-year notes are significant because of a limited number of observations.

In a further effort to isolate the impact of auction technique from other factors affecting the Treasury securities market, we have also compared the auction performance of the 3-year and 10-year notes with the performance of 2-year and 5-year notes over the same time periods. In many cases, however, inferences based on such comparisons should be made with caution because of the smaller number of observations for the 3-year and 10-year securities, the auction-to-auction volatility of the data, and the different maturities of the securities.

In addition to auction technique a variety of factors impact auction results, including the economic outlook, movements in absolute or relative interest rates, and any other factors that affect the portfolio decisions of dealers or investors. The confluence of these factors results in significant auction-to-auction volatility in the data, making it difficult to isolate the impact of auction technique itself.

Concentration of awards

One of the stated purposes of conducting uniform-price auctions is to see whether the technique broadens participation and reduces concentration of Treasury securities on original issue. As previously noted, it has been argued that uniform-price auctions will encourage more bidders to participate in competitive bidding by reducing the importance of specialized knowledge of market demand and the information costs associated with its collection. An imperfect corollary to increased participation is a reduction in the concentration of awards.

Charts 1 through 3 contain data on large competitive awards (based on bids of $1 million or greater) to primary dealers, their customers, and direct bidders through the New York, Chicago, and San Francisco Federal Reserve banks and branches.[35] The

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[35] Virtually all competitive bids and awards are made through these three banks and branches.

concentrations of competitive awards are measured as the average percentages of total private awards going to the top five, top ten, and all bidders for four groups: awards to all large competitive bidders, whether dealers, customers, or direct bidders; awards to dealers only for their own account; awards to dealers plus their large customers; and awards to large customers of primary dealers.

We divided the auctions into two periods, the multiple-price auction period (January 1990 to August 1992) and the uniform-price period (September 1992 to December 1994) and examined whether there was a statistically significant change in the concentration of auction awards between the two periods.[36] As a control, remembering the caveats noted above, we compared any changes in concentrations for the 2- and 5-year notes to those of the 3- and 10-year notes.

Awards to dealers for their own accounts

In general, we found statistically significant evidence that the concentration of awards to the top primary dealers fell for the uniform-price auctions, although awards to all primary dealers for their own accounts did not change significantly.[37] (See Chart 1.) For example, the average share of awards to the top five dealers fell from an

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[36] We also broke each of these two periods into sub-periods. We divided the multiple-price period into the period before the Salomon Brothers improprieties were known (January 1990 to August 1991) and the period afterwards (September 1991 to August 1992). The uniform-price period was divided into the period of steady Federal Reserve policy (September 1992 to January 1994) and the period of more restrictive policy (February 1994 to December 1994). However, with only a couple of minor exceptions, there were no differences in award concentrations between these sub-periods.

[37] The statistical analysis which follows involves testing the differences between the average shares of awards during the multiple-price and uniform-price periods and assumes that the populations under consideration are normally distributed. However, because the concentrations are measured as percentages, the populations may not be normally distributed. Consequently, we also tested the differences in shares using the nonparametric Mann-Whitney U test and found that the results were virtually identical.

average of 38 percent to 31 percent for 2-year notes and from 46 percent to 32 percent for 5-year notes. Meanwhile, awards to the top ten dealers fell from an average of 51 percent to 45 percent and from 57 percent to 47 percent for 2- and 5-year notes, respectively.[38] Although competitive awards to the primary dealer community as a whole fell somewhat, the decline was not statistically significant.

By contrast, the concentration of competitive awards for 3- and 10-year notes to not only the top dealers but to all dealers over the same periods either remained essentially the same or increased significantly. (See Chart 1.)

The reduced concentrations of awards to the top dealers may be attributed to two interrelated factors: changes in the overall distribution of bids, as one might expect from auction theory; and changes in the bidding strategies of the largest dealers.

As auction theory predicts, under multiple-price auctions, there is a relatively tight distribution of large bids around the auction average. (See Charts 9 and 10.) In virtually all cases, there is either no tail or only a one basis point tail.[39] Similarly, there are very few bids more than one basis point ahead of the market, because bidders in multiple-price auctions are awarded the securities at the actual price bid.

Under uniform-price auctions, however, the distribution of bids is much broader and the amounts bid at each yield tend to be smaller. The broader distribution follows from auction theory in that there is no penalty for bidding ahead of the market, unless such aggressive bids in aggregate match or exceed the auctioned amount. Similarly,

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[38] The differences are consistent with regression results (not shown) that show that the change to uniform-price auctions decreased the shares to the top five dealers by about 8 percent and decreased the shares to the top ten dealers by about 6 percent.

[39] The auction tail is the difference between the highest accepted yield and the auction average yield.

bids two or more basis points behind the market are also meaningful because if awarded, the price of all awards will be at that of the lowest accepted bid.

Anecdotal evidence also suggests that large dealers have changed bidding strategies by splitting bids into more numerous smaller bids, some ahead of the market, some at the market, and some trailing off the market. Also, the incidence of bid splitting by dealers and the range over which bids are split varies from auction to auction. One effect of the bid splitting is that the bids of the larger, usually more aggressive dealers are more interspersed with the more aggressive bids of other market participants (including other dealers, customers, and direct bidders) trying to ensure supply in an auction. The net result is that at the margin this greater density of aggressive bids by other participants has reduced, on average, the share of awards to the top groups of primary dealers.

Awards to dealers plus their large customers

Although not as consistent, the trend is similar for competitive awards to the top dealers plus their large customers.[40] The percentage of private awards to both the top five and top ten dealers plus their large customers declined significantly for the 5-year note auctions, falling from about 59 percent to 44 percent and from 72 percent to 64 percent, respectively. For 2-year notes, the changes in shares to the top five and top ten dealers plus their large customers were insignificant. However, the percentage of private awards going to all dealers plus their large customers increased significantly, from 81 percent to 88 percent.

[40] Includes awards to dealers plus the large customers of those same dealers. The shares representing awards to large customers is not derived by netting out the customer awards from the total of dealer plus customer awards.

By contrast, for 3-year and 10-year notes, the shares of competitive awards for these groups increased across the board, but by significant amounts only in the cases of the broader groupings for 3-year notes.

Large customer awards

Awards to large customers of primary dealers have risen under the uniform-price auction technique. (See Chart 2.) In general, however, the changes are significant only for large customers as a whole. For example, the shares of awards to all large customers rose from about 16 percent to 26 percent for 2-year notes, and from 19 percent to 25 percent for the 5-year notes.

Taken together with the data on all dealers plus their large customers, this evidence suggests that under the uniform-price technique there has been some substitution of customer awards for dealer awards for 2-year and 5-year notes. This finding is consistent with that presented above on awards to dealers for their own account. That is, the decrease in total dealer competitive awards is partially offset by an increase in competitive awards to all large customers. (See Chart 1.)

Top competitive awards

The last category of awards that was examined was top competitive awards to bidders regardless of whether they were dealers, dealers' customers, or direct bidders. (See chart 3.) Once again, this category lends support to the notion that the uniform-price technique has reduced award concentrations, but the evidence suggests that it has had a much smaller impact on increasing overall participation.

Impacts on Revenue

The primary purpose of conducting uniform-price auctions is to evaluate whether a uniform-price auction format will reduce financing costs, or equivalently, increase revenue. The most direct way to determine the impact on revenue of auction technique is to compare auction prices under the multiple-price format with auction prices under the uniform-price format and determine if there is a statistically significant difference between the two.

Treasury auctions are conducted in terms of yield, not prices. A direct comparison of auction yields, however, is difficult because yields vary from auction to auction, giving rise to the need for a common reference point. Yields in the contemporaneous WI market provide such a common point of reference.[41] The difference between auction yields and contemporaneous WI yields, or (Y_A - Y_{WI}), is commonly referred to as the auction spread. A positive spread (or markup) means that the yield in an auction is greater than the yield in the WI market at the time of an auction. Or, in terms of price, the price in an auction is lower than that in the WI market.

The contemporaneous WI yield is used as a benchmark against which to measure auction yields under the two formats because potential bidders for auctioned securities have a choice between purchasing securities at auctions or purchasing securities in the WI market anytime after the announcement of the securities to be auctioned. In particular, potential bidders face the choice between bidding in an auction or in the WI market in the time period from shortly before an auction up to the time of the auction.

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[41] Treasury auctions are usually held at 1:00 p.m. In some cases, such as when more than one security is auctioned on the same day, auctions have been held at other times. All data have been appropriately adjusted.

It should be noted that, although it is standard practice for researchers to compare WI yields with auction results, there are some issues that should be addressed regarding the use of contemporaneous WI yields. For example, the transaction sizes in the WI market are usually smaller than the range of sizes of bids of large participants in auctions. Typical transaction sizes in the WI market range from millions of dollars to tens of millions of dollars, while typical accepted competitive dealer bids in auctions range from millions and tens of millions to hundreds of millions of dollars.

The difference in relative transactions sizes has led some to question the usefulness of comparing auction yields with WI yields.[42] However, it is reasonable to assume that if WI yields were not reflective of value, arbitrage would eliminate any differences in relative values between WI yields and auction average yields. That is, if WI yields shortly before an auction were lower than the expected auction yield, dealers would sell short the WI security until the WI yield reached the expected auction yield in order to take advantage of the difference between the two.

Additionally, some have questioned the relative liquidity of the WI market at 1:00 p.m.[43] However, the data on transactions activity, suggest that there is ample liquidity in the time periods up to and including 1:00 p.m. Given sufficient liquidity, the 1:00 p.m. quote has the advantage that it provides an alternate, contemporaneous price for the auctioned security. Thus, it is assumed that the markup at 1:00 p.m. should approach zero, with any discrepancy reflecting compensation for the resources used and risks associated with participating in the auction.

It could also be argued that auction technique may have a discernable effect on WI market yields by affecting supply and demand in the WI market. On the demand

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[42] See Nyborg and Sundaresan (1995).

[43] Ibid.

side, if bidders are confident that a uniform-price format reduces the importance of specialized market knowledge, then more bidders may be willing to forego buying in the WI market and bid directly in the auction. The impact would be to shift the WI demand curve to the left, ceteris paribus, reducing the equilibrium price.

On the supply side, it can be argued that dealers may be more willing to put on shorts in the WI market because they are more assured of acquiring supply (with an aggressive bid) in a uniform-price auction, while mitigating the attendant price penalty inherent in a multiple-price format. Thus, dealers may be more willing to short the security in the WI market, shifting the supply curve to the right. The net impact of the hypothesized shifts in supply and demand would be to lower the WI equilibrium price (increase yield).

However, the demand and supply schedules are not observable, and it is usually assumed that the WI market is not affected by auction technique. The essence of the argument is that if there is an impact on yields in the WI market, relative to either yields in the auction or to yields on other securities, it is likely to be very minor or else the differential would be arbitraged away. We also view this as a reasonable assumption. That is, we assume that auction technique does not affect WI bid yields and that a comparison of auction results relative to the WI bid yields under both the multiple-price and uniform-price auction formats provides a useful comparison of expected revenue under the two formats.

Direct comparison of auction results

The most straightforward way to test whether the uniform-price auction technique reduces financing costs relative to the multiple-price technique is to directly compare auction spreads under the two techniques. If the auction spread is significantly smaller under the uniform-price technique, then the premium to bidders is smaller, or alternatively, expected revenue to the Treasury is greater.

We measure auction spreads by comparing the auction results to the bid side of contemporaneous WI yields because dealers who need to cover short positions are far and away the primary participants in Treasury auctions, and short positions are established at the bid side of the WI market.[44]

Chart 4 shows the average spreads between auction results and the contemporaneous WI bid yields for 2- and 5-year note auctions held under the multiple-price auction format (June 1991 through August 1992) and the uniform-price auction format (September 1992 through September 1995). In addition, for purposes of comparison the spreads for the 3-year and 10-year note auctions, which are all held under the multiple-price format, are shown divided into the same two time frames and for the entire period (June 1991 through September 1995).

The average auction spread for 2-year notes during the multiple-price period, 0.41 of a basis point, was cut by about half, to 0.22 of a basis point, during the uniform-price period, and that for 5-year auctions was reduced by about a third, from 0.33 to 0.23 of a basis point. In spite of the proportionately large changes in the average auction spreads, we cannot say that there is a statistically significant difference between them for either the 2-year or 5-year note auctions. The reason for the lack of statistical significance in the differences is that the average spreads for uniform-price auctions are not particularly reliable because of the auction-to-auction volatility in the spreads, as revealed by the large standard errors shown in Chart 4.

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[44] In the past, attempts to measure markups have used various gauges against the auction average. Cammack (1991) used the average of the current on-the-run issue at the market close on auction day. Spindt and Stolz (1992) used the WI bid yield 30 minutes before the auction. Simon (1994) and Bikhchandani and Huang (1989) used the WI bid yield at auction time. And Nyborg and Sundaresan (1995) use WI bid yields during various intervals around auction time.

Thus, a direct comparison of the average spreads under the two auction formats does not provide sufficient evidence to conclude that uniform-price auctions increase expected revenue to the Treasury relative to multiple-price auctions.

Indirect comparison of auction results: auction results under the two techniques versus 1:00 p.m. WI bid yields

Although a direct comparison of auction spreads does not reveal a statistically significant distinction between the two techniques in terms of expected revenue, additional information regarding relative revenue impacts may be obtained from an indirect comparison of the two techniques. That is, instead of comparing the spreads to each other, we can examine whether auction results under the two techniques are significantly different from the yields in the contemporaneous WI market, or whether the auction spreads as we have defined them are significantly different from zero. The presence of statistically significant positive spreads between the auction results and the 1:00 p.m. bid yields would represent expected premiums to successful competitive bidders, and expected revenue foregone by the Treasury.

As shown in Chart 4, the average spreads between the auction average yields and the contemporaneous WI bid yields are positive and statistically different from zero at the 99% level of significance for the 2- and 5-year notes under the multiple-price format. For the 3- and 10-year notes the average spreads for the whole study period are also positive and statistically different from zero at the 99% level of confidence.[45]

[45] For the 3- and 10-year note auctions, the whole study period is the relevant time frame for purposes of comparison because, due to their quarterly auction schedules, there are only five observations of each maturity in the June 1991 through August 1992 time period and twelve observations in the September 1992 through September 1995 period.

This result is consistent with other evidence that there is a statistically significant premium to dealers for bidding in auctions.[46]

By contrast, under the uniform-price format the average spreads for the 2- and 5-year notes are not significantly different from zero. That is, there is no statistically significant markup thus far in the uniform price-auctions. This result held true for uniform-price auctions held during the period from September 1992 through January 1994 when interest rates were generally flat or falling, and for the auctions since then, which have been held under a variety of interest rate conditions (although the range of fluctuations has been moderate by historical standards).

Thus, although upon direct comparison of the two auction techniques there is no statistically significant evidence of a difference in expected revenue to the Treasury, when results under the two techniques are compared to yields in the contemporaneous WI market, there is evidence of a difference. The data show there is a statistically significant premium to successful bidders in multiple-price auctions, which implies that expected revenue to the Treasury is reduced, whereas there is no similar evidence of a significant premium to successful bidders under the uniform-price technique. These results suggest, albeit not strongly, that expected revenue under the uniform-price technique is at least as great and probably greater than under the multiple-price technique.

Volatility of auction-to-auction results

Once again, the primary reason for the lack of statistical significance in the comparison of the results under the uniform-price technique when compared to the contemporaneous WI yields is the auction-to-auction volatility.

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[46] Most recently, Simon (1994) and Nyborg and Sundaresan (1995).

Charts 5 through 7 show the behavior of the spreads of auction results to 1:00 p.m. bid yields on an auction-to-auction basis for the 2-,5-, and 3- and 10-year notes. As charts 5 and 6 show, the behavior of the 2- and 5-year spreads on an auction-to-auction basis under the two techniques is notably dissimilar. For the thirty multiple-price 2- and 5-year note auctions from June 1991 to August 1992 the spreads between individual auction results and the 1:00 p.m. WI bid yields are almost uniformly non-negative (with the September 1991 2-year note auction being the only exception). For the thirty-four multiple-price 3- and 10-year note auctions shown in chart 7, in only three of the auctions have the average yields been below the 1:00 p.m. WI bid yields.

Thus, the data show that under the multiple-price format there has been a relatively stable and statistically significant average premium to successful competitive bidders.

By contrast, under the uniform-price auction format, in more than half (42 out of 74) of the individual auctions from September 1992 to September 1995 the auction yields have been below the 1:00 p.m. WI bid yields, producing negative auction spreads, and no statistically significant premium can be said to exist.

The greater auction-to-auction volatility of uniform-price auction results relative to the 1:00 p.m. WI bid yields is partially attributable to the different concepts employed in the reporting of auction results under the two formats. In multiple-price auctions, an average yield is used, whereas in uniform-price auctions a single number, the stop-out yield, is employed. In and of itself, a single number that represents the end point of a varying set of numbers can be expected to possess more variability than the average of a relatively stable set of numbers. In addition, the volatility of auction results under the uniform-price technique is a result of considerably more variability in the distributions of bids. The bid distributions for uniform-price auctions are much more volatile than those for multiple-price auctions in terms of variability of the modes, means, and standard deviations than the bid distributions in multiple-price auctions.

The practical import of this volatility for the purposes of this study is that, while on average uniform-price auctions may reduce financing costs, it is much less certain what the impact on revenue will be in any individual auction.

Liquidity of the WI market around 1:00 p.m.

We also examined the data to determine whether there is any basis for questioning the liquidity of the WI market at 1:00 p.m., and, therefore, for questioning the validity of the use of the 1:00 p.m. WI bid yields and conclusions drawn from their use. Inspection of transactions volume and WI yield data at 5-minute intervals throughout the trading day suggests that the market is as liquid or more liquid shortly before auction time than at other times of the day. In fact, the three 5-minute periods that comprise the 15 minutes up to and including 1:00 p.m. under both auction formats are among the most active periods of the day, as measured by average transactions volume, average number of transactions, and average transaction size.

Additionally, it has been argued that the bidding decisions of auction participants are not made at 1:00 p.m., but instead they are made at some point shortly before 1:00 p.m. A comparison of auction yield results to WI bid yields at other points in time prior to auctions reveals that the behavior of the spreads is not significantly altered. As shown in Chart 8, the average spreads between auction results and WI bid yields at 12:45 p.m., 12:50 p.m., and 12:55 p.m. are positive and statistically significant at the 99% level of confidence for the 2- and 5-year multiple-price auctions combined, and are statistically significant at the 99% and 95% levels of confidence for the 3- and 10-year multiple-price auctions. Meanwhile, uniform-price auction spreads at the same times continue to be statistically indistinguishable from zero.

The relative consistency in the behavior of yield spreads at the different points in time prior to 1:00 p.m. with those observed at 1:00 p.m. provides additional support for the assumption that the contemporaneous WI bid yields are an accurate reflection of the market value of the securities at the times of auctions.

Other Issues

In the following sections we look at issues raised by other researchers that, according to auction theory, may influence expected revenue under the two auction techniques. First, we look at how uncertainty may affect the markups at auctions. As part of this examination, we look at both bid dispersion and volatility of WI yields as proxies for uncertainty. Next, we look at movements in WI yields throughout auction days in an attempt to compare volatility in the WI market under the two techniques, and also to examine the concept that has been put forward that volatility in the WI market prior to auctions is associated with the release of private bidder information. Finally, we look at intraday movements in yields in the WI market in an attempt to find evidence of differences in either information sharing or strategic bidding behavior under the two auction formats.

Auction markups and the dispersion of bids

As discussed earlier, auction theory suggests that uncertainty will have an impact on auction results. Specifically, auction theory predicts that uncertainty will increase bid dispersion. As bid dispersion increases, for a given number of bidders, the likelihood that rival bidders will submit bids slightly stronger than one's own bids decreases. Consequently, each bidder can shade his bid lower without reducing the likelihood of receiving the auctioned goods, and revenue to the seller declines.

To test the relationship between uncertainty and the dispersion of bids, we used volatility of WI bid yields as a proxy for uncertainty. We regressed the dispersion of auction bid yields in 2- and 5-year note auctions against volatility, as measured by the standard deviation of WI market bid yields , during several time periods before auctions. The results (not shown) indicate that there is a positive relationship between the volatility of WI bid yields in the half hour before auctions and the dispersion of bids under both auction formats. Moreover, the impact is of a comparable magnitude under both the multiple- and the uniform-price techniques.

However, volatility exhibited differing impacts on dispersions of bids over longer time periods according to the auction technique used. For multiple-price auctions, volatility over longer time periods, such as at 1-, 2-, and 3-hour periods before the auction, had a very small and statistically insignificant impact on the dispersion of bids. For uniform-price auctions, however, there was a much stronger positive relationship between volatility and bid dispersion in the 1-, 2-, and 3-hour periods prior to auctions.[47]

Next, given evidence that uncertainty (as measured by volatility) is positively related to the dispersion of bids, we directly examine the impact of the dispersion of bids on auction markups. To look at this, we regressed the auction markup against the dispersion of bids and against the modified duration of the auctioned securities. Duration is included because, as a measure of price sensitivity, it may be considered a risk factor in auctions.[48] The results are shown in Table 1 and indicate that bid dispersion has a positive and statistically significant impact on markups in both multiple- and uniform-price auctions. The results, however, suggest that the markup is nearly twice as sensitive to bid dispersion under the uniform-price format than under the multiple-price.

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[47] This relationship was statistically significant at the 99% level for the 2- and 3-hour periods but not quite significant at the 95% level for the 1-hour period.

[48] Simon (1994) included duration in his regression analysis, which compared WI yield volatility and the markup. We discuss his results in greater detail in the next section.

Table 1

Markups versus Dispersion of Bids

Multiple- and Uniform-price Auctions

2- and 5-year Notes

(June 1991 - November 1994)

Markup regressed on:	Multiple-price	Uniform-price
Intercept	-0.615** (0.266)	-5.926** (1.663)
Dispersion of Bids	0.776** (0.222)	1.540** (0.363)
Duration of auctioned securities	-0.030 (0.052)	-0.273 (0.152)
R^2	0.30	0.33
D.W.	1.69	2.09

Standard errors are shown in parentheses. Two asterisks indicate statistical significance at the 99% level. The regressions are estimated with ordinary least squares and White's (1980) correction for heteroskedasticity.

Given this result, it should be noted that bid dispersion is also much more volatile from auction to auction under the uniform-price format. Charts 9 and 10 show the average distribution of bids under each auction technique for both the 2- and the 5-year note auctions. It is evident from these graphs that bids are submitted over a much broader range in uniform-price auctions. However, although the average bid dispersion looks like a relatively smooth, uniform-distribution, an auction by auction analysis of the same data reveals a great deal of variability in the distribution of bids for uniform-price auctions. The mean and standard deviation of bids vary widely, and in many cases, the distribution displays several modes. Consequently, this analysis suggests that the increased volatility of auction-to-auction results under the uniform-price technique is due to a large extent to more volatile dispersion of bids from auction to auction.[49]

Auction markups and volatility of WI yields

Other researchers have examined the relationship between auction markups and uncertainty using the volatility of WI bid yields prior to auctions because they do not have data on the actual distributions of bids. As a check on the results obtained above using the bid dispersions, and to verify the results of others using our data, we will also examine the relationship between auction markups and uncertainty as measured by the volatility of WI yields. To find the appropriate time frame over which uncertainty is a factor affecting the behavior of bidders, we examined volatility of WI bid yields at various time intervals prior to auctions. We also looked at this relationship for both multiple- and uniform-price auctions in order to determine whether volatility has a different impact on auctions according to the technique used.

Before presenting our results, however, we briefly examine the findings of Simon (1994). Simon examined the impact of uncertainty on the markups in multiple-price Treasury coupon auctions from January 1990 through September 1991. He found that uncertainty in the half hour before auctions has a positive and statistically significant impact on markups.[50] That is, an increase in uncertainty prior to auctions leads to increases in the markups that successful bidders receive at auctions. Moreover, he found that markups are not impacted by the volatility of WI yields for longer time periods on the mornings of auctions.

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[49] As previously noted, the reporting of uniform-price auction results in terms of a stop-out yield as opposed to an average yield also plays a role in volatility of auction results.

[50] Simon used the standard deviation of WI bid yields in the half hour before Treasury auctions in 10-minute intervals as a proxy for uncertainty. He also included duration in his analysis because, as a measure of the price sensitivity of the auctioned security, it represents a risk factor in auctions.

We regressed the markups at auctions against uncertainty and duration for the 2- and 5-year multiple-price Treasury note auctions from June 1991 to August 1992 and on uniform-price auctions from September 1992 to November 1994. The results are listed in Tables 2 and 3.

Table 2
Markups versus Volatility
Multiple-price Auctions
2- and 5-year Notes
(June 1991 - August 1992)

Auction Markups regressed on:	
Intercept	0.232 (0.198)
Standard deviation of WI yields (in ½ hour before auctions)	1.177 (0.614)
Duration of auctioned securities	-0.058 (0.063)
R^2	0.13
D.W.	1.82

Standard errors are shown in parentheses. The regressions are estimated with ordinary least squares and White's (1980) correction for heteroskedasticity.

Like Simon, we found evidence that in multiple-price auctions, increases in the volatility of WI yields prior to auctions lead to increased markups (the results are just below the 95 percent significance level). The results in Table 2 show that a 1 basis point increase in the standard deviation of WI bid yields in the half hour prior to an auction will lead to a 1.18 basis point increase in the markup, a comparable but somewhat stronger impact than the 0.83 basis point increase reported by Simon. Other regression results that are not shown, indicate that the volatility of WI bid yields over 1-, 2-, and 3-hour periods prior to auctions does not affect markups in multiple-price auctions. This is also consistent with Simon's findings. Additionally, we found that duration is not a statistically significant explanatory variable, but its inclusion in the regression equation improves the results.

Table 3
Markups versus Volatility
Uniform-price Auctions
2- and 5-year Notes
(September 1992 - November 1994)

Markup regressed on:	½ hour before auctions	1 hour before auctions	2 hours before auctions	3 hours before auctions
Intercept	-0.856 (0.707)	-0.707 (0.749)	-0.599 (0.706)	-0.390 (0.643)
Standard deviation of WI yields before auctions	4.391** (1.115)	2.858** (0.939)	2.079** (0.684)	1.544** (0.496)
Duration of auctioned securities	-0.103 (0.180)	-0.081 (0.190)	-0.164 (0.187)	-0.224 (0.198)
R^2	0.21	0.13	0.14	0.12
D.W.	1.93	2.04	2.08	2.12

Standard errors are shown in parentheses. Two asterisks indicate statistical significance at the 99% level. The regressions are estimated with ordinary least squares and White's (1980) correction for heteroskedasticity.

For uniform-price auctions, we found that the volatility of WI yields in the half hour prior to auctions has a stronger impact on markups. The results shown in Table 3 indicate that a 1 basis point increase in volatility will lead to a 4.39 basis point increase in the auction markup. Once again, duration is a statistically insignificant variable, but its inclusion improves the overall regression results.

More significantly, the data suggest that markups at uniform-price auctions are related to the tone of the market over longer periods on the mornings of auctions. Volatility in the WI market at 1-, 2-, and 3-hour periods prior to uniform-price auctions has a positive and statistically significant impact on markups.

In fact, the volatility of yields has an increasingly strong impact on markups as the auction time draws closer. Table 3 shows the regression results for various time periods leading up to auctions. These results indicate that a 1 basis point increase in volatility in the 3-hour period before an auction will increase the auction markup by 1.54 basis points. In the 2-hour period before an auction, the same rise in volatility will raise the markup by 2.08 basis points, and in the hour before an auction, the increase will be 2.86 basis points.

Nyborg and Sundaresan (1995) also examined the volatility of WI bid yields prior to Treasury auctions. In their analysis, however, the volatility of WI bid yields represents the release of information. Thus, WI bid yield volatility is related to a reduction in uncertainty rather than an augmentation of it. Our analysis appears to support the notion that WI volatility is a sign of uncertainty rather than an indicator of the revelation of information since increases in volatility lead to increases in the size of auction markups. If volatility indicated an increase in the release of information, one would expect the regression coefficient to show a negative sign. That is, increases in volatility would reduce markups because bidders would be more certain of the demand for the securities to be auctioned and/or of opposing bidders' strategies.

One final observation concerning uncertainty and the markup might also be made. Given the volatility of auction-to-auction results and the greater sensitivity to the tone of the market prior to auctions, it appears that uniform-price auction markups may be impacted to a greater degree by events that occur on the mornings of auctions. That is, events that unsettle the markets may have a stronger impact on uniform- than on multiple-price auctions. In the case of uniform-price auctions, uncertainty may augment an already-broad distribution of bids, thereby further contributing to volatile auction-to-auction results. This notion is supported by additional empirical evidence: in our sample only one of the 2-year and 5-year note multiple-price auction averages has come in 2 basis points above the contemporaneous WI bid yield (the rest were one basis point or less), while uniform-price results have been as much as 7 basis points higher than the relevant WI bid yield.

Intraday movements in WI yields

Intraday movements in WI yields are considered relevant because they provide publicly available information on the "common value" of a WI security as an auction approaches. As noted earlier, it has been argued that dealers are more likely to reveal more private information in the pre-auction WI market under a uniform-price format than under a multiple-price format because it is of less value in the auctions. Also, changes in WI bid yields after auctions may provide information regarding bidding strategies and the aggressiveness of auction bidding relative to subsequent market values. First, we take up the issue of information release in the WI market under the two formats.

The argument goes that if more private information is released on the mornings of auctions, there should be more volatility in the pre-auction period of uniform-price auctions as WI market participants react to the new information. It then follows that, if there is more information available going into auctions, there should be less reaction to auction results and, thus, less volatility in WI market yields after auctions.

One way of looking at volatility is to examine how spreads of auction results relative to intraday WI bid yields vary across auctions for the two techniques.[51] Charts 11 and 12 show markedly higher volatility of spreads for uniform-price auctions than for multiple-price auctions on the mornings of auctions for both the 2- and 5-year notes. This result could be interpreted as being consistent with the notion that the release of information is associated with higher volatility.

Given the presence of increased volatility on the mornings of auctions under the uniform-price technique, one would expect volatility to fall following the release of results. This is, in fact, what happens. After results are released the level of volatility for the uniform-price auctions drops and becomes lower for both the 2-year and 5-year notes.[52] Later in the afternoon, on average, volatility drifts upward in a comparable fashion for both techniques.

The greater volatility of spreads of auction results to WI bid yields early on auction days and the reduced volatility after results are announced has been attributed by others to the release of information in the pre-auction WI market.[53] It can be interpreted alternately that these results are simply due to the greater volatility of auction-to-auction results with respect to the WI market under the uniform-price format, and are not necessarily related to any significant difference in WI market volatility between the two auction formats.

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[51] Volatility of spreads across auctions at various times on auction day is calculated by taking the sample standard deviation of spreads (auction result minus WI bid yield) across auctions at 5-minute intervals and then taking a 15 minute rolling average.

[52] The average amount of time between auctions and announcements of results was 61.5 minutes and 59.0 minutes for the 2- and 5-year multiple-price auctions, and 54.5 minutes and 49.0 minutes for the 2- and 5-year uniform-price auctions, respectively.

[53] See Bikhchandani and Huang (1989) and Nyborg and Sundaresan (1995).

To examine this, we compared WI bid yields at various points in the day to the WI bid yield at a specific time (1:00 p.m.) rather than to auction results. Charts 13 and 14 demonstrate how spreads of 1:00 p.m. WI bid yields to intraday WI bid yields vary across auctions for the 2- and 5-year note auctions under both auction formats. (Using this measure, it is quite natural to expect volatility to be higher farther away from 1:00 p.m. and to converge toward zero at 1:00 p.m.) As shown, the variability of spreads of WI bid yields at various times during a day to the 1:00 p.m. WI bid yields is highly comparable under the two formats. In the mornings, standard deviations are higher and drift downward as auction time approaches. After auction time, the pattern of volatility is similar and drifts upward. Thus, when the spreads of WI bid yields are examined relative to another WI bid yield, rather than to auction results, the data indicates that there is little distinction in intraday yield volatility between the two auction techniques.[54]

These results are contrary to what one would expect if more private information is revealed in the pre-auction WI market under a uniform-price auction format, and such information release is associated with an increase in volatility.

Strategic behavior

Some analysts have suggested that the multiple-price auction technique is more susceptible to information sharing and/or the implementation of strategic bidding strategies following aggressively bid auctions. To examine this hypothesis with our data, we looked the relationship between the aggressiveness of bidding at auctions and subsequent movements in WI bid yields.

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[54] Another way to measure volatility is to examine intraday movements in spreads, or to observe how spreads vary throughout each auction day, and then take an average of this measure for each technique. However, examination of intraday WI market volatility using this measure does not show a definitive pattern of greater volatility on the mornings of uniform-price auctions, nor does it show less of a reaction to auction results.

If bidders share information regarding the aggressiveness of bidding before results are announced, it has been argued that WI yields would react accordingly. More specifically, WI yields would be expected to fall after an aggressively bid auction as prices are bid up, and to rise (prices fall) following a poorly bid auction.

Alternately, it has been suggested that the movement in WI yields before auction results are announced might be explained by the implementation of strategic bidding strategies by aggressive bidders in the auction. It has been suggested that such bidders might purchase additional securities in the WI market following the auction, thereby further bidding up prices. This allows those same bidders to control a larger share of the securities, which they can sell at a premium in the WI market following the announcement of auction results. Presumably, this strategy is only effective following aggressively bid auctions.

By contrast, bearish market participants do not have the same opportunity to bid strategically since bearish participants cannot sell securities in the auction. Although they have the option of shorting securities following the auction, participants pursuing such a strategy face the risk of having to cover their positions at unexpectedly high prices following a surprisingly strong auction. As a result, one would expect yields to fall after an aggressively bid auction when strategic trading takes place, but one would not expect a correspondingly strong rise in yields after a poorly bid auction.

Simon (1994) and Nyborg and Sundaresan (1995) each examined the behavior of WI bid yields at various times following Treasury auctions in order to determine whether information sharing or strategic trading took place. For Treasury coupon auctions from January 1990 through September 1991, Simon found that there was a statistically significant positive relationship between the markups at Treasury auctions and the movement of WI bid yields from the time of an auction to five minutes before the release of results. Additionally, Simon tested this relationship when Treasury auctions with negative markups (i.e. aggressively bid auctions) were excluded and found that the results were no longer statistically significant. Consequently, he concluded that this asymmetry of results supported the notion that the movement of WI yields before auction results are announced is not due to information sharing. Rather, strategic trading may be taking place whereby aggressive bidders in an auction augment their positions in the WI market and simultaneously bid up prices.

Nyborg and Sundaresan came to the same conclusion as Simon regarding strategic trading for multiple-price auctions from July 1992 to August 1993. However, their regression coefficients suggest a weaker association between markups and WI yield movements and are not statistically significant. Nyborg and Sundaresan also examined uniform-price auctions and found that there was no association between markups and WI yield movements before results are announced, suggesting that neither strategic trading nor informational advantages are present in this auction format.

We examined the relationship between markups and WI bid yield movements during various time periods following 2-year and 5-year note auctions. First we regressed the change in WI bid yields from the time of an auction to five minutes before auction results were announced against the auction markup and against duration. In the case of multiple-price auctions there was no statistically significant evidence that markups had an impact on the movements of WI bid yields before auction results were announced (results are not shown). Furthermore, there was no evidence that markups had an impact on movements in WI yields when auctions with negative markups were excluded. This appears to indicate that neither information sharing nor strategic trading was a factor following the multiple-price auctions that we examined.

In the case of uniform-price auctions we found a statistically significant positive relationship between auction markups and the movements in WI yields between an auction and five minutes before results were announced. In addition, when we excluded auctions with negative markups (i.e., aggressively bid auctions) the coefficient on markups became greater and remained statistically significant. Moreover, when we ran the same regression for only auctions with negative markups, the results were no longer significant. These results indicate that in the case of uniform-price auctions, there was an asymmetric movement in yields. That is, yields rose before results were announced following poorly bid auctions, but they did not fall after aggressively bid auctions. However, it would be difficult for participants with bearish sentiments entering auctions to impact after-auction markups to the same extent as bullish bidders. Thus, these results are open to question.

In order to determine the extent to which information regarding the aggressiveness of bidding is revealed before and after auction results are announced, we regressed the movements of WI bid yields from five minutes before to five minutes after the announcement of auction results and from auction time to five minutes after the results are announced against markups and duration. For multiple-price auctions, the results showed a positive and statistically significant relationship between the movements in yields and markups for both periods. Moreover, the yield movements showed a virtually one-to-one mapping. This suggests that there is very little sharing of information before multiple-price auction results are announced. Rather, the aggressiveness of bidding is reflected in WI yield movements only after results have been announced.

The results of our analysis for uniform-price auctions differed somewhat. They indicate that the movement in WI bid yields from five minutes before to five minutes after the result announcement is about twice as strong as the yield movement prior to the announcement. Thus, for uniform-price auctions, about one-third of the reaction to the aggressiveness of bidding occurs before the results are announced, and two-thirds occurs afterwards.

In summary, there is little if any evidence that information sharing and/or strategic trading takes place under either auction technique. In the case of uniform-price auctions, it appears that there is some reaction to the aggressiveness of bidding before auction results are announced, but only after poorly bid auctions. This suggests that some information may enter the pre-announcement market following a weak auction, but it is unlikely that strategic bidders could act effectively.

V. Summary and Conclusions

The Treasury's purpose in conducting uniform-price auctions is to determine whether the uniform-price auction technique reduces the Treasury's financing costs compared with multiple-price auctions, by encouraging more aggressive bidding by participants, and whether it broadens participation and reduces concentration of securities on original issue. Thus, the evaluation has focused on the impact on revenues and the breadth of initial distribution of awards.

In addition to auction technique, a constellation of other factors also affects auction results, such as the economic outlook, expectations for movements in absolute or relative interest rates, and any other factors affecting the portfolio decisions of dealers and investors. For example, since the Salomon Brothers revelations in 1991 the Treasury auction process and secondary market trading practices have undergone regulatory and other changes that may also have had an impact on bidding strategies and trading practices of market participants.

The confluence of these and other factors produces significant auction-to-auction volatility in the data, making it difficult to isolate the impact of auction technique itself. Despite our inability to examine auction technique as in a laboratory setting, we can make inferences based on our analysis regarding the impacts of auction technique on the distribution of securities and on revenues.

Our methodology was to compare auction results and WI market trading patterns for the 2-year and 5-year notes under the two techniques. We then examined whether any differences in performance are consistent with the purpose of conducting uniform-price auctions and whether the differences are consistent with the predictions of auction theory.

In attempting to isolate changes due only to auction technique, we compared the performance of the 2-year and the 5-year notes under the two auction techniques to the 3-year and 10-year note multiple-price auctions over the whole time period. In many cases, however, inferences based on such comparisons are tenuous because of the small number of observations on the 3-year and 10-year notes and because of auction-to-auction volatility. Also, market participants do not view the 3-year and 10-year notes, which are auctioned quarterly and are traded less actively in the secondary market, as close substitutes for 2- and 5-year notes, which are auctioned monthly and are the most actively traded of all Treasury securities.

Impacts on the Distribution of Awards

Some researchers contend that uniform-price auctions will encourage more bidders to participate in competitive bidding by reducing the importance of specialized knowledge regarding market demand and the information costs associated with its collection. A corollary to increased participation is a reduction in the concentration of awards.

We found statistically significant evidence that the concentration of awards to the top primary dealers for their own accounts has been reduced. The data show a distinct, parametric reduction in award concentrations to the top dealers under the uniform-price technique. The average shares of awards of both 2-year and 5-year notes to the top five and top ten dealers declined, with the reductions ranging from about 5 to 15 percent. For the primary dealer community as a whole, the shares of awards in the 2-year and 5-year notes edged downward, but not by a statistically significant amount.

By contrast, the shares of awards to the top dealers in 3-year and 10-year note multiple-price auctions either remained essentially the same or increased significantly.

The shares of awards to dealers plus their large customers displayed essentially the same pattern as awards for dealers' own accounts. Also, awards for large customers alone increased, from around 17 percent to 25 percent for both the 2-year and 5-year notes, suggesting greater participation by large customers of dealers in auctions, rather than in the secondary market. Meanwhile, for 3-year and 10-year notes, the shares of awards to customers did not change significantly.

The reduced concentrations of awards to the top dealers may be attributed to two interrelated factors: a widening in the overall distribution of auction bids, as one might expect from auction theory; and resultant changes in the bidding strategies of the largest dealers. Under multiple-price auctions, there is a relatively tight distribution of large bids around the auction average because successful bidders pay the price actually bid. Under uniform-price auctions, however, the distribution of bids is much broader and the amounts bid at each yield tend to be smaller. The broader bid distribution follows from auction theory in that there is no penalty for submitting bids ahead of the market, unless such aggressive bids in the aggregate match or exceed the auctioned amount.

The evidence suggests that large dealers have changed bidding strategies, in response to expected wider bid distributions, by splitting bids into more numerous smaller bids -- some ahead of the market, some at the market, and some trailing off the market. The combined effect of the broader distribution of bids and the greater incidence of bid splitting is that the bids of the larger, usually more aggressive dealers are increasingly interspersed with the more aggressive bids of other market participants (particularly large customers) who are trying to ensure supply in an auction. The net result is that at the margin the share of awards to the top groups of primary dealers has decreased.

Impact on revenues

The impact of the uniform-price auction technique on revenues is more difficult to analyze because there is a vast array of factors that affect bidding at Treasury auctions. Nevertheless, we have directly tested for any differences in expected revenue from the two techniques; tested several hypotheses of auction theory; and examined the empirical results of other researchers with respect to our own findings.

The most direct way to determine the impact on expected revenue of auction technique would be to compare average auction yields under the two techniques and determine if there is a statistically significant difference. A direct comparison of auction yields, however, is difficult because yields vary from auction to auction, giving rise to the need for a common reference point. Yields in the contemporaneous WI market provide such a reference.

Thus, we examined the average spreads between auction yields and the appropriate WI yields for each technique. Our results show that the average spreads for uniform-price auctions are smaller than those for multiple-price auctions, but the difference is not statistically significant. On this basis, we are unable to conclude that there is a difference in expected revenue.

However, by examining the average auction spreads separately and testing whether each spread is statistically distinguishable from zero, we did obtain statistically significant results. The data show that the average spread is different from zero in multiple-price auctions, whereas there is no similar evidence for the uniform-price technique. On this basis, expected revenue under the uniform-price technique is marginally greater than under the multiple-price technique.

The primary reason for the lack of a statistically significant difference between auction yields and WI yields under the uniform-price auction technique is greater auction-to-auction volatility of the results with respect to the WI market. The greater volatility is partly a result of the broader and more volatile distributions of bids, and partly a result of the difference in the yield measure used to report auction results under the two techniques. In multiple-price auctions, an average yield concept is used, while in uniform-price auctions, the reported yield is not an average, but a marginal or stop-out yield. An average of a relatively stable set of numbers is inherently less volatile than the endpoint of another set of numbers that exhibits more variability. Thus, uniform-price auctions may produce greater revenue on average, but present greater uncertainty regarding revenue at any given auction.

Since there is increased volatility of auction results relative to WI yields under the uniform-price technique, the outcome of any given auction is less certain, and therefore, participants may be more cautious in bidding under this regime when uncertainty increases. Our analysis suggests that auction results with respect to the contemporaneous WI market are affected by the tone of the market on the mornings of auctions. The volatility in the WI market on the mornings of auctions has a stronger impact on markups for uniform-price auctions than for multiple-price auctions. This may lead to a potential loss of revenue to the Treasury in times when the markets are unsettled.

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APPENDIX OF CHARTS

Chart 1

Large Competitive Awards to Primary Dealers And Awards to Primary Dealers Plus Their Large Customers as a Percentage of Total Private Awards#

	Top	Dealer Own Accounts Jan '90-Aug '92	Dealer Own Accounts Sept '92-Dec '94	Dealers Plus Their Large Customers Jan '90-Aug '92	Dealers Plus Their Large Customers Sept '92-Dec '94
Two-Year	5	38.3	31.1 *	48.4	44.5
	10	50.8	45.4 *	63.5	64.1
	All Dealers	66.2	63.4	81.4	87.9 *
Five-Year	5	46.3	32.0 *	59.1	44.0 *
	10	57.1	46.6 *	72.4	63.7 *
	All Dealers	69.2	63.9	87.2	88.2
Three-Year	5	41.8	43.5	51.8	57.2
	10	53.5	55.3	65.2	72.6 *
	All Dealers	67.6	68.2	82.0	88.1 *
Ten-Year	5	40.7	54.8 *	60.3	61.8
	10	54.5	67.2 *	75.5	76.9
	All Dealers	71.5	78.7	91.5	92.0

* Indicates that percentage is significantly different from the previous period at the 95% level.

#Large competitive awards (based on bids greater than or equal to $1 million) to primary dealers for their own accounts and awards to their customers through the New York, Chicago, and San Francisco Federal Reserve Banks and branches.

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Chart 2

Top Competitive Awards to Primary Dealers' Large Customers#

Two-Year

Top	As Percent of Total Private Awards: Jan '90-Aug '92	Sept '92-Dec '94
5	12.9	16.1
10	14.8	20.0 *
All	16.3	25.5 *

Five-Year

Top	As Percent of Total Private Awards: Jan '90-Aug '92	Sept '92-Dec '94
5	14.5	15.6
10	16.8	19.7
All	18.6	25.3 *

Three-Year

Top	As Percent of Total Private Awards: Jan '90-Aug '92	Sept '92-Dec '94
5	12.1	13.1
10	13.8	15.7
All	15.5	18.9

Ten-Year

Top	As Percent of Total Private Awards: Jan '90-Aug '92	Sept '92-Dec '94
5	15.1	9.4
10	17.6	11.5
All	20.0	13.7

* Indicates that percentage is significantly different from the previous period at the 95% level.

#Large competitive awards (based on bids greater than or equal to $1 million) to the customers of primary dealers through the New York, Chicago, and San Francisco Federal Reserve Banks and branches

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Top Large Competitive Awards to Primary Dealers, Large Customers, or Direct Bidders#

Two-Year

Top	As Percent of Total Private Awards Jan '90-Aug '92	Sept '92-Dec '94
5	45.5	35.8 *
10	61.3	53.6 *
All	87.9	91.9 *

Five-Year

Top	As Percent of Total Private Awards Jan '90-Aug '92	Sept '92-Dec '94
5	53.1	35.8 *
10	67.5	54.6 *
All	91.1	92.7

Three-Year

Top	As Percent of Total Private Awards Jan '90-Aug '92	Sept '92-Dec '94
5	50.7	49.6
10	64.4	65.4
All	89.4	93.4

Ten-Year

Top	As Percent of Total Private Awards Jan '90-Aug '92	Sept '92-Dec '94
5	49.9	57.0
10	67.1	72.0
All	93.6	95.0

* Indicates that percentage is significantly different from the previous period at the 95% level.

#Large competitive awards (based on bids greater than or equal to $1 million) to primary dealers for own accounts, to customers of primary dealers, or to direct bidders through the New York, Chicago, and San Francisco Federal Reserve Banks and branches

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Chart 4

Average Spreads Between Auction Results and 1:00 pm WI Bid Yields

(Basis Points, Standard Error in Parentheses)

Securities	Multiple-price Period 6/91-8/92	Uniform-price Period 9/92-9/95	Whole Period 6/91-9/95
2-YR	0.41 **	0.22	
	(0.13)	(0.26)	
5-YR	0.33 **	0.23	
	(0.06)	(0.32)	
2-YR & 5-YR	0.37 **	0.22	
	(0.07)	(0.20)	
3-YR	0.50	0.57 **	0.55 **
	(0.22)	(0.17)	(0.13)
10-YR	0.56	0.81 **	0.74 **
	(0.40)	(0.22)	(0.19)
3-YR & 10-YR	0.53 *	0.69 **	0.64 **
	(0.22)	(0.14)	(0.11)

* Significantly different from zero at the 95% level.

** Significantly different from zero at the 99% level.

Source: GOVPX, Inc.

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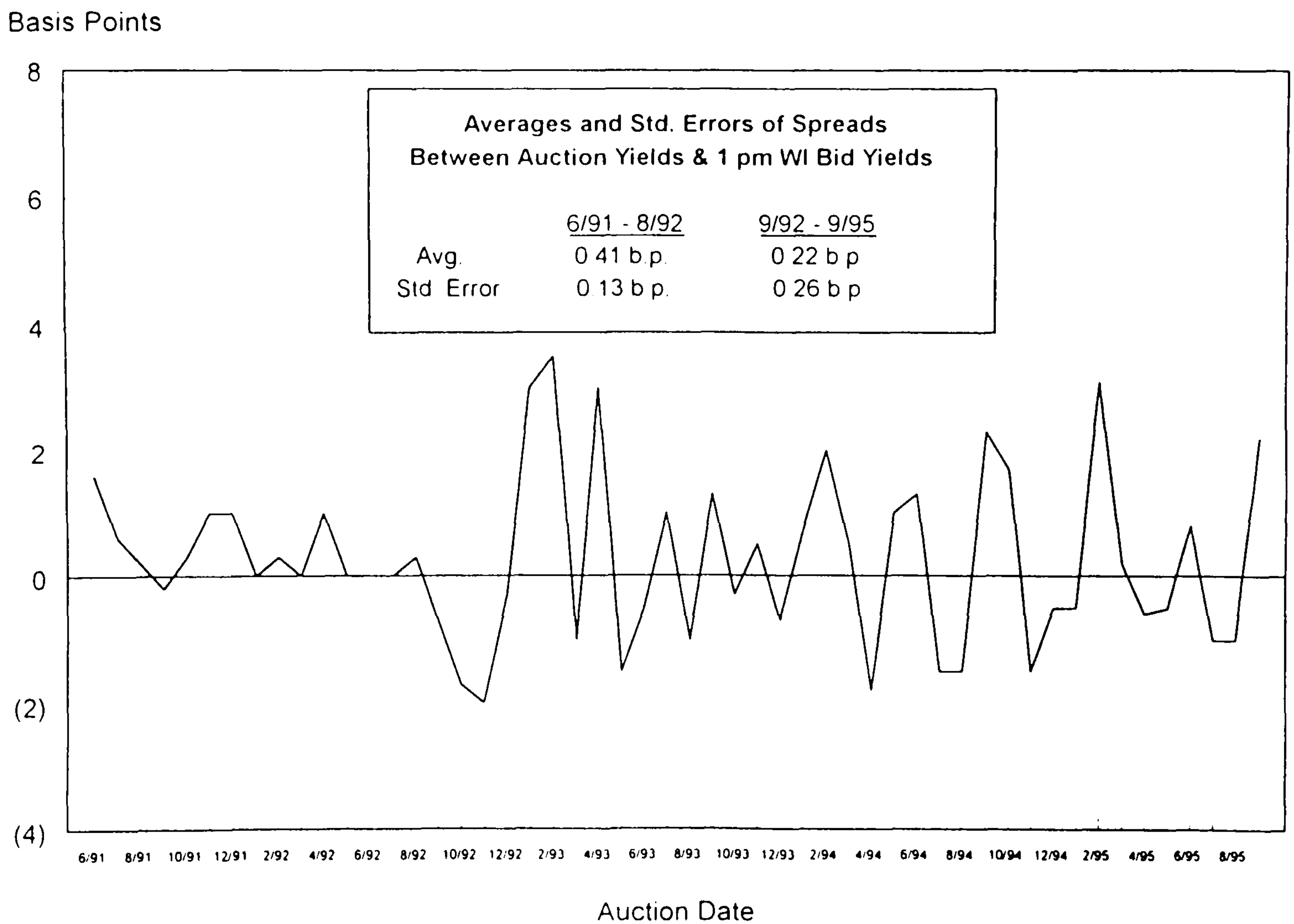
AUCTION SPREADS
AUCTION RESULTS - 1 PM WI BID YIELDS
2-YEAR NOTES
(June '91 through September '95)



Source GOVPX Inc

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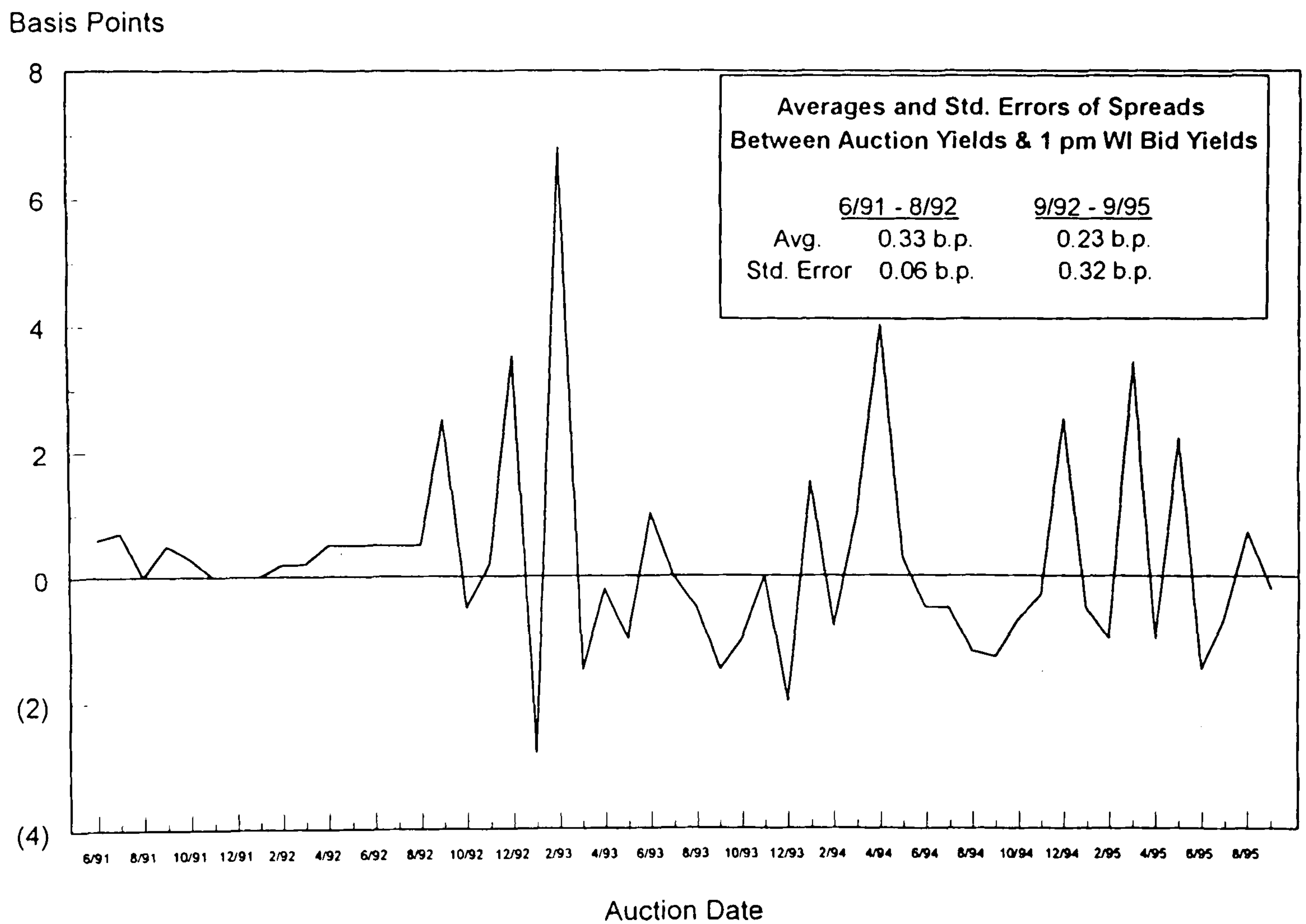
Office of Market Finance

Chart 5

AUCTION SPREADS
AUCTION RESULTS - 1 PM WI BID YIELDS
5-YEAR NOTES
(June '91 through September '95)



Source GOVPX, Inc.

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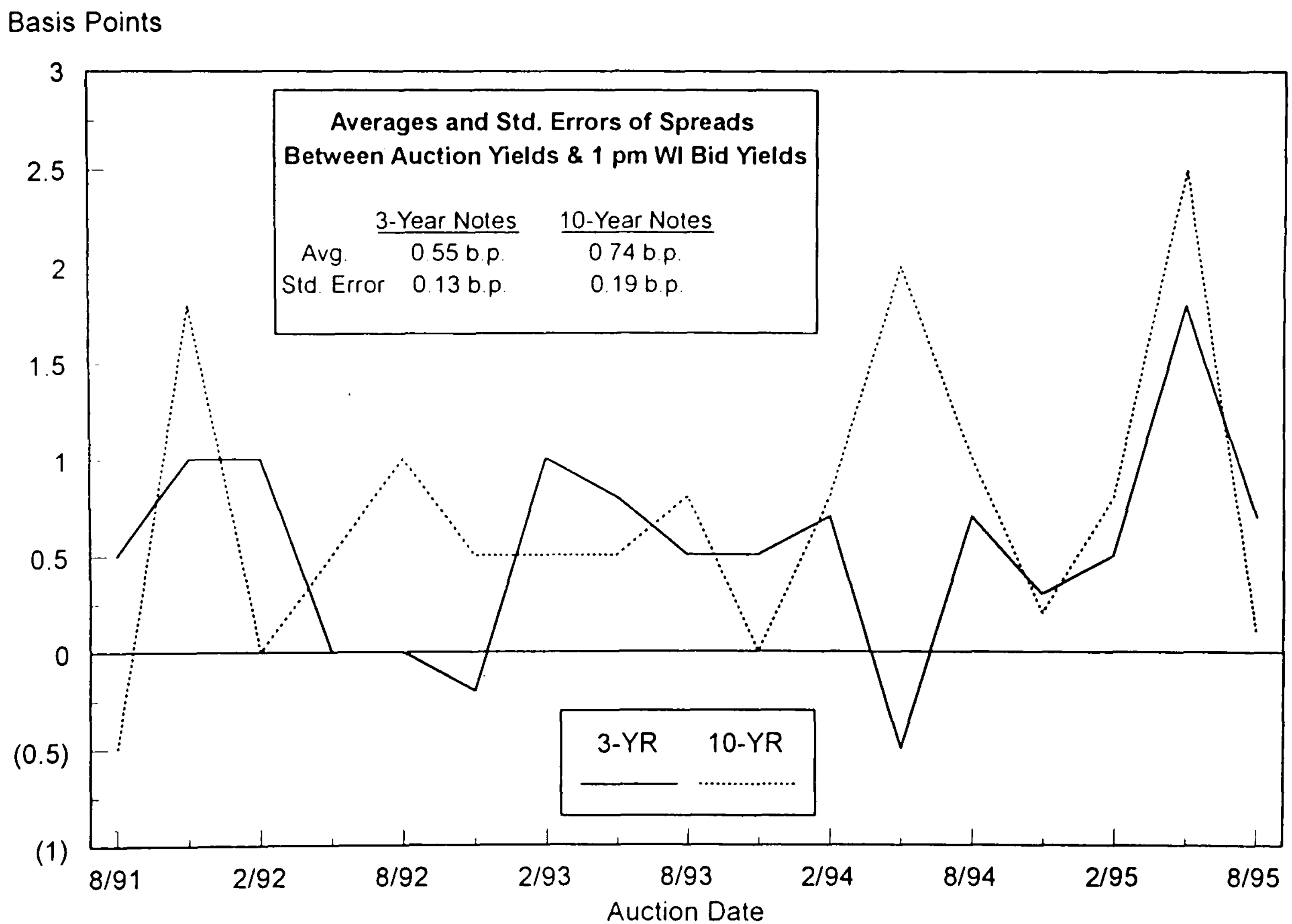
Chart 6

AUCTION SPREADS
AUCTION RESULTS - 1 PM WI BID YIELDS
3-YEAR & 10-YEAR NOTES
(August '91 through August '95)



Source GOVPX, Inc

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Chart 7

Chart 8

Average Spreads Between Auction Results and WI Bid Yields

(Basis Points, Standard Error in Parentheses)

Securities	6/91-8/92	9/92-11/94	Whole Period 6/91-11/94
2-YR & 5-YR			
1:00 pm	0.37 **	0.19	
	(0.07)	(0.25)	
12:55 pm	0.31 **	0.20	
	(0.08)	(0.27)	
12:50 pm	0.26 **	0.27	
	(0.08)	(0.28)	
12:45 pm	0.36 **	0.34	
	(0.09)	(0.30)	
3-YR & 10-YR			
1:00 pm	0.53 *	0.56 **	0.55 **
	(0.22)	(0.13)	(0.11)
12:55 pm	0.55 *	0.54 **	0.54 **
	(0.24)	(0.13)	(0.12)
12:50 pm	0.50	0.47 *	0.48 *
	(0.29)	(0.20)	(0.16)
12:45 pm	0.52	0.38	0.43 *
	(0.34)	(0.21)	(0.18)

itly different from zero at the 95% level.
itly different from zero at the 99% level.

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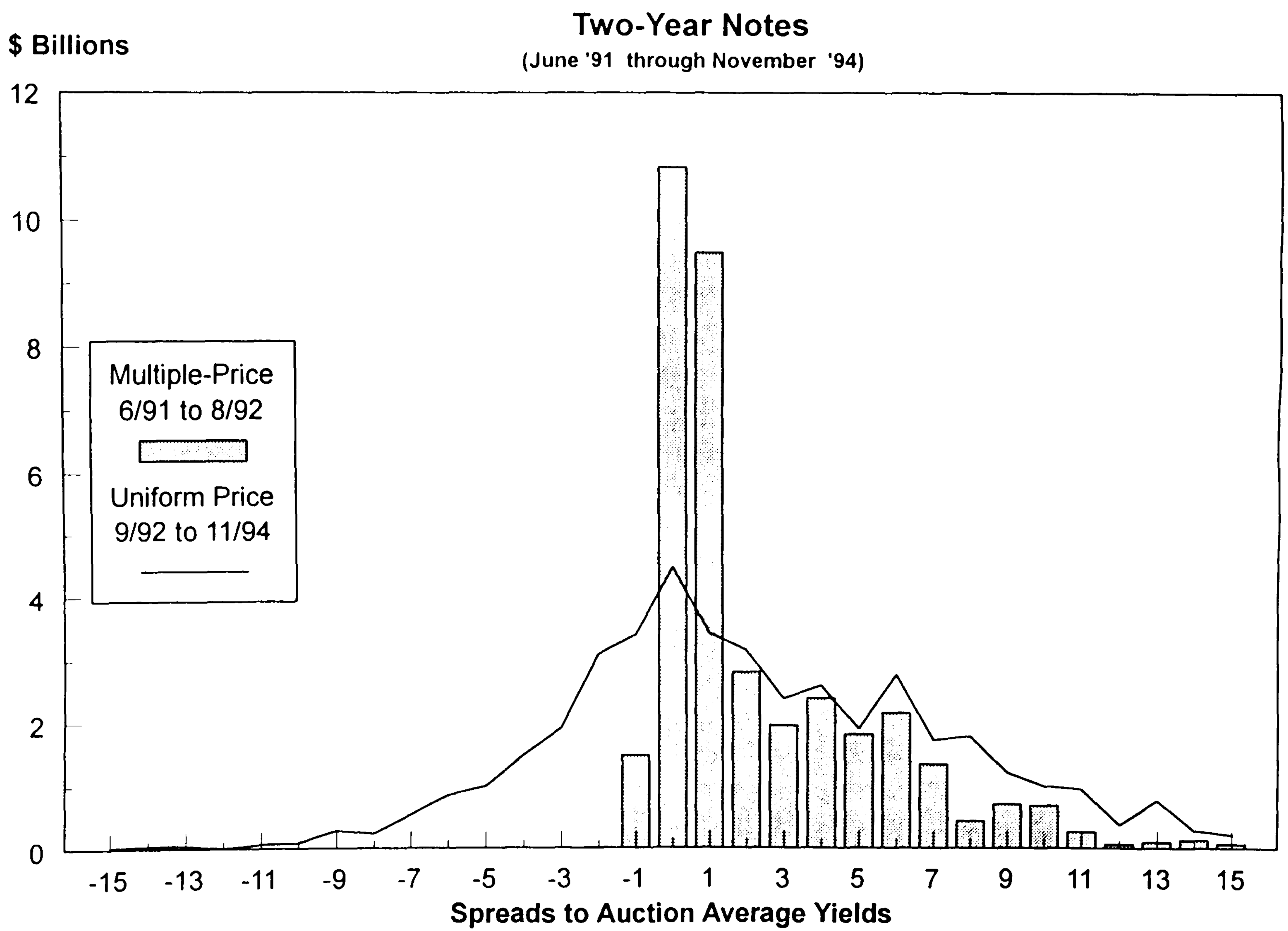

Note: Bid yields truncated at + or - 15 basis points
with respect to auction yield results

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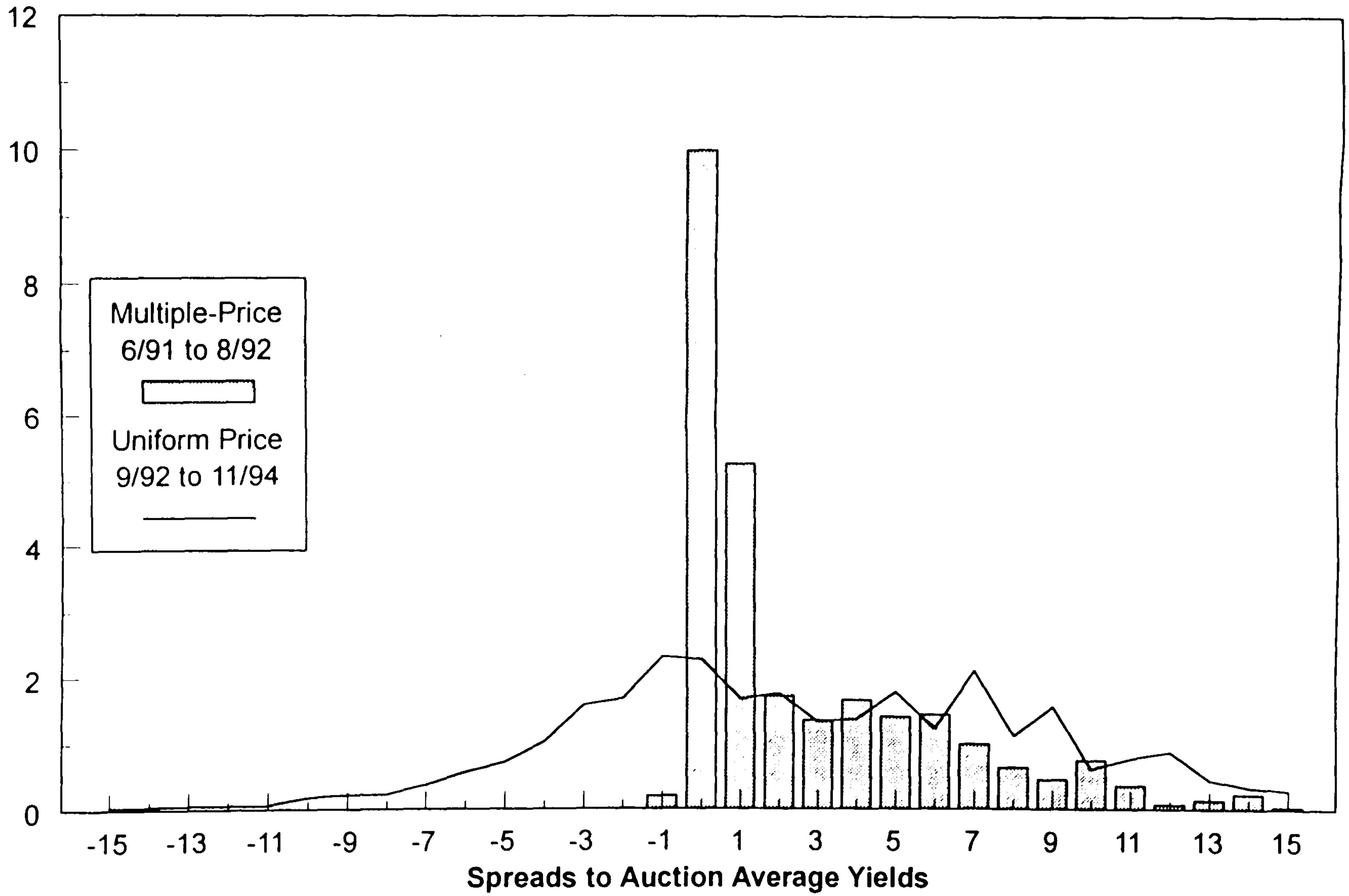
Chart 9

Five-Year Notes

(June '91 through November '94)

$ Billions



Note: Bid yields are truncated at + or - 15 basis points with respect to auction yield results

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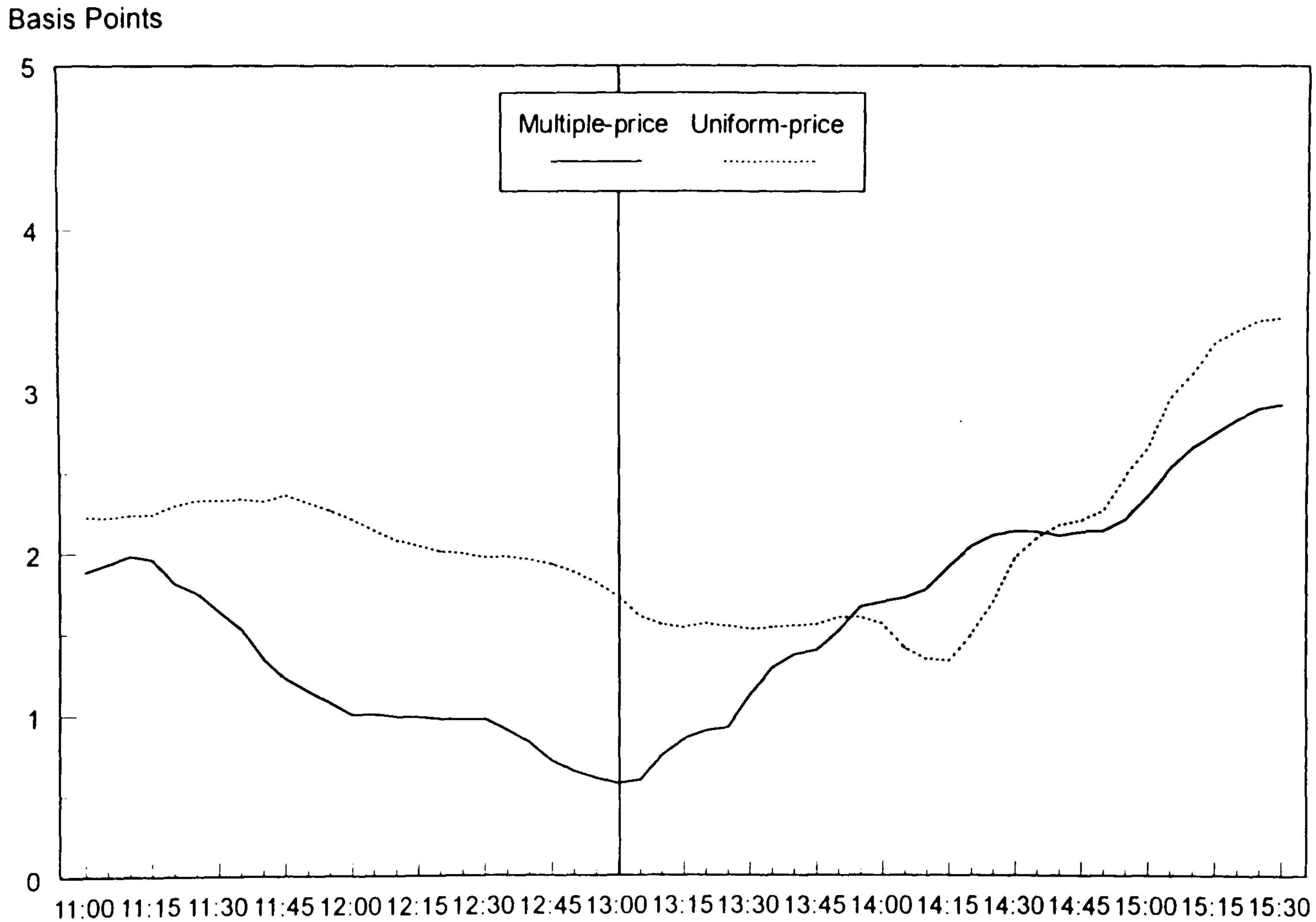
Chart 10

VOLATILITY OF SPREADS BETWEEN AUCTION RESULTS AND INTRADAY WI BID YIELDS 2-YEAR NOTES



Source GOVPX, Inc
Data 6/91 through 11/94

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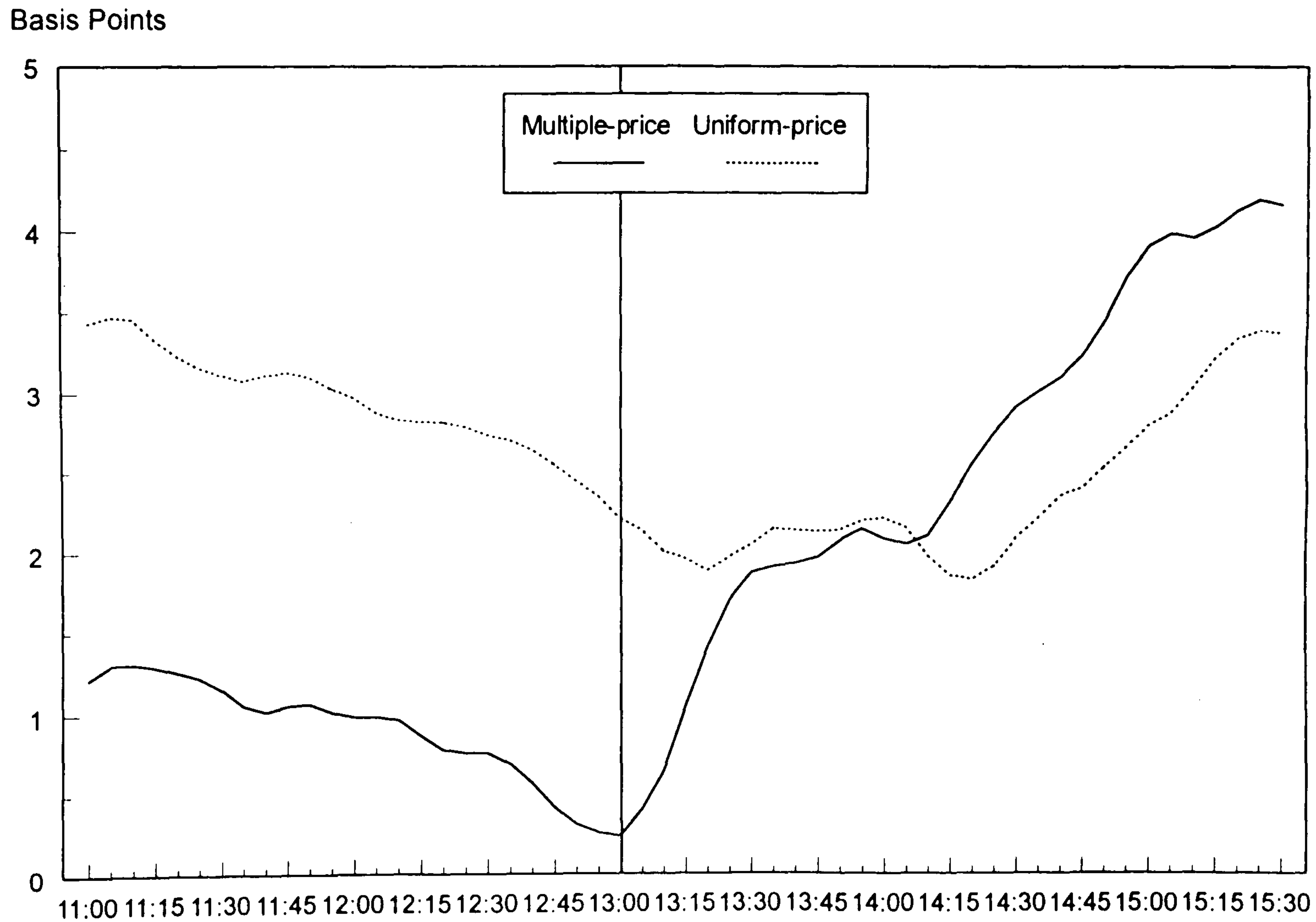
Chart 11

VOLATILITY OF SPREADS BETWEEN
AUCTION RESULTS AND INTRADAY WI BIDYIELDS
5-YEAR NOTES

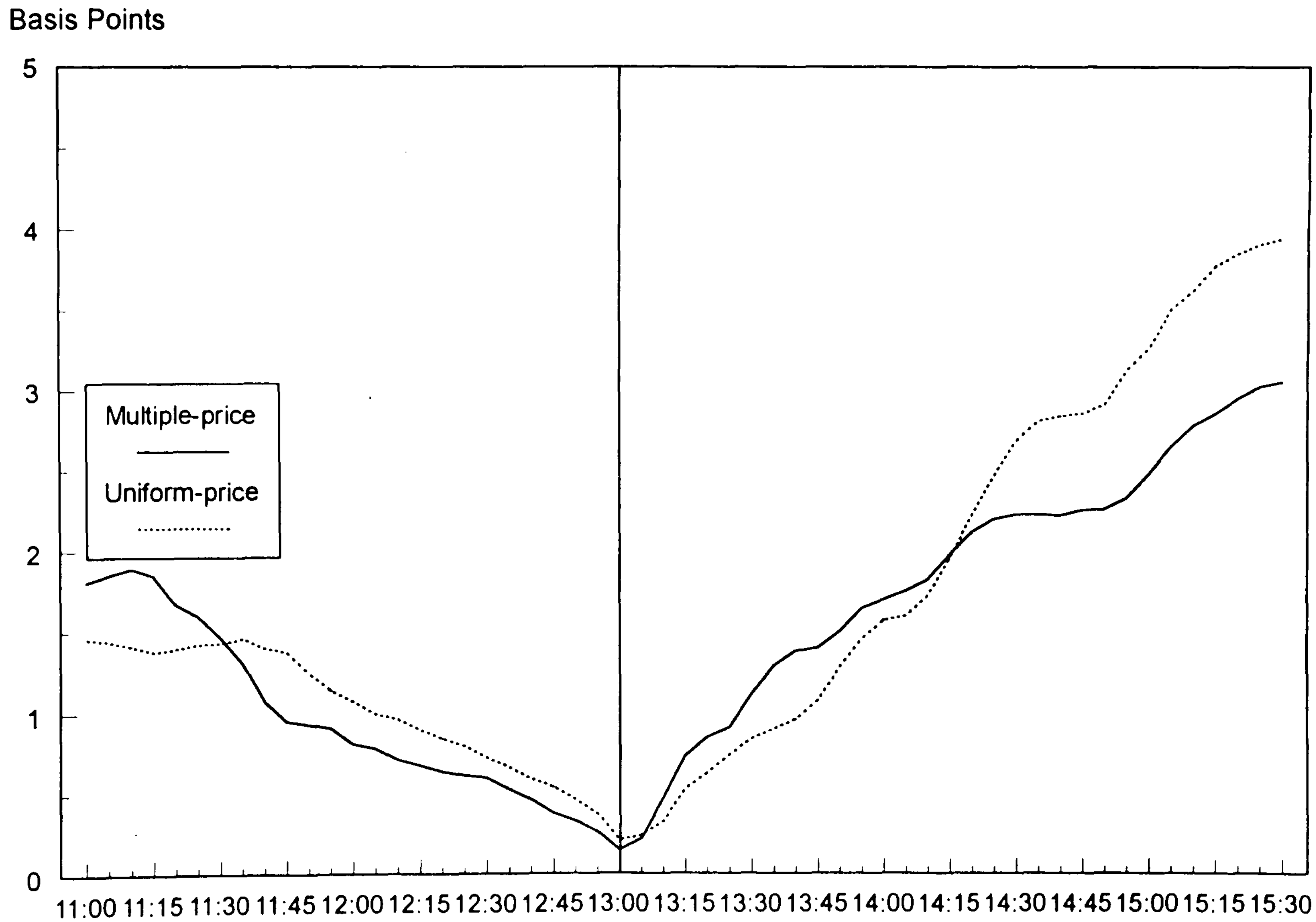


Source. GOVPX, Inc
Data 6/91 through 11/94

Department of the Treasury
Office of Markrt Finance

Chart 12

VOLATILITY OF SPREADS BETWEEN 1 PM WI BID YIELDS AND WI BID YIELDS AT OTHER TIMES 2-YEAR NOTES

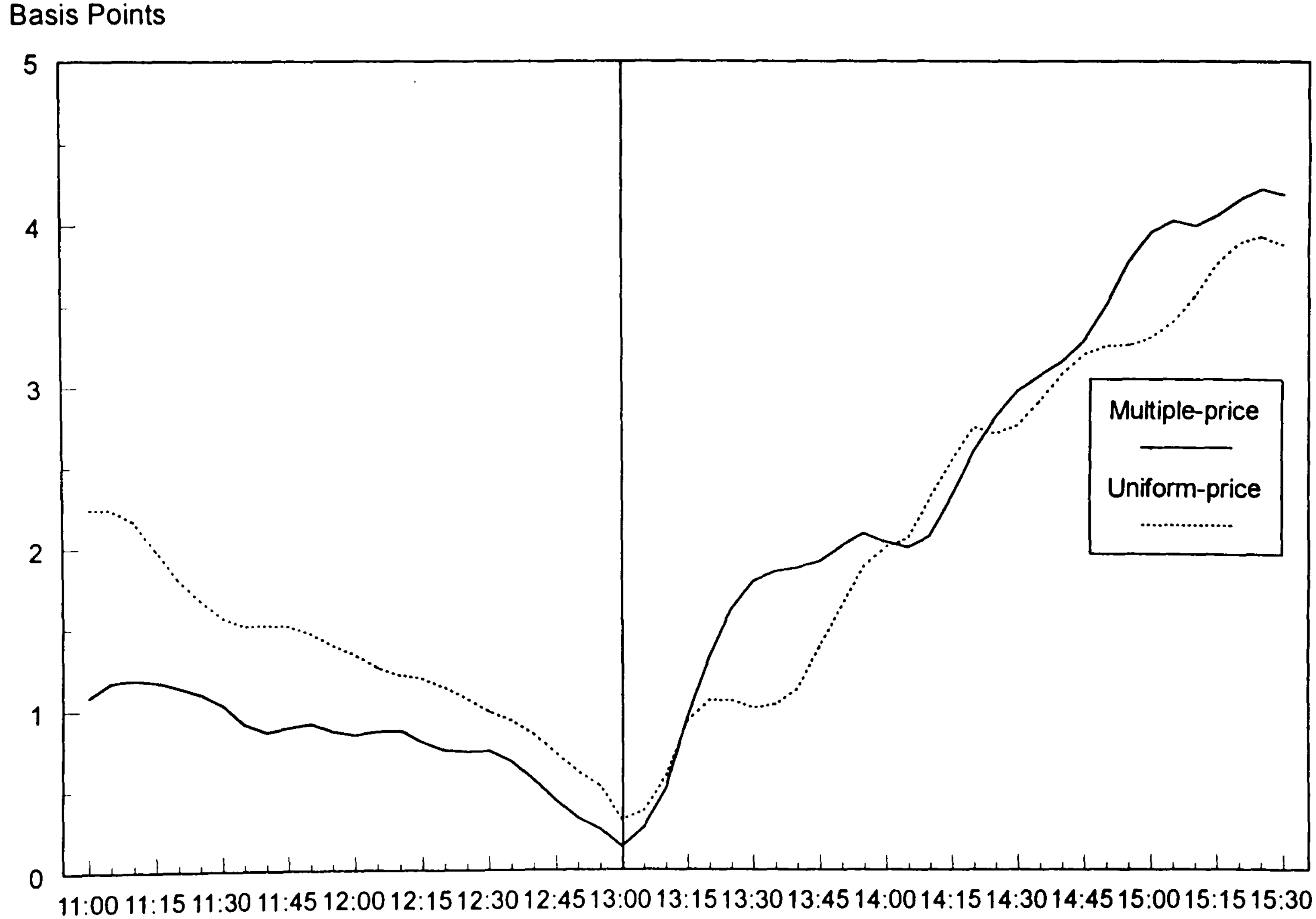


Source: GOVPX, Inc
Data 6/91 through 11/94.

Department of the Treasury
Office of Market Finance

Chart 13

VOLATILITY OF SPREADS BETWEEN
1 PM WI BID YIELDS AND WI BID YIELDS AT OTHER TIMES
5-YEAR NOTES



Source: GOVPX, Inc
Data 6/91 through 11/94

Department of the Treasury
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Chart 14

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR IMMEDIATE RELEASE
Text as delivered
October 6, 1995

AS DELIVERED REMARKS BY TREASURY SECRETARY ROBERT E. RUBIN PRE-G7 PRESS CONFERENCE

Good morning. As you all know, we will this week have an intensive discussion of important economic issues that will start tomorrow. What I'd like to do this morning is put those issues in perspective, and also outline the issues the issues that we'll be discussing over the next several days.

Let me make a more general comment to being with, and that is as the President will note this morning at Freedom House, the United States has an enormous interest in providing leadership in the global economy that we are now a part of, it is overwhelmingly in our economic and national security self-interest that we provide strong leadership in dealing with the issues of the global economy. And that will be very much in our minds as we go through the next few days working with the G-7 and the World Bank and the IMF in the discussion of the issues that will be before us.

Since we met last April, there have been quite positive developments. Economic conditions are improving, there has been very good work going forward with respect to the Halifax issues, there has been constructive cooperation in the G-7, and important policy actions have been taken in the various nations of the G-7.

In the United States, the outlook is good and we continue to make substantial progress to bring down deficits. As you know, our fiscal year ended last week, September 30th. The deficit is approximately half what it was when President Clinton took office, and approximately half what was projected by the prior administration for 1995. We see a period of healthy growth as far as the rest of this year is concerned, and we expect healthy growth to continue through next year, healthy growth with moderate inflation. Job creation we expect to remain positive, and unemployment to remain at levels consistent with current levels. And today's announcement as you know was an unemployment rate of 5.6 percent. The President and the congressional majority put forth budget proposals that go to balance, although there are enormously significant differences in priorities.

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In Japan, the actions of the Japanese authorities have reduced the risks to that economy and provide the basis for cautious optimism that Japan can recover and will recover in the next year. We hope the authorities will be prepared to take action to reinforce recovery as necessary. Europe, meanwhile, appears poised to reasonable expansion, although the markets with respect to Europe, and the markets worldwide with respect to Europe, will be looking closely at efforts to reduce fiscal deficits, the structural problems that inhibit job creation, high unemployment, and discussions about the EMU.

The continued focus on restoring fiscal discipline and all the changes we have seen in the global economy in recent months have contributed to significantly lower long-term interest rates throughout the G-7. There also have been significant currency movements which we have encouraged and welcome.

Let me spend a moment if I may on Mexico since President Zedillo will be here next week to meet with President Clinton. Nine months ago, the most serious global financial crisis in years erupted. Mexico is our third-largest trading partner, and in our judgment, was days away from the very real possibility of default. Very important U.S. interests were at stake -- jobs, standards of living, national security interests, and immigration interests in a country that is our third-largest export market and which has a 2,000-mile border with the United States.

With the cooperation of the international financial institutions and the international community, President Clinton provided great leadership in stemming Mexico's financial crisis. Today, after going a very long way to putting its financial house in order and accelerating reform, Mexico has stopped its slide and is back in the private capital markets. The tesobono problem -- the tesobono if you remember was a short-term instrument that was at the heart in many ways of the financial crisis -- the tesobono problem has eliminated, and the reserves in Mexico have been substantially rebuilt. President Zedillo and Finance Minister Ortiz have succeeded in putting in place and sticking to a rigorous program needed for growth and reform. Yesterday, Mexico announced as you know that it would prepay $700 million of its debt to the United States, which repayment was funded through the longer-term debt offering, Deutschemark-denominated, in the private capital markets.

Having said that, Mexico continues to have serious problems. Mexico has experienced a deep recession, and clearly what Mexico needs to do now is continue with its disciplined and rigorous financial programs, and at the same time to return to a path of growth. Many in the international community expect Mexico to resume growth next year. There are also important social and political issues that need to be dealt with in Mexico. I think though, without question, all of the problems that exist in Mexico would have been far far worse had Mexico not put in place, with the international financial institutions and the United States, the program that has enabled it to deal with its financial problems. And, the problems not only would have been far worse, but would have lasted far longer.

In Halifax, the United States proposed and the G-7 endorsed a series of important reforms to the international financial system.

Those reforms include improved surveillance of markets and economic policies, the creation -- and this is very important -- the creation of rigorous disclosure standards and the identification of nations that meet those standards, as well as an expanded mechanism for dealing with financial emergencies. They also include broader cooperation amongst regulatory authorities for dealing with the rapidly evolving global financial markets and with innovative instruments in our financial system. Having spent 26 years in the private sector, all of which was involved with trading markets, it is my view that the initiatives proposed by the United States and adopted by the G-7 at Halifax will make -- once put into place -- a very substantial contribution to stabilizing and strengthening international financial markets.

In addition to examining the kinds of issues I just mentioned, we will also spend time on the very important priority of promoting development and reform in developing and transitional countries, encouraging the institutions that are involved in that very important work to do it in ways commensurate with the world we now live in, that's a continuation of reform in the international financial institutions, and to address the problems created by large multilateral debt in the world's poorest nations.

The United States has taken and will take an activist, leading role in the issues we will be discussing in the coming days because each of those issues has important impact upon our economy, on jobs, on increasing standards of living in this country, and upon the economic well-being of all Americans.

To go back to what I said at the outset of my remarks, economic policy is at the heart of foreign policy in the United States. We live in an increasingly global economy, and it is absolutely critical that the United States exercise its leadership in the areas that are so important to our economy, our citizens, and our economic well-being, and that is what we are doing.

Thank you.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
October 6, 1995

Contact: Michelle Smith
Chris Peacock
(202) 622-2960

G-7 MEDIA ADVISORY TIME UPDATE

Media may begin arriving at 4:45 p.m. for the press conference tentatively scheduled for 5:45 p.m., Saturday, October 7, in Treasury's large conference room, Room 3327, after the G-7 meeting. Press should enter via Treasury's 15th Street Entrance. The press conference will be embargoed; the embargo time will be announced at the conclusion of the press conference.

Media without Treasury, White House, State, Defense or Congressional credentials planning to cover any of these events should contact the Office of Public Affairs at (202) 622-2960, with the following information: name, Social Security or passport number, news organization and date of birth, by 5 p.m. today, October 6. This information may be faxed to (202) 622-1999.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR RELEASE AT 2:30 P.M.
October 6, 1995

CONTACT: Office of Financing
202/219-3350

TREASURY'S 52-WEEK BILL OFFERING

The Treasury will auction approximately $18,250 million of 52-week Treasury bills to be issued October 19, 1995. This offering will provide about $975 million of new cash for the Treasury, as the maturing 52-week bill is currently outstanding in the amount of $17,276 million. In addition to the maturing 52-week bills, there are $25,223 million of maturing 13-week and 26-week bills.

Federal Reserve Banks hold $10,907 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 $3,502 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 $305 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) 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

RR-626

HIGHLIGHTS OF TREASURY OFFERING OF 52-WEEK BILLS TO BE ISSUED OCTOBER 19, 1995

October 6, 1995

Offering Amount	$18,250 million
Description of Offering:	
Term and type of security .	364-day bill
CUSIP number	912794 Z9 8
Auction date	October 12, 1995
Issue date	October 19, 1995
Maturity date	October 17, 1996
Original issue date	October 19, 1995
Maturing amount.	$17,276 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 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 Daylight Saving time on auction day
Competitive tenders	Prior to 1:00 p.m. Eastern Daylight Saving 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

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
October 6, 1995

Contact: Peter Hollenbach
(202) 219-3302

BUREAU OF THE PUBLIC DEBT AIDS SAVINGS BONDS OWNERS AFFECTED BY HURRICANE IN ALABAMA AND FLORIDA

The Bureau of Public Debt took action to assist victims of Hurricane Opal that struck Alabama and Florida by expediting the replacement or payment of United States Savings Bonds for owners in the affected areas. The emergency procedures are effective immediately for paying agents and owners in those areas of Alabama and Florida hit by the hurricane. These procedures will remain in effect through November 30, 1995.

Public Debt's action waives the normal six-month minimum holding period for Series EE savings bonds presented to authorized paying agents for redemption by residents of the affected area. Most financial institutions serve as paying agents for savings bonds.

The counties of Santa Rosa, Okaloosa, Walton and Franklin in Florida, and Randolph and Fayette counties in Alabama, are included in the initial declaration. Should additional counties be declared disaster areas the emergency procedures for savings bonds owners will go into effect for those areas.

The replacement of bonds lost or destroyed will also be expedited by Public Debt. Bond owners should complete form PD-1048, available at most financial institutions or the Federal Reserve Bank. Bond owners should include as much information as possible about the lost bonds on the form. This information should include how the bonds were inscribed, social security number, approximate dates of issue, bond denominations and serial numbers if available. The completed form must be certified by a notary public or an officer of a financial institution. Completed forms should be forwarded to Public Debt's Savings Bond Operations Office located at 200 Third St., Parkersburg, West Virginia 26106-1328. Bond owners should write the words "Hurricane Opal" on the front of their envelopes to help expedite the processing of claims.

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(RR-627)

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBARGOED UNTIL TIME SPECIFIED AT BRIEFING
Remarks as prepared for delivery
October 7, 1995

G-7 CHAIRMAN'S STATEMENT BY TREASURY SECRETARY ROBERT E. RUBIN
G-7 MEETING
WASHINGTON, D.C.

Good afternoon. We've had a rather full day. I believe most if not all of you by now have the communique.

I have a few specific comments in my capacity as the chairman of today's meeting. To start, we had a very vigorous and discussion. It was very much in the spirit of the strong working relationship that has developed over the past several months,

Let me emphasize a few key points from our communique. We all believe the global economy looks better today than it did six months ago, I believe in large measure due to a series of very constructive monetary and fiscal policy measures by the G-7 nations, which have been greatly furthered by the G-7 process and relationships. The conditions for continued growth and employment gains, with low inflation, remain solid in most countries. Interest rates have come down, especially the market-determined medium- and long-term rates, the rates which have the greatest effect on economic activity. The general movement in exchange rates should also help sustain expansion.

We agreed that policies must remain focused on maintaining the momentum of growth in a non-inflationary atmosphere. And, we agreed that continued, substantial deficit reduction is critical to support higher investment levels and to raise the prospects of long-term growth. We're working diligently on deficit reduction here in the United States; there's agreement between the President and Congress that our budget must go to balance, though there are great differences in priorities.

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(more)

On exchange rates, I was very impressed that everyone came into the meeting looking at the issue in ways similar to our perspective. I would like, if I might, to quote from our communique: We "welcomed the orderly reversal in the movements of the major currencies that began following our April meeting. We would welcome a continuation of these trends consistent with underlying economic fundamentals. We reaffirmed our commitment to reduce imbalances and cooperate closely in exchange markets." And I would add that the United States continues to believe a strong dollar is very much in our economic interest.

On Halifax, we reviewed the progress implementing the reforms proposed at the Halifax summit. In general, we are very pleased with the broad degree of support for these proposals among the membership of the IMF and World Bank and look forward to further discussion and progress on these issues in the coming days. Speaking as someone who has a great deal of experience in financial markets, I think if you look back a decade from now the actions that are flowing from Halifax will be seen as having made an important contribution to stronger, more stable and better functioning global financial markets, and that in turn will contribute to the economic health of all the nations in the global economy.

The G-7 ministers and governors also urged the IMF and the Bank to quickly study what Bosnia will need once a comprehensive peace is in place, so the international community will have a better idea of what may be required, and so the response can be timely, flexible and suitable.

Late in the afternoon my colleagues and I were joined by representatives of the European Commission, and then together we met with Russian officials to discuss Russia's economic policies. The Russian delegation was led by First Deputy Prime Minister Chubays. We recognized Russia's impressive compliance with IMF conditions in the current IMF program. We then discussed the importance of Russia's continued adherence to its stabilization program, and Russia's discussion with the IMF on an extended arrangement, which in turn could lead to a comprehensive rescheduling of Russia's medium-term debt.

We covered a great deal of ground today, which I think is indicative of the importance of the G-7 process. The G-7 is unique in the sense that it provides a valuable forum for a vigorous exchange of views that can influence policies, and that can help provide direction to the world economy. No other comparable forum exists that can play this role.

This administration is taking an activist role in providing leadership in the global economy. The issues we covered today are critical to the American economy; to the creation of jobs, to standards of living, and the economic well-being of all Americans.

The United States is not an isolated economy, but rather the largest economy in an increasingly global economy, and it is absolutely essential that the United States stay deeply involved and exercise strong leadership in the areas that are so important to our economy, our citizens, and our economic well-being, and that is what we are doing.

Questions?

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TREASURY NEWS

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FOR IMMEDIATE RELEASE
Text as prepared for delivery
October 8, 1996

STATEMENT OF TREASURY SECRETARY ROBERT E. RUBIN
IMF INTERIM COMMITTEE
WASHINGTON

World Economic Outlook

Since our meeting last April there has been an improvement in the underlying conditions and outlook for sustained non-inflationary growth. There is a stronger basis now for optimism that the upturn can be sustained.

In the United States, growth has picked up after a sluggish winter. Earlier concerns about a long "pause" have passed away. Inflation continues to be subdued long into this expansion, job creation has been impressive -- over 7 million in 2 1/2 years -- and the rate of unemployment remains below 6 percent. Most forecasters project a decline in our trade and current account deficits.

On the fiscal side, we have dramatically transformed the outlook over the past three years. The U.S. government sector budget deficit to GDP ratio this year will be less than half what it was in 1992. We continue to have the lowest deficit to GDP ratio among the G-7. Most of this improvement is structural, and not just cyclical. The deficit cuts we have achieved represent real changes.

Even more important, there is now a broad political consensus in America to balance the budget over the medium-term. The debate is focused on how -- and precisely when -- to get a balanced federal budget, not on whether we should get there. Although the debate over the next several weeks will be contentious, reflecting the difficult choices we have to make, I am confident that the result at the end of the day will be an agreement to eliminate the budget deficit and bring the budget to balance within a clearly specified time.

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In Europe, the countries on the continent appear poised to return to a reasonable expansion in 1996, despite some softness this year. Inflation remains low in most countries. Markets will continue to monitor the outlook for fiscal correction very closely, and there is growing recognition of the need to make more progress in addressing structural barriers to employment.

I welcome Japan's more aggressive attack on its economic problems. The recent fiscal and monetary actions have improved the outlook, and I note that the IMF and other forecasters have marked up their expectations for 1996 growth in Japan. The authorities will need to stand ready to take further action to strengthen the recovery if necessary.

Since the last Interim Committee meeting we have seen a significant improvement in foreign-exchange-market conditions. Exchange rate adjustments come together with a reduction in long-term interest rates in the major industrial countries. Lower long-term rates are brightening the outlook for growth and show that markets expect inflation to remain low.

I would point out that yesterday the G-7 finance ministers and central bank governors welcomed the orderly reversal in the movement of major currencies that began following their April meeting. The ministers and governors said they would welcome a continuation of these trends consistent with underlying economic fundamentals, and they reaffirmed their commitment to reduce imbalances and cooperate closely in exchange markets.

We began the year with a financial crisis in Mexico that threatened to spill over to other emerging market economies. Since that time, Mexico -- backed up by assistance from the Fund and the United States -- has implemented a series of tough policy measures and structural reforms. The program is working -- the financial crisis has been contained, while the foundations for a return to economic growth have been established.

Important progress is being made in the transition economies. The decline in inflation in Russia and Ukraine and several neighboring countries is the direct result of more disciplined financial policies. If these policies are sustained, we can expect confirmation that growth really is resuming, as some indicators now suggest.

Despite some heavy weather, this has been a productive year. I would suggest several implications for our cooperative agenda.

First, recent developments demonstrate how dramatically markets have changed over the past few years. The speed, efficiency and internationalization of these markets provides enormous benefits -- for example, productive enterprise can be financed anywhere on the globe, freed from the limitations of domestic saving rates. Market pressures reduce the risk that domestic policies will become inflationary, or that fiscal positions will get out of control. However, there are other ramifications of these changes in global markets. The credibility of policies to markets becomes an essential concern of all governments, and financial innovation and the rise of mobile capital can lead to disruptions, which reinforces, the importance of continued efforts to strengthen safeguards against systemic risk.

These developments are also a reminder of the implications of the dramatic increase in the interdependence of our economies. The United States is committed to continuing the momentum of integration in global trade and capital markets. The successful completion of the Uruguay Round and the establishment of the World Trade Organization should not be the end of these efforts, but steps along a continuing path. We will continue to support the development and integration of domestic capital markets, and a more open climate for investment.

The last several months also remind us of the value of international policy cooperation. Cooperation does not mean that countries should subordinate legitimate domestic policy objectives to the requirements of others. Rather, it reflects the reality that in an increasingly interdependent world, we all are affected by developments outside our borders, and we must shape our policies with this in mind. It also means that we all have an interest in formulating and living by fair rules of the game in our international dealings.

Finally, reflection on recent developments should convince us that the global economic system and its institutions must adapt to the changes we have been experiencing, if the institutions are to be able to respond better to the challenges ahead. The International Monetary Fund must continue to be at the center of these constructive changes.

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PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
October 11, 1995

Contact: Peter Hollenbach
(202) 219-3302

BUREAU OF THE PUBLIC DEBT AIDS SAVINGS BONDS OWNERS AFFECTED BY HURRICANE IN GEORGIA

The Bureau of Public Debt took action to assist victims of Hurricane Opal that struck Georgia by expediting the replacement or payment of United States Savings Bonds for owners in the affected areas. The emergency procedures are effective immediately for paying agents and owners in those areas of Georgia hit by the hurricane. These procedures will remain in effect through November 30, 1995.

Public Debt's action waives the normal six-month minimum holding period for Series EE savings bonds presented to authorized paying agents for redemption by residents of the affected area. Most financial institutions serve as paying agents for savings bonds.

The counties of Bartow, Carroll, Chattooga, Clay, Cobb, Coweta, Dade, Douglas, Fannin, Fayette, Floyd, Fulton, Gilmer, Habersham, Haralson, Harris, Murray, Muscogee, Polk, Rabun, Randolph, Quitman, Talbot, Towns, Union, Walker, White, and Whitfield in Georgia, are included in the initial declaration. Should additional counties be declared disaster areas the emergency procedures for savings bonds owners will go into effect for those areas.

The replacement of bonds lost or destroyed will also be expedited by Public Debt. Bond owners should complete form PD-1048, available at most financial institutions or the Federal Reserve Bank. Bond owners should include as much information as possible about the lost bonds on the form. This information should include how the bonds were inscribed, social security number, approximate dates of issue, bond denominations and serial numbers if available. The completed form must be certified by a notary public or an officer of a financial institution. Completed forms should be forwarded to Public Debt's Savings Bond Operations Office located at 200 Third St., Parkersburg, West Virginia 26106-1328. Bond owners should write the words "Hurricane Opal" on the front of their envelopes to help expedite the processing of claims.

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(RR-630)

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
October 9, 1995

STATEMENT OF TREASURY SECRETARY ROBERT E. RUBIN AT THE DEVELOPMENT COMMITTEE OF THE WORLD BANK AND THE INTERNATIONAL MONETARY FUND WASHINGTON, D.C.

The developing world is changing rapidly. Many countries are experiencing high levels of economic growth and achieving significant gains in their efforts to reduce poverty. Over the next decade, economic growth in developing countries is expected to be nearly twice as rapid as growth in the industrialized world. This is due largely to a growing commitment to sound public sector management, to the development of healthy private sectors, and to liberalized trade and investment policies. Outward-oriented, market-based policies have spurred economic growth, improved living standards, and deepened democracy.

At the same time, economic and social progress has been uneven both within and among countries. Over one billion people still live in extreme poverty, presenting today's interdependent global economy with perhaps its greatest challenge. The Development Committee must be a forceful advocate of policies which lead to both sustainable growth and poverty reduction. We must also provide particular encouragement for countries trying to implement sound policies but which lag behind.

Investments in People

Human resources are the core of development. Investment in people -- aimed at improving education, health, and basic services -- is a prerequisite for long-run economic growth. The goal of increased basic health care and primary education should be at the forefront of development efforts. Today's dynamic economies demonstrate that with the right fundamentals, sound and well-targeted social expenditures are high return investments in future prosperity.

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The Copenhagen Summit highlighted the priority which must be given to improving the quality of, and increasing the access of the poor to, basic social service investments and employment opportunities. Policies that improve the development impact of social sector investments must be vigorously pursued. And governments and donors must remain on the cutting edge of efforts to increase the impact of programs on the poor, safeguard and promote internationally recognized workers' rights, and ensure economic opportunities for women. Sound environment policies are also an important long-term investment in people.

Public Expenditure

The composition of public expenditure, including the balance between development and non-development objectives, is a key aspect of sound economic policy. It is also central to poverty reduction. All too often, countries undertake unproductive expenditures -- including those for inefficient public enterprises and the military -- which stunt growth and perpetuate poverty. In too many countries, government spending for military purposes exceeds that for health and education combined.

It is in this framework that a country's public expenditure, including that for its military, is relevant to the international financial institutions and their policy dialogue and operational strategies in member countries. Governments retain the right to determine a necessary level of military expenditure for legitimate security concerns. But institutions mandated to promote growth and reduce poverty also retain the responsibility to take account of military expenditure when it diverts scarce budgetary resources away from high priority development objectives and constitutes a serious obstacle to sustainable development.

In an era of tightening constraints on financial resources, assisting governments to improve the quality of their public spending must be an ongoing priority of the international financial institutions. Borrowing governments also have a particular responsibility to allocate adequate resources for productive development activities, and many countries are already benefitting from restructured budgets. I therefore welcome the renewed commitment by the World Bank and the International Monetary Fund to collaborate on public expenditure issues. I urge both institutions to work closely in developing accurate, transparent data on government expenditures, including that for military purposes. They should work jointly, through program design and their policy dialogue, to promote allocations of public expenditure in borrowing countries which are both equitable and efficient.

Collaborative Bank Fund efforts are particularly important for countries undergoing economic reform. The Bretton Woods institutions should encourage reform policies which combine stabilization and market strengthening measures with human resource development and poverty alleviation. The Bank and Fund should be pro-active players in helping to identify and eliminate inefficient spending and increasing the quality of pro-poor social expenditures. Joint preparation of public expenditure reviews for selected borrowers is one option for a more systematic approach in this important area.

The United States supports efforts to concentrate donor resources on those countries committed to the goal of poverty alleviation. The composition of public expenditure is a good measure of this commitment, as is good governance -- i.e., accountability, the rule of law, and public participation. We encourage the Bank and the Fund to use fora such as Consultative Groups for coordinating multilateral and bilateral lending policy and expanding the dialogue with member countries on establishing sound public expenditure priorities which maximize sustainable growth and poverty alleviation.

Multilateral Debt

A number of the poorest countries face particularly heavy multilateral debt burdens which can act as a serious constraint on development. We have called on the World Bank and Fund to develop a comprehensive approach to address this problem. We welcome the efforts of the Bank and Fund thus far, and urge them to move forward with a specific proposal for the consideration of members at the Spring Meetings.

The International Development Association

I recognize the vital role which the International Development Association (IDA) is playing in integrating the poorest and least creditworthy countries into the global economy. For many countries, IDA has taken the lead role in encouraging both open-market reform and human resource development.

For 35 years now, the United States has made a significant financial and policy contribution to the growth, development, and success of IDA. In this spirit, the United States has already provided $2.2 billion to IDA 10.

I want the United States to remain fully engaged in IDA, and I am committed to doing all that I can to complete our contributions to IDA 10. Of course, as everyone knows, we are in an especially difficult budget situation. Our goal is to make every effort to continue the basic, historic commitment of the United States to IDA, while taking into account, in a realistic, pragmatic manner, the domestic budgetary and political atmosphere which now exists.

At the same time, the reality of diminished concessional resources makes it imperative for the World Bank to be more selective in its financing, to concentrate IDA resources on the poorest and least creditworthy countries with good records on economic performance, to focus on social sectors where alternative funding is not available, and to redouble efforts to improve the development effectiveness of its lending.

<u>The Development Committee and the World Bank</u>

The World Bank and other multilateral financial institutions must demonstrate that they are responding effectively and efficiently to the needs of member countries. I therefore welcome the attention President Wolfensohn is giving both to implementing reforms initiated under his predecessor and to exploring additional measures to strengthen the World Bank's ability to meet the challenges of developing and transitioning economies. The Bank's development impact will depend on its results on the ground.

The United States will continue to work with other members to improve the development effectiveness and operational efficiency of the multilateral development banks (MDBs). I welcome the deliberations of the Development Committee Task Force as part of this process, and we look forward to considering its recommendations.

I would like to express appreciation to President Wolfensohn, Managing Director Camdessus and our Chairman, Mr. Kabbaj, for their efforts to improve the operational effectiveness of the Development Committee. We believe the Committee uniquely positioned to address and contribute substantively to pressing development issues. The Committee's new format also provides a good basis for Ministerial input into World Bank policies.

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STATEMENT OF THE GROUP OF SEVEN
Finance Ministers and Central Bank Governors

1. Ministers and Governors met today, October 7, 1995, to review current global economic and financial conditions and assess progress in implementing the reform of the international economic architecture called for by leaders at the Halifax summit. The Ministers and Governors, joined by representatives of the European Commission, also met with Russian officials to discuss economic policies of the Russian Federation.

2. Ministers and Governors agreed that in most countries the conditions for continued growth and employment gains are in place and inflation is well under control or declining. The constructive monetary and fiscal policy measures outlined and/or implemented in recent months have contributed to this improved outlook, as have the general movements in exchange rates since their April meeting.

3. Ministers and Governors agreed that policies should continue to be aimed at sustaining non-inflationary growth. A sustained and broad-based expansion will create jobs, reduce external imbalances, and contribute to financial market stability.

4. Ministers and Governors recognized that significant and durable progress in reducing fiscal deficits has been achieved in some countries, while others have or will shortly have initiated comprehensive reduction measures. They also emphasized that further substantial deficit reduction over the medium-term in their countries is essential in order to promote savings, support higher levels of investment and raise long-term growth prospects.

5. Ministers and Governors welcomed the orderly reversal in the movements of the major currencies that began following their April meeting. They would welcome a continuation of these trends consistent with underlying economic fundamentals. They reaffirmed their commitment to reduce imbalances and to cooperate closely in exchange markets.

6. Ministers and Governors reviewed the efforts underway to implement the mandate of leaders at the Halifax summit to strengthen the international monetary system, including its capacity to prevent and where necessary to respond to crisis. They look forward to progress in areas recognized as crucial at the Halifax Summit, including disclosure, surveillance emergency finance, the review of procedures for addressing sovereign liquidity crises, financial market regulation, multilateral debt, and cooperation in countries emerging from economic and political crises.

7. Ministers and Governors took note of diplomatic efforts to promote a comprehensive peace settlement in Bosnia. Ministers and Governors urged the IMF and World Bank to conduct expeditiously a thorough needs assessment so that the international community can respond quickly, flexibly, and on suitable terms as soon as conditions warrant.

8. Ministers and Governors, joined by representatives of the European Commission, met with Russian officials, led by First Deputy Prime Minister Chubays. They agreed that the benefits of Russia's strong policy performance this year are becoming increasingly evident. These policies have been supported by the IMF under a $6.8 billion standby arrangement and by a $6.4 billion Paris Club debt rescheduling. Ministers and Governors urged Russia to adhere to its stabilization program and intensify structural reforms, especially privatization. They also urged Russia and the IMF to work on an extended arrangement. They reaffirmed their readiness to begin negotiations later this fall on a comprehensive rescheduling which addresses Russia's medium-term debt problems, based on successful continuing implementation of the standby program.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR IMMEDIATE RELEASE
October 10, 1995

Contact: Michelle Smith
(202) 622-2960

U.S., RUSSIA SIGN 1995 BILATERAL DEBT ACCORD

Treasury Secretary Robert Rubin and Russian Finance Minister Vladimir Panskov on Monday signed an agreement to reschedule $64 million in debt payments that Russia owes to the United States in 1995.

This is the third in a series of yearly agreements. It puts into effect for the United States the most recent agreement that Russia reached with the Paris Club of Western government creditors in June of this year.

"The agreement again underlines our commitment to support Russia's economic reform," Secretary Rubin said. "It was made possible by Russia's 1995 economic program, which has led to commendable progress toward economic stabilization and earned the support of the International Monetary Fund under a $6.8 billion stand-by agreement."

Russia owed the United States about $6.3 billion, as of the end of 1994, including credit guarantees and insurance. Since 1993, the United States, acting in concert with other creditor governments in support of Russia's move to a market economy, has rescheduled a total of $2.2 billion of debt payments on Soviet-era debt.

Russia owes about $50 billion in total to Western creditor governments. Discussions are to begin soon on a comprehensive debt agreement to address repayment of this debt in order to support continued progress on economic reform.

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AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
October 10, 1995

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Tenders for $13,102 million of 13-week bills to be issued October 12, 1995 and to mature January 11, 1996 were accepted today (CUSIP: 912794W59).

RANGE OF ACCEPTED
COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	5.29%	5.45%	98.663
High	5.31%	5.47%	98.658
Average	5.31%	5.47%	98.658

Tenders at the high discount rate were allotted 43%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$45,105,700	$13,102,014
Type		
Competitive	$39,809,254	$7,805,568
Noncompetitive	1,488,107	1,488,107
Subtotal, Public	$41,297,361	$9,293,675
Federal Reserve	3,213,720	3,213,720
Foreign Official Institutions	594,619	594,619
TOTALS	$45,105,700	$13,102,014

An additional $43,381 thousand of bills will be issued to foreign official institutions for new cash.

5.30 -- 98.660

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AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
October 10, 1995

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Tenders for $13,095 million of 26-week bills to be issued October 12, 1995 and to mature April 11, 1996 were accepted today (CUSIP: 912794Y24).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	5.29%	5.53%	97.326
High	5.32%	5.56%	97.310
Average	5.32%	5.56%	97.310

$25,000 was accepted at lower yields.
Tenders at the high discount rate were allotted 69%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$41,683,737	$13,094,653
Type		
Competitive	$35,578,301	$6,989,217
Noncompetitive	1,324,355	1,324,355
Subtotal, Public	$36,902,656	$8,313,572
Federal Reserve	3,200,000	3,200,000
Foreign Official Institutions	1,581,081	1,581,081
TOTALS	$41,683,737	$13,094,653

An additional $115,619 thousand of bills will be issued to foreign official institutions for new cash.

5.27 -- 97.336   5.31 -- 97.316

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR RELEASE AT 2:30 P.M.
October 10, 1995

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 October 19, 1995. This offering will provide about $775 million of new cash for the Treasury, as the maturing 13-week and 26-week bills are outstanding in the amount of $25,223 million. In addition to the maturing 13-week and 26-week bills, there are $17,276 million of maturing 52-week bills. The disposition of this latter amount was announced last week.

Federal Reserve Banks hold $10,907 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 $3,402 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 $3,097 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) 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

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HIGHLIGHTS OF TREASURY OFFERINGS OF WEEKLY BILLS TO BE ISSUED OCTOBER 19, 1995

October 10, 1995

<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 W6 7	912794 Y3 2
Auction date	October 16, 1995	October 16, 1995
Issue date	October 19, 1995	October 19, 1995
Maturity date	January 18, 1996	April 18, 1996
Original issue date	July 20, 1995	October 19, 1995
Currently outstanding	$14,404 million	- - -
Minimum bid amount	$10,000	$10,000
Multiples	$ 1,000	$ 1,000

<u>The following rules apply to all securities mentioned above</u>:

<u>Submission of Bids</u>:

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.

<u>Maximum Recognized Bid at a Single Yield</u> . . . . 35% of public offering

<u>Maximum Award</u> . . . . 35% of public offering

<u>Receipt of Tenders</u>:

Noncompetitive tenders . . . . Prior to 12:00 noon Eastern Daylight Saving time on auction day

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

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

DEPARTMENT OF THE TREASURY

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ADV 3:30 P.M. EDT
Remarks as prepared for delivery
October 10, 1995

ADDRESS OF TREASURY SECRETARY ROBERT E. RUBIN
IMF/WORLD BANK ANNUAL MEETING
WASHINGTON, D.C.

Managing Director Camdessus, President Wolfensohn, fellow governors, distinguished guests. I am delighted to welcome you to Washington for this important event.

It has been 50 years since the Bretton Woods institutions came into being. Then, as now, their mission was to advance a vision of economic cooperation -- cooperation aimed at safeguarding financial stability, and furthering economic health in all corners of the globe.

These imperatives are as pressing today, if not more so, as they were a half century ago, and the need for cooperation is in many ways even greater. We live in an ever-more global economy, one in which all nations' well-being and progress are increasingly intertwined, in which the smallest and the largest are integral parts of that global economy and profoundly affected by decisions and events outside their borders. We -- the nations of the world -- are all in this together. Whole regions have greatly improved economic conditions by embracing open markets and trade. From Wall Street and the world's other financial capitals to the cities of Asia, Eastern Europe, Latin America and Africa, the unprecedented growth and internationalization of financial markets are fueling regional advances. Once weak economies have come to the fore, and become major trading partners for the long prosperous economies. Moreover, the growing importance of these newly successful economies calls for them to be given a greater voice in the stewardship of the financial system.

The growth enjoyed by some emerging economies should energize us all to fulfill the imperative that others not be left behind.

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In a truly global economy, it is all the more important for us to work together, and further the prosperity of all. Last year, we agreed broadly on the need to adapt the international economic and financial architecture to meet new realities. We must work to continue making that vision a reality, and to continue reinvigorating these institutions to meet changing needs.

Economic Outlook

A healthy U.S. economy is very important to global growth prospects. If you look to underlying fundamentals, the United States economy is in better shape today than it has been for three decades, which would not have been the case without the powerful deficit reduction program put in place in 1993. More immediately, after a sluggish winter, we foresee steady, low-inflation growth through next year.

The government sector budget deficit to GDP ratio this year is less than half what it was three years ago. The United States now has the lowest deficit to GDP ratio in the G-7. For the first time in nearly half a century, U.S. budget deficits have fallen for three consecutive years. And the improvement is largely structural.

Moreover, there is a broad political consensus in America to balance the budget over the medium-term, though there is and will continue to be vigorous and contentious debate on priorities.

Opportunities and Risks

The emergence of a truly global economy has opened up enormous new prospects for all our countries. Nonetheless, as we saw this year, with these prospects come new risks and new problems. Mexico provided one of the clearest examples to date of the extent to which our nations' interests have become interlinked. Financial instability in one part of the world increasingly threatens others' prosperity.

Recognizing this change, the International Monetary Fund, the World Bank, and the Inter-American Development Bank, in conjunction with the United States, all rose to the challenge. Mexico is now back on track, though there is much that remains to be done. But the episode highlights the need for new measures to safeguard financial stability in the face of global change.

Safeguarding Financial Stability

At Halifax, the G-7 leaders agreed to advance a number of initiatives to accomplish that objective.

The first must be an increased emphasis on financial transparency and surveillance. More important than any international lending package is the need for full disclosure of financial information, so that public and private analysts can detect potential dangers and prevent crises before they occur. Disclosure, which is at the core of the American regulatory system for the securities markets, is a powerful, powerful preventative. The International Monetary Fund is now working on a comprehensive list of financial data and national accounting standards to which our nations should adhere. The standard must be rigorous, and there must be clear identification of which nations are adhering and which are not. Also, strengthened surveillance by the IMF itself must supplement market discipline.

Second, even with the best of preventive measures, liquidity crises of broad concern may occur. The international financial institutions worked well this year to contain Mexico's problems. But the increased size and speed of financial flows mean that resources required to address future crises may be much greater than anything now available.

Neither the United States nor any other country can be relied upon to function as a lender of last resort. Moreover, a host of countries can now afford to share responsibility for the health of the international economic and financial system, and therefore should play a greater role. That is why the G-7 and G-10 have agreed to seek the establishment of new arrangements to lend to the IMF in the event of an unusual and large call for funds for conditional lending, and to seek other donors to this facility.

Let me emphasize the word conditional. Our goal is to have the capacity to respond to problems faced by countries that agree to take strong actions to get at the root of their difficulties. Resources must not be used to put off required adjustment.

Third, the expansion of and changes in the financial markets, while greatly increasing capital for investment, have widened the numbers and types of creditors who hold a creditor interest when crises do arise. We should explore new ways for a country to work its way out of debt that take into account these changes in the private capital markets. This is a difficult problem. Some have expressed concerns over moral hazard, though I think this should be solvable through stringent conditionality, and there are many other complex issues. Nonetheless, I do not think we should accept the assertion that the approaches of the past are the best we can do. I think it is very constructive that the G-10 has set up a group to study the issue.

Fourth, the greatly increased size and speed of the markets, the great increase in the origination and use of complex new instruments, as well a number of episodes which we have seen in the public and private sector, point up the need for greater attention to risk management and to up to date regulation. And, these issues are now receiving attention. Nonetheless, I believe there is a need for more than ritual calls for cooperation, though I think cooperation is critical to avoid activity simply seeking the locale with the weakest regulatory requirements.

We must provide at least the following:

1) adequate systems of risk management in the private sector and in the public regulatory domain, while at the same time recognizing -- contrary to the claims of some -- that no risk management system, no matter how many armies of Ph.D.s and traders have been involved in the engineering, can provide certainty;

2) effective internal controls, and regulatory monitoring of those controls;

3) enhanced capital and prudential standards;

4) improved disclosure by market participants, and

5) stronger safeguards in payments and settlement systems and exchanges.

Our aim must be to preserve the benefits that innovations offer, while minimizing dangers.

Sustainable Development and Reform

Whole new regions have achieved high rates of growth and greatly improved standards of living. This is a watershed in human affairs. Nonetheless, too many countries are not experiencing the benefits that the global economy offers.

The multilateral development banks continue to have an essential role to play in promoting reform and growth. Nonetheless, as capital markets become more important, many of the development banks' old roles are fading. The banks must focus on helping countries meet human, environmental, and other public needs that advance market-based development, through programs that private market participants cannot undertake.

In these regards, let me make several points.

First, the banks must accelerate their own internal re-engineering. The fiscal and budgetary restraint that many of our governments face, and simple good management and effective use of resources, require the banks to have an ongoing focus on furthering efficiency and eliminating unnecessary bureaucracy. The turn to democracy in so many countries must be paralleled by greater transparency within the international financial institutions. And, participation by affected communities and non-governmental organizations should be increased as the best way to design development programs that truly serve the people they are intended to serve.

Second, because private finance has advanced, the banks should concentrate on programs where they are doing what the private sector cannot do. For example, resources should be shifted toward more innovative use of risk guarantees, conditional lending, and joint private sector-development bank operations, which can catalyze private sector activity.

Similarly, an increasing proportion of bank resources should be devoted to investments in human capital. A private investment bank can finance a new generating plant, or industry, or perhaps even a toll-road. But for the most part, only the public sector will invest in women's health, or primary education. These are the kinds of social investments which provide an enormous return for a society, and which show a strong correlation with economic expansion. Channelling development bank resources to these areas will provide high returns in more societies.

Finally, development can impose important costs that are not captured by traditional economic indices. Such costs -- social dislocation, uprooted communities and villages, and environmental degradation -- are every bit as real as the measurable jump in economic output that can result from a financial investment. Such costs must be taken into account, if development is to maximize human well-being, and be sustainable in the long-run.

The multilateral development banks have made enormous strides toward placing sustainable development at the heart of all their lending decisions. Only a few months ago, my wife, Judy, and I had the opportunity to visit an IDA-supported watershed project at Udaipur, India. I saw first hand how a carefully designed effort can enhance people's lives, by drawing on local planting skills, by teaching low-cost methods to prevent run-off and erosion, and by involving women and children. These are the kinds of efforts that make use of and preserve what is best in a community. They are the kinds of projects that make a real difference, for the better, in people's lives.

World Bank President Lew Preston was a pioneer in turning the World Bank in these directions, and deserves our gratitude. I also applaud the strong start President Wolfensohn has made toward furthering this mission, and I am confident that great progress will be made under his leadership.

Continued progress will require continued support from the banks' member countries. This Administration is fully devoted to meeting all its commitments to the international financial institutions. While I cannot promise results, I can pledge our utmost effort. Moreover, I firmly believe that those who are resisting the need for the United States to meet its full commitments are gravely underestimating the importance to the United States of the work that these institutions do, in an increasingly interconnected world.

Conclusion

I would like to conclude where I started. The emergence of a global economy, and the unprecedented growth and integration of financial markets, have brought enormous new opportunities to all our countries and peoples, but also new risks. Moreover, the need to help the struggling economies and the billion people worldwide who live in poverty is unabated. The reality of the global economy is that all our countries' well-being, and all our peoples' aspirations, are increasingly intertwined. No nation can stand on the sidelines. The need for participation, for cooperation, and for leadership in strengthening the global economy is even greater than it was 50 years ago, when the Bretton Woods institutions were founded.

Thank you.

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